

# Financial Statements

## Kuwait Telecommunications Company K.S.C.P. and its Subsidiaries Consolidated Annual Financial Statements and Independent Auditor's Report

### 31 December 2025

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# Financial Statements Integrity for the Board of Directors Declaration

## For the Fiscal Period Ended on 31st December 2025

I, undersigned, certify that we have reviewed the Company's financial statements for the fiscal period ended on 31st December 2025. Based on information available for us, we acknowledge that the present statements do not contain inaccurate information. No material information is omitted or withheld that could render these financial statements misleading in respect of the coverage period.

Therefore, the enclosed financial statements and other material information contained therein are fairly presented in all significant aspects such as the balance sheet, cash flows and operation outcomes of the reporting period.

In addition, we declare that we are responsible for developing the internal controls procedures of preparing the company's financial statements to reflect integrity and creditability in accordance with the related international financial standards.

**Dr. Mahmoud Ahmad  
Abdulrahman**  
Chairman of the Board



# Deloitte.

**Deloitte & Touche Al-Wazzan & Co.**

**Ahmed Al-Jaber Street, Sharq**

Dar Al-Awadi Complex, Floors 7 & 9  
P.O. Box 20174, Safat 13062 Kuwait  
Tel: +965 22408844, 22438060  
Fax: +965 22408855, 22452080

► [www.deloitte.com](http://www.deloitte.com)

# Independent auditor's report to the shareholders of Kuwait Telecommunications Company K.S.C.P.

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Kuwait Telecommunications Company K.S.C.P. (the "Parent Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, 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 policy information.

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

### Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

Key audit matters are those matter 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.

#### Key audit matter

##### Revenue recognition

The Group reported revenue of KD 343 million, contract assets of KD 88 million and contract liabilities of KD 25 million for the year ended or as at 31 December 2025.

Telecommunication service revenue recognition involves processing high volume of transactions through complex IT systems.

The end-to-end process of revenue recognition related to telecommunication services from the entering of customers details in the network system through generation of call records and ultimately recognition of revenue in the accounting record is highly automated. Given the volume of transactions and complexity of IT systems, this area is considered most significant to our audit, requiring focused attention and effort.

Additionally, we identified a risk related to manual journal entries posted directly to the general ledger to adjust revenue balances. Such entries present a risk of management override of controls through inappropriate adjustments. This, together with the quantitative significance of the amount to the consolidated financial statements, the high volume of individually low-value transactions and the level of audit effort required has result in revenue recognition being identified as a key audit matter.

As a result, we have identified the above to be a key audit matter.

The accounting policy for revenue recognition is set out in note 2.3 and the related disclosures are made in note 18, note 10 and note 16 to the consolidated financial statements.

#### How our audit addressed the key audit matter

We performed the following procedures, inter alia, in order to address the key audit matter:

- We obtained an understanding of the significant revenue recognition processes, with the assistance of our internal IT specialists, and identified the relevant controls, IT systems, interfaces and reports involved in the revenue cycle;
- We assessed the abovementioned controls, including change management controls to determine if they had been appropriately designed and implemented and tested these controls to determine if they were operating effectively throughout the year;
- We evaluated the Group's accounting policies over revenue recognition to determine if they were in compliance with IFRS Accounting Standards;
- We reviewed, on sample basis, key reconciliations performed by the Group's revenue assurance team, including reconciliation from business support systems to billing and rating systems and ultimately to the general ledger;
- We selected a sample of subscribers for whom revenue had been recognized and verified the revenue amounts based on the underlying contracts. For contracts which contained multiple element arrangements, we assessed management's determination of the price allocated to each performance obligation and the accounting treatment applied to each performance obligation;
- We identified, on a sample basis, revenue-related manual journal entries posted directly to revenue accounts and agreed these entries to supporting documentation;
- We verified the reconciliation of contract liabilities to the charging system and revenue in profit or loss;
- We also assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

## Other Matter

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 statements on 5 February 2025.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of the Group for the year ended 31 December 2025. The other information does not include the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors prior to the date of our auditor's report and we expect to obtain the remaining sections of the Group's Annual Report for the year ended 31 December 2025 after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary

to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 year 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.

## Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and its Executive Regulations and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and its Executive Regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations, as amended, during the year ended 31 December 2025, that might have had a material effect on the business of the Parent Company or on its financial position.

**Talal Y. Al-Muzaini**

**Licence No. 209A**

**Deloitte & Touche - Al Wazzan & Co.**

Kuwait  
27 January 2026

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 KD '000	2024 KD '000
<b>↓ Assets</b>			
<b>Non - current assets</b>			
Property and equipment	4	159,208	146,375
Goodwill and intangible assets	5	39,232	41,694
Right of use assets	6	24,335	19,934
Trade and other receivables	7	280	615
Contract assets	10	26,659	20,227
		<b>249,714</b>	<b>228,845</b>
<b>Current assets</b>			
Inventories	8	12,212	12,820
Prepayments and other current assets	9	19,042	14,581
Trade and other receivables	7	46,239	46,167
Contract assets	10	61,580	54,045
Cash, bank balances and deposits	11	90,375	105,779
		<b>229,448</b>	<b>233,392</b>
<b>Total assets</b>		<b>479,162</b>	<b>462,237</b>

	Notes	2025 KD '000	2024 KD '000
<b>↓ Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12	99,874	99,874
Statutory reserve	12	52,483	52,483
Other reserves		115	130
Retained earnings		87,133	87,990
<b>Total equity</b>		<b>239,605</b>	<b>240,477</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits	13	13,277	12,925
Islamic financing facilities	14	5,750	11,500
Lease liabilities	17	18,470	14,619
Trade and other payables	15	1,322	2,277
		<b>38,819</b>	<b>41,321</b>
<b>Current liabilities</b>			
Islamic financing facilities	14	5,750	5,750
Lease liabilities	17	5,404	5,650
Contract liabilities	16	24,645	25,573
Trade and other payables	15	164,939	143,466
		<b>200,738</b>	<b>180,439</b>
<b>Total liabilities</b>		<b>239,557</b>	<b>221,760</b>
<b>Total equity and liabilities</b>		<b>479,162</b>	<b>462,237</b>

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

**Dr. Mahmoud Ahmad Abdulrahman**  
Chairman



# Consolidated Statement of Profit or Loss

31 December 2025

	Notes	2025 KD '000	2024 KD '000
Revenue	18	342,512	336,515
Operating expenses	19	(182,999)	(183,920)
Staff costs		(26,596)	(25,609)
Expected credit losses on trade and other receivables and contract assets	7, 10	(11,281)	(12,866)
Depreciation, amortization and write offs		(54,564)	(50,574)
General and administrative expenses	20	(28,716)	(29,092)
Finance costs		(2,223)	(2,574)
Finance income and others, net	21	3,081	1,476
<b>Profit before taxation and Board of Directors' remuneration</b>		<b>39,214</b>	<b>33,356</b>
Taxation	22	(4,806)	(1,720)
Board of Directors' remuneration		(309)	(256)
<b>Profit for the year</b>		<b>34,099</b>	<b>31,380</b>
<b>Basic and diluted Earnings Per Share (Fils)</b>	<b>23</b>	<b>34</b>	<b>31</b>

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

31 December 2025

	Notes	2025 KD '000	2024 KD '000
<b>Profit for the year</b>		<b>34,099</b>	<b>31,380</b>
<b>↓ Other comprehensive income (loss):</b>			
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>			
Re-measurement (loss)/gain on employees' end of service benefits	13	(80)	136
<b>Other comprehensive (loss)/income for the year</b>		<b>(80)</b>	<b>136</b>
<b>Total comprehensive income for the year</b>		<b>34,019</b>	<b>31,516</b>

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

31 December 2025

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
<b>As at 1 January 2025</b>	<b>99,874</b>	<b>52,483</b>	<b>130</b>	<b>87,990</b>	<b>240,477</b>
Profit for the year	-	-	-	34,099	34,099
Other comprehensive loss for the year	-	-	(80)	-	(80)
<b>Total comprehensive (loss)/ income for the year</b>	<b>-</b>	<b>-</b>	<b>(80)</b>	<b>34,099</b>	<b>34,019</b>
Share-based payment transaction (note 12)	-	-	65	-	65
Cash dividends (note 12)	-	-	-	(34,956)	(34,956)
<b>At 31 December 2025</b>	<b>99,874</b>	<b>52,483</b>	<b>115</b>	<b>87,133</b>	<b>239,605</b>
<b>As at 1 January 2024</b>	<b>99,874</b>	<b>52,483</b>	<b>(57)</b>	<b>91,566</b>	<b>243,866</b>
Profit for the year	-	-	-	31,380	31,380
Other comprehensive income for the year	-	-	136	-	136
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>136</b>	<b>31,380</b>	<b>31,516</b>
Share-based payment transaction (note 12)	-	-	51	-	51
Cash dividends (note 12)	-	-	-	(34,956)	(34,956)
<b>At 31 December 2024</b>	<b>99,874</b>	<b>52,483</b>	<b>130</b>	<b>87,990</b>	<b>240,477</b>

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

31 December 2025

	2025	2024
Notes	KD '000	KD '000
<b>↓ Operating activities</b>		
Profit before taxation and Board of Directors' remuneration	<b>39,214</b>	33,356
<b>Adjustments for:</b>		
Depreciation, amortization and write offs	<b>54,564</b>	50,574
Finance costs	<b>2,223</b>	2,574
Expected credit loss - trade and other receivables	7	3,050
Expected credit loss - contract assets	10	8,231
Provision for employees' end of service benefits	13	1,531
Provision/(reversal) for slow-moving inventories	8	291
Provision for Prepayments and other current assets	9	-
Gain on derecognition of lease liabilities	<b>(183)</b>	-
<b>Operating profit before working capital changes:</b>	<b>108,921</b>	<b>101,328</b>
<b>Changes in:</b>		
Inventories	<b>317</b>	(1,540)
Prepayments and other current assets	<b>(4,461)</b>	(3,583)
Trade and other receivables	<b>(2,787)</b>	1,538
Contract assets	<b>(22,198)</b>	(14,171)
Contract liabilities	<b>(928)</b>	(1,486)

	Notes	2025 KD '000	2024 KD '000
Trade and other payables		14,807	16,523
<b>Cash flows from operating activities</b>		<b>93,671</b>	<b>98,609</b>
End of service benefits paid	13	(1,861)	(3,079)
<b>Net cash flows from operating activities</b>		<b>91,810</b>	<b>95,530</b>
<b>↓ Investing activities</b>			
Additions to property and equipment	4	(43,256)	(27,781)
Additions to intangible assets	5	(8,555)	(11,383)
Proceeds from sale of property and equipment		80	96
Net movement in term deposits		(231)	(34,689)
<b>Net cash flows used in investing activities</b>		<b>(51,962)</b>	<b>(73,757)</b>
<b>↓ Financing activities</b>			
Cash dividends paid		(34,529)	(34,723)
Payment of lease liabilities		(13,820)	(9,800)
Repayment of islamic financing facilities		(5,750)	(5,750)
Finance costs paid		(1,384)	(1,853)
<b>Net cash flows used in financing activities</b>		<b>(55,483)</b>	<b>(52,126)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(15,635)</b>	<b>(30,353)</b>
Cash and cash equivalents at the beginning of the year		56,610	86,963
<b>Cash and cash equivalents at the end of the year</b>	<b>11</b>	<b>40,975</b>	<b>56,610</b>
<b>Non-Cash Item:</b>			
Addition to right-of-use assets and lease liabilities		19,330	17,701

The accompanying notes from 1 to 31 form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2025

## 1. Corporation information

Kuwait Telecommunications Company K.S.C.P. (the "Parent Company") is a Kuwaiti Shareholding Company incorporated pursuant to Amiri decree No. 187 on 22 July 2008 to operate and manage the third GSM mobile network in Kuwait as per Law No. 2 of 2007. The shares of the Parent Company were listed on Bursa Kuwait on 14 December 2014 and it is a subsidiary of Saudi Telecommunications Company ("STC" or the "Ultimate Parent Company"), which is listed on the Saudi Stock Exchange.

The Parent Company was registered in the commercial register on 9 November 2008 under registration number 329673 and commenced its commercial operations on 3 December 2008.

The objectives for which the Parent Company is incorporated are the provision of all cellular mobile telecommunication and calling system services in State of Kuwait in accordance with the provisions of Islamic Shari'a and as per the criteria set by Ministry of Communications. In this regard, the Parent Company shall carry on the following business activities:

- Purchase, supply, install, operate and maintain wireless telecommunications devices and equipment (mobile telecommunications, calling system and other wireless services);
- Import and export the necessary devices, equipment and tools for the purpose of its objectives;
- Purchase or lease telecommunication lines and necessary facilities for providing the services in coordination with and with no overlap or conflict with the services provided by the State;
- Buy the manufacturing concessions that are directly related to the services from manufacturers or manufacture the same in State of Kuwait (following the approval of Public Authority for Industry in connection with the manufacturing);

- Introduce or manage other services of similar or supplementary nature to the wireless telecommunication services with a view to developing or integrating such services;
- Conduct technical research related to the business in order to improve and develop the services in cooperation with the relevant authorities inside State of Kuwait and abroad;
- Construct, buy, build and acquire the necessary lands and facilities for achieving the objectives (to the extent permitted by law);
- Purchase all necessary materials and machines to carry on its objectives and conduct maintenance for the same using all possible up-to-date techniques; and
- Utilize the monetary surpluses available with the Parent Company through investing the same in portfolios managed by specialized companies and entities and authorize the Board of Directors to undertake the same.
- Provide wireless data transfer service.
- International telephone calling service via special cards.
- Marketing, leasing and purchasing electronic communication devices and internal communication networks.
- Development of computer systems and systems for the localization of computers and their accessories.
- Buying, Selling, renting, installing computer systems and software, electronic communication devices and internal communication networks, marketing them and providing services for their operation and maintenance.
- Building and operating computer communication networks connected to databases.

- p. Design and equipping electronic computer centers and information systems for the benefit of the company.
- q. Manufacture, production and operation of smart cards to cover the demand in the field of communication and prepayment.
- r. Provide and implement all works and networks in the field of wireless communications.
- s. Providing technical consultation, design, supervision, operation and maintenance of wireless communications and representing the companies carrying out these works.
- t. Bring, importing, selling and leasing devices and equipment related to communications and their spare parts.
- u. Buying and selling shares, papers and financial instruments for the company's account only.
- v. Manage, operate and provide public telecommunications services on:
  - i. Landline broadcasting facilities.
  - ii. Terrestrial radio broadcasting facilities.
  - iii. Mobile base station facilities.
  - iv. Submarine cable facilities.
  - v. International gateway service facilities.
  - vi. Facilities of the space ground station.
  - vii. Other satellite facilities located in the State of Kuwait that provide broadcasting capabilities for public telecommunication services.

- w. Establish, manage and lease internet infrastructure for the public telecommunications network.
- x. Operation and leasing of data centers, information centers and the cloud.
- y. Providing and developing digital payment systems, payment services and electronic transfer of funds.

The Company may have an interest or participate in any way with the bodies that carry out business similar to its business or that may help to achieve its purposes in Kuwait and abroad and may purchase or attach such bodies to them.

The Parent Company owns 100% shares of Quality Net General Trading & Contracting Company W.L.L. and E-Portal Holding Company K.S.C. (Closed) (hereinafter, the Parent Company and its subsidiaries are referred to as the "Group").

The Parent Company is domiciled in the State of Kuwait and is located at Al-Asimah Tower, Kuwait City – Al-Murgab Area, Block 3, Plot 12. The consolidated financial statements of the Group were authorized for issue by the Board of Directors of the Parent Company on 27 January 2026. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the Annual General Assembly meeting after issuance.

Details of the subsidiaries are given in Note 2.3.

**Going concern**

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

## 2. Basis of preparation and changes to the Group's accounting policies

### 2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the Parent Company's functional and presentation currency, and all values are rounded to the nearest KD thousand except when otherwise stated.

### 2.2. New and revised accounting standards

#### Effective for the current year

Following standard, interpretation or amendment are effective from the current year and are adopted by the Group but however these does not have any impact on the consolidated financial statements of the year unless otherwise stated below:

Standard, interpretation, amendments	Description
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

#### Standards issued but not yet effective

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

Standard, interpretation, amendments	Description	Effective date
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	These amendments: <ul style="list-style-type: none"> <li>■ permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.</li> <li>■ clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>■ add new disclosures for certain instruments with contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI and each class of financial liability measured at amortised cost; and</li> <li>■ Investments in equity instruments designated at FVTOCI- require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.</li> </ul>	1 January 2026

Standard, interpretation, amendments	Description	Effective date
IFRS 18 Presentation and Disclosures in Financial Statements	<p>IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.</p> <p>IFRS 18 introduces new requirements to:</p> <ul style="list-style-type: none"> <li>present specified categories and defined subtotals in the statement of profit or loss</li> <li>provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements</li> <li>improve aggregation and disaggregation.</li> </ul> <p>The application of this standard may have an impact on the consolidated financial statements in future periods.</p>	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	<p>IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.</p> <p>An entity is only permitted to apply IFRS 19 if, at the end of the reporting period:</p> <ul style="list-style-type: none"> <li>it is a subsidiary (this includes an intermediate parent)</li> <li>it does not have public accountability, and</li> <li>its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</li> </ul>	1 January 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	Limited to amendments that either clarify the wording of an IFRS standard or correct relatively minor unintended consequences, oversights or conflicts between requirements in the standards	1 January 2027

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements in the period of its initial application.

### 2.3. Material accounting policy information

#### Basis of consolidation

The consolidated financial statements comprise the financial statement of the Parent Company and its subsidiaries (investee which is controlled by the Parent Company). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group re-assesses at each reporting date 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of a subsidiaries acquired during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiaries.

A change in the ownership interest of a subsidiaries, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statement of profit or loss. Any investment retained is recognised at fair value.

The details of the subsidiaries are as follows: -

Name of subsidiaries	Equity interest as at 31 December		Principal activities	Country of incorporation
	2025	2024		
Qualitynet General Trading and Contracting Company W.L.L. (Solutions by STC) <sup>1</sup>	100%	100%	Internet and Data communication Services	Kuwait
E-Portal Holding Company K.S.C. (Closed)	100%	100%	IT systems license installation and its implementation related services	Kuwait

<sup>1</sup> The remaining equity interest in this subsidiary is held by related parties on behalf of the Parent Company. Therefore, the effective holding of the Group in this subsidiary is 100% and there are letters of renunciation in favour of the Group confirming that it is ultimate beneficiary of the remaining equity interest.

The financial statements of the subsidiaries are prepared for the same reporting dates as of the Parent Company using consistent accounting

policies. All inter-group balances and transactions, including inter-group profits and unrealized profits and losses and dividends are eliminated on consolidation.

## Business combination and goodwill

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

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess

of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## Revenue recognition

The Group principally earns revenue from providing cellular mobile telecommunication and data services comprising access charges, airtime usage, messaging, data services, interconnect fees, connection fees and from sale of devices and equipment. The services are rendered both on their own in separate identified contracts with customers and together as a bundled package of goods and services. The Group recognizes revenue when it transfers control over a product or services to a customer.

Under IFRS 15, the Group has concluded that performance obligations in contract are typically identified as for devices (mobile handsets and any other equipment) and for services provided to customers (data and voice) and revenue from these performance obligations are recognized either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer.

The Group determines the stand-alone selling prices to be allocated to the performance obligations under the contracts based on observable sale prices. The Group performs an assessment of whether a contract meets the criteria under IFRS 15; and when

the criteria is not met, the revenue is recognized when the consideration is received, and it is non-refundable based on the contractual terms.

## Telecommunication services

Telecommunication services include voice, data and text services. The Group recognizes revenues as and when these services are provided (i.e. actual usage by the customer).

## Bundled packages

For bundled contracts, the revenue is allocated to the sale of devices and services separately if they are distinct, that is, if a product or service is separately identifiable from other items in the bundled contract and if a customer can benefit from it. The Group recognizes the amount allocated for the sale of the device as revenue when it transfers control of the device and correspondingly creation of contract asset. The Group recognizes the allocated revenue to service as revenue over time when the services are rendered.

## Sale of devices

The Group recognizes revenues when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.

## Installation and maintenance contracts

The Group also enters into installation and maintenance contracts where the revenue is recognised over time based on the period of contract. The related costs are recognised in the consolidated statement of profit or loss when they are incurred. Advances received, if any, are included in contract liabilities.

## Contract costs

Under IFRS 15, incremental cost incurred in acquiring a contract with a customer are deferred and amortized over the life of the related contract. Such deferred costs are classified as an asset in the consolidated statement of financial position.

## Value added services - Principal vs. agent

The Group provides certain value-added services to its customers which are of direct carrier billing in nature. The Group determines whether it will be acting as a principal or an agent on these types of services and accordingly recognizes gross revenue if it is a principal, and net revenue if it is an agent.

## Significant financing component

If a customer can pay for purchased equipment or services over a period of time, 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.

## Customer loyalty program

Credit awards resulting from sale proceeds is deferred until the customer redeems or the obligation in respect of the credit award is fulfilled.

Deferred revenue is released to consolidated statement of profit or loss when it is no longer considered probable that the credit awards will be redeemed.

## Contract assets and liabilities

The Group records a contract asset when the goods and services have been provided to the customer however, the Group's right related to consideration for the performance obligation is conditional on satisfying other performance obligations within the contract. Contract assets primarily relate to the Group's rights to consideration for provision of goods and services in the future.

The Group records a contract liability when the payments have been received from the customer in advance of providing goods and services. The Group accounts for contract assets and liabilities on a contract-by-contract basis, with each contract presented as either a net contract asset or a net contract liability accordingly.

## Fair value measurements

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

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

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

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

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

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

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

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

## Cash and cash equivalents

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

## Property and equipment

### Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour.
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and

Network equipment and infrastructure	5 – 25 years
IT related assets	3 – 8 years
Furniture and fixtures	3 – 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software, that is integral to the functionality of the related equipment, is capitalized as part of that equipment.

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

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the consolidated statement of profit or loss.

Capital work in progress is stated at cost less impairment losses, if any. Depreciation of these assets commences when the assets are ready for their intended use in accordance with the Group's policies.

### Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

### Depreciation

Items of property and equipment are depreciated from the date they are ready for use. Depreciation is calculated based on the depreciable amount (original cost less residual value) over estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use.

Depreciation is recognized in the consolidated statement of profit or loss. The estimated useful lives of significant items of property and equipment are as follows:

The useful lives are reviewed periodically and are reassessed and adjusted, if appropriate, at each reporting date to ensure that the period of depreciation is consistent with the expected

pattern of economic benefits from items of property and equipment. A change in the estimated useful life of property and equipment is applied at the beginning of the period of change with no retrospective effect.

## Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses if any. Cost includes the purchase cost and directly associated costs of being the asset for its intended use.

The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised to their residual values over the useful economic life and assessed for impairment

	Telecommunication License	Customer relationships	Software licenses	Others
Useful lives	20 years	7 – 11 years	5 years	1-20 years
Amortisation method used	Straight line	Straight line	Straight line	Straight line
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

## Inventories

Inventories consist of goods held for resale and work-in-progress mainly materials on site for various projects which will be subsequently expensed to operating expenses on completion of the projects. Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is based on the weighted-average principle and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss.

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

The summary of the policies applied to the Group's intangible assets are as follows:

## Financial instruments

### Classification and measurement of financial assets and financial liabilities

#### Financial assets

Under IFRS 9, the Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets.

#### Business model assessment

The Group determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The information considered includes:

- The stated policies and objectives for the financial assets and the operation of those policies in practice;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### **Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)**

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs, as well as, a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Group has determined the classification of its financial assets, being contract assets, trade and other receivables and cash, bank balances and deposits and has concluded that these are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for measurement under the amortized cost method.

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

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

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

#### **Derecognition of financial assets**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Any gain or loss upon derecognition is recognized in the consolidated statement of profit or loss.

#### **Financial liabilities**

All financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liability category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective profit method.

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

life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability

Financial liabilities comprise of Islamic financing facilities and trade and other payables.

#### **Derecognition of financial liabilities**

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

#### **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, both of the following conditions are satisfied:

- The Group has a legal enforceable right to offset the recognised amounts of the assets and liabilities; and
- The Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **Impairment**

##### **Non-derivative financial assets**

For contract assets and trade and other receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the Group's economic environment. The management has considered the segmentations in respect to the trade receivables and contract assets based on demographic factors of the underlying portfolios.

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

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

#### **(i) Significant increase in credit risk**

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

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

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

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

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

#### **(ii) Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

### Definition of default

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

### Write off

Further, the Group writes off trade receivables when there is relevant information to assess that the customer is in severe financial difficulty and there is no realistic prospect of recovery.

### Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The Group prepares formal five year plans for its businesses. These plans are used for the value in use calculation. Long range growth rates are used for cash flows into perpetuity beyond the five year period. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and

the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to groups at CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in consolidated statement of profit or loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss.

### Employee benefits

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme is charged to the consolidated statement of profit or loss in the year to which they relate.

The employees are entitled to an end of service indemnity payable under the Kuwait Labor Law and the Group's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. The present value of end of service indemnity payable, which is unfunded, is determined annually by actuarial valuations using the projected unit credit method. An actuarial valuation involves making various assumptions such as determination of the discount rate, future salary increases and mortality rates. These assumptions are reviewed at each reporting date.

### Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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

### Leases

At inception of a contract, the Group assesses whether the contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. If the contract is identified as a lease, the Group recognises a right-of-use asset representing right to use the underlying assets and a lease-liabilities to make the lease payments at the lease commencement date.

### Right-of-use assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the period of lease. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment- Non-financial assets.

### Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Short-term leases and leases of low-value assets

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

### Segment reporting

Operating segments of the Group are identified based on the internal reports, which are regularly reviewed by the Chief Executive Officer ("CEO") for the purpose of resource allocation among the segment and performance assessment.

### Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

### Foreign currency transactions

The consolidated financial statements are presented in Kuwaiti Dinars, which is the Parent Company's functional and presentation currency. Each entity

in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## 3. Significant accounting judgements, estimates and assumptions

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

### Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

### Taxation

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

### Current tax

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

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

### Classification of financial assets

The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and profit on the principal amount outstanding.

### Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. 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 circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### Contingent liabilities

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

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. This estimation is performed on an individual basis for items of inventory.

### Impairment of property and equipment and intangible assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication or objective evidence of impairment or when annual impairment testing for an asset is required. If any such indication or evidence exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

### Useful lives of property and equipment and intangible assets

The Group's management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortisation respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted when the management believes the useful lives differ from previous estimates. The useful lives are reviewed periodically and are reassessed and adjusted, if appropriate, at each reporting date to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment. A change in the estimated useful life of property and equipment is applied at the beginning of the period of change with no retrospective effect.

### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use or fair value less cost to sell of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### Allowance for expected credit losses of trade and other receivables and contract assets

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the Group's economic environment. The management has considered the segmentations in respect to the trade receivables and contract assets based on demographic factors of the underlying portfolios. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in a particular sector, the historical default rates are adjusted. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions.

### Revenue recognition

The process of recognizing revenue requires the following judgments and estimates:

- Determining the transaction price of contracts requires estimating the amount or revenue which the Group expects to be entitled to for delivering the performance obligations within a contract; and
- Determining the stand-alone selling price of performance obligations and the allocation of the transaction price between performance obligations.

#### i. Determining the transaction price

The transaction price is the amount of consideration that is enforceable and to which the management expects to be entitled in exchange for goods and services promised to the customer. The management determines the transaction price by considering the terms of the contract and business practices that are customary. Discounts, rebates, refunds, credits, price concessions, incentives, penalties, and other similar items are reflected in the transaction price at contract inception.

#### ii. Determining stand-alone selling price and the allocation of transaction price

The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, we estimate the stand-alone selling price taking into account the reasonably available information relating to the market conditions, entity-specific factors and class of customer.

In determining the stand-alone selling price, we allocate revenue between performance obligations based on expected minimum enforceable amounts to which the Group is entitled.

#### iii. Distinct goods and services

The management makes judgment in determining whether a promise to deliver goods or services is considered distinct. The management accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. For items that are not sold separately, the management estimates the stand-alone selling prices using the adjusted market assessment approach.

### Leases - Estimating the incremental borrowing rate

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 (for example, when leases are not in the subsidiaries functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 4. Property and equipment

	Network equipment and infrastructure	IT related assets	Furniture and fixtures	Capital work in progress <sup>1</sup>	Total
	KD'000	KD'000	KD'000	KD'000	KD'000
<b>↓ Cost:</b>					
At 1 January 2025	411,464	60,906	5,429	10,876	488,675
Additions	-	-	-	44,292	44,292
Transfers	33,033	7,770	2,313	(43,116)	-
Write-offs and disposals	(7,350)	-	(3,474)	-	(10,824)
<b>At 31 December 2025</b>	<b>437,147</b>	<b>68,676</b>	<b>4,268</b>	<b>12,052</b>	<b>522,143</b>
<b>↓ Depreciation and impairment:</b>					
At 1 January 2025	(290,388)	(48,451)	(3,461)	-	(342,300)
Charge for the year	(23,282)	(5,369)	(1,064)	-	(29,715)
Write-offs and disposals	6,311	-	2,769	-	9,080
<b>At 31 December 2025</b>	<b>(307,359)</b>	<b>(53,820)</b>	<b>(1,756)</b>	<b>-</b>	<b>(362,935)</b>
<b>↓ Carrying amount</b>					
<b>At 31 December 2025</b>	<b>129,788</b>	<b>14,856</b>	<b>2,512</b>	<b>12,052</b>	<b>159,208</b>
<b>↓ Cost:</b>					
At 1 January 2024	393,477	55,164	5,505	7,312	461,458
Additions	-	12	54	27,715	27,781
Transfers	18,237	5,730	184	(24,151)	-
Write-offs and disposals	(250)	-	(314)	-	(564)
<b>At 31 December 2024</b>	<b>411,464</b>	<b>60,906</b>	<b>5,429</b>	<b>10,876</b>	<b>488,675</b>

<sup>1</sup> Capital work in progress comprises of cellular and other equipment. Such assets are not subject to depreciation until the network is tested and is ready for use.

	Network equipment and infrastructure	IT related assets	Furniture and fixtures	Capital work in progress	Total
	KD'000	KD'000	KD'000	KD'000	KD'000
<b>↓ Depreciation and impairment:</b>					
At 1 January 2024	(267,925)	(43,412)	(2,822)	-	(314,159)
Charge for the year	(22,700)	(5,039)	(930)	-	(28,669)
Write-offs and disposals	237	-	291	-	528
<b>At 31 December 2024</b>	<b>(290,388)</b>	<b>(48,451)</b>	<b>(3,461)</b>	<b>-</b>	<b>(342,300)</b>
<b>↓ Carrying amount</b>					
<b>At 31 December 2024</b>	<b>121,076</b>	<b>12,455</b>	<b>1,968</b>	<b>10,876</b>	<b>146,375</b>

## 5. Goodwill and intangible assets

	Goodwill	License	Customer relationships	Software licenses	Others <sup>1</sup>	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
<b>↓ 2025</b>						
<b>Cost</b>						
At 1 January	11,876	19,235	3,126	10,689	22,478	67,404
Additions	-	-	-	-	8,555	8,555
Disposals	-	-	-	-	(6,474)	(6,474)
<b>At 31 December</b>	<b>11,876</b>	<b>19,235</b>	<b>3,126</b>	<b>10,689</b>	<b>24,559</b>	<b>69,485</b>
<b>Amortization charge</b>						
At 1 January	-	(5,451)	(1,285)	(5,013)	(13,961)	(25,710)
Charge for the year	-	(962)	(294)	(2,080)	(7,681)	(11,017)
Disposals	-	-	-	-	6,474	6,474

	Goodwill	License	Customer relationships	Software licenses	Others <sup>1</sup>	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
At 31 December	-	(6,413)	(1,579)	(7,093)	(15,168)	(30,253)
<b>Net carrying amount:</b>						
At 31 December	11,876	12,822	1,547	3,596	9,391	39,232
<b>↓ 2024</b>						
<b>Cost</b>						
At 1 January	11,876	19,235	3,126	5,780	22,478	62,495
Additions	-	-	-	4,909	6,474	11,383
Disposals	-	-	-	-	(6,474)	(6,474)
<b>At 31 December</b>	<b>11,876</b>	<b>19,235</b>	<b>3,126</b>	<b>10,689</b>	<b>22,478</b>	<b>67,404</b>
<b>Amortization charge</b>						
At 1 January	-	(4,489)	(991)	(2,968)	(13,353)	(21,801)
Charge for the year	-	(962)	(294)	(2,045)	(7,082)	(10,383)
Disposals	-	-	-	-	6,474	6,474
<b>At 31 December</b>	<b>-</b>	<b>(5,451)</b>	<b>(1,285)</b>	<b>(5,013)</b>	<b>(13,961)</b>	<b>(25,710)</b>
<b>Net carrying amount:</b>						
At 31 December	11,876	13,784	1,841	5,676	8,517	41,694

The intangible assets are having finite life and is amortized on a straight-line basis over its useful life.

### Goodwill

The carrying value of the goodwill amounting to KD 3,400 thousand as at 31 December 2025(31 December 2024: KD 3,400 thousand) pertains to investment in Qualitynet General Trading and Contracting Company W.L.L. ("Qualitynet") and KD 8,476 thousand as at 31 December 2025 (31 December 2024: KD 8,476 thousand) pertains to investment in E-Portal.

### Impairment testing for goodwill

The carrying value of goodwill is tested for impairment on an annual basis (or more frequently if evidence exists that goodwill might be impaired) by estimating the recoverable amount of the cash generating unit (CGU) to which these items are allocated using value-in-use calculations unless fair value based on an active market price is higher than the carrying value of the CGU. The value in use calculations use pre-tax cash flow projections based on financial budgets approved by management over a five years' period and a relevant terminal growth rate. These cash

<sup>1</sup> Others include contract with related parties for infeasible right to use asset ("IRU"), spectrum licenses and other contractual intangible assets.

flows are then discounted to derive a net present value which is compared to the carrying value. The discount rate used is pre-tax and reflects specific risks relating to the relevant cash generating unit.

Recoverable amount of goodwill calculated using value-in-use method based on following inputs.

## Key assumptions used in value in use calculations and sensitivity to changes in assumptions

### Discount rate

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). A discount rate of 13.16% (2024: 14.21%) for Qualitynet and 13.48% (2024: 12.17%) for E-portal is used to estimate the recoverable amount.

### Terminal growth rate

Terminal growth rate is based on the long-term inflation forecast for the State of Kuwait. A terminal growth rate of 2.5% for Qualitynet (2024: 3.42%) and 2.35% for E-portal (2024: 2.72%) is used to estimate the recoverable amount of these cash generating units.

The Group has also performed a sensitivity analysis by varying these inputs factors by a reasonable margin (1% for discount rate, 1% for terminal growth rates and 2% for Gross margins). Based on such analysis, there are no indications that goodwill is impaired.

## 6. Right of use of assets

	KD'000		
	Sites, exchanges and network assets	Land and buildings	Total
Balance as of 31 December 2024	9,010	10,924	19,934
Add: Additions	2,886	16,444	19,330
Less: Depreciation	(9,162)	(4,045)	(13,207)
Less: Cancellations	-	(1,722)	(1,722)
<b>Closing balance as at 31 December 2025</b>	<b>2,734</b>	<b>21,601</b>	<b>24,335</b>

	KD'000		
	Sites, exchanges and network assets	Land and buildings	Total
Balance as of 31 December 2023	8,291	6,274	14,565
Add: Additions	9,297	8,404	17,701
Less: Depreciation	(8,578)	(2,986)	(11,564)
Less: Cancellations	-	(768)	(768)
<b>Closing balance as at 31 December 2024</b>	<b>9,010</b>	<b>10,924</b>	<b>19,934</b>

## 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. 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.

## 7. Trade and other receivables

	2025	2024
	KD '000	KD '000
Gross trade receivables	66,724	65,548
Allowance for expected credit losses	(26,039)	(23,979)
	<b>40,685</b>	<b>41,569</b>
Other receivables	2,190	2,011
Allowance for expected credit losses	(970)	(970)
	<b>1,220</b>	<b>1,041</b>
Due from related parties (note 25)	6,804	5,372
Allowance for expected credit losses	(2,190)	(1,200)
	<b>4,614</b>	<b>4,172</b>
	<b>46,519</b>	<b>46,782</b>

	2025	2024
	KD '000	KD '000
↓ Represented by:		
Non-current portion	280	615
Current portion	46,239	46,167
	46,519	46,782

Set out below is the movement in the allowance for expected credit losses on trade and other receivables:

	2025	2024
	KD '000	KD '000
At 1 January	26,149	21,885
Charge for the year	3,050	5,397
Write-offs	-	(1,133)
<b>At 31 December</b>	<b>29,199</b>	<b>26,149</b>

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above as disclosed in note 27.

## 8. Inventories

	2025	2024
	KD '000	KD '000
Goods held for sale <sup>1</sup>	12,947	13,512
Less: provision for old and obsolete inventories	(735)	(692)
	12,212	12,820

<sup>1</sup> The Group inventories mainly consist of telecom devices.

Movements in the impairment of provision for old and obsolete inventories were as follows:

	2025	2024
	KD '000	KD '000
At 1 January	692	1,059
Charge for the year (included under operating expenses)	291	(367)
Write-offs	(248)	-
<b>At 31 December</b>	<b>735</b>	<b>692</b>

## 9. Prepayments and other current assets

	2025	2024
	KD '000	KD '000
Prepayments	11,921	6,686
Other current assets including contract costs	7,584	8,358
Less: Provisions	(463)	(463)
	19,042	14,581

## 10. Contract assets

	2025	2024
	KD '000	KD '000
Unbilled revenue	91,379	77,218
Less: allowance for expected credit losses	(3,140)	(2,946)
	88,239	74,272

	2025	2024
	KD '000	KD '000
↓ Represented by:		
Non-current portion	26,659	20,227
Current portion	61,580	54,045
	88,239	74,272

Set out below is the movement in the allowance for expected credit losses of contract assets:

	2025	2024
	KD '000	KD '000
At 1 January	2,946	3,719
Charge for the year	8,231	7,469
Write-offs during the year	(8,037)	(8,242)
At 31 December	3,140	2,946

## 11. Cash, bank balances and deposits

	2025	2024
	KD '000	KD '000
Cash at banks	7,949	15,387
Cash in hand	39	2
Islamic deposits <sup>1</sup>	82,387	90,390
<b>Cash, bank balances and deposits as per consolidated statement of financial position</b>	<b>90,375</b>	<b>105,779</b>
Less: Islamic deposits with original maturity exceeding 3 months but less than 12 months	(49,400)	(49,169)
<b>Cash, bank balances and deposits in the consolidated statement of cash flows</b>	<b>40,975</b>	<b>56,610</b>

<sup>1</sup> Islamic deposits are placed with local Islamic financial institutions and carry an effective profit rate of 3.3% - 4.9% (2024: 3.9% - 5.4%) per annum.

## 12. Equity

### Share capital

The Parent Company's authorized, issued and fully paid-up share capital is KD 99,874 thousand (31 December 2024: KD 99,874 thousand) comprising of 998,733,704 (31 December 2024: 998,733,704) shares of 100 fills each and is fully paid in cash.

### Statutory reserve

In accordance with the Companies Law No. 1 of 2016, as amended and its Executive Regulation, as amended, and the Parent Company's Articles of Association, 10% of the profit before Taxation and Board of Directors' remuneration for the year is transferred to statutory reserve until the reserve totals 50% of the paid up share capital, after which such transfers can be discontinued by a resolution of the shareholders in the Annual General Assembly meeting upon recommendation by the Board of Directors.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount. The Parent Company has discontinued such annual transfers as the it has exceeded 50% of the authorized, issued and fully paid-up share capital.

### Voluntary reserve

In accordance with the Parent Company's Articles of Association, a percentage of profit before contribution to Taxation and Board of Directors' remuneration for the year, as recommended by the Board of Directors and approved by the shareholders, must be deducted and transferred to a voluntary reserve. Such transfers may

be discontinued by a resolution of the shareholders in the Annual General Assembly meeting upon recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve. During the previous years, the shareholders have approved to discontinue transfers to voluntary reserve.

### Share Based Payments

The Group has recognized the value of equity-settled share-based payment reserve as part of employee benefit expense amounting to KD 65 thousand (31 December 2024: KD 51 thousand).

### Recommended cash dividends for the year 2025

The Parent Company's Board of Directors recommended to distribute cash dividends to the shareholders of the Parent Company of 38 fils per share amounting to KD 37,952 thousand for the year ended 31 December 2025.

The recommended cash dividends are only due when its approved by the shareholders' Annual General Assembly meeting, and to be distributed to shareholders after obtaining the necessary approvals from the regulatory authorities.

### Annual General Meeting ("AGM")

The Annual General Assembly meeting of the shareholders held on 18 March 2025 approved distribution of cash dividends of 35 fils per share (31 December 2023: 35 fils per share) amounting to KD 34,956 thousand (31 December 2023: KD 34,956 thousand) for the year ended 31 December 2024. This was paid on 20 April 2025.

## 13. Employees' end of service benefits

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 period, calculated under the provisions of the Labour Law applicable in the State of Kuwait, and is payable

upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

The plan typically exposes the Group to actuarial risks such as: discount rate, salary risk and withdrawal risk.

Discount rate	A decrease in the discount rate will increase the 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.
Withdrawal risk	Benefits are paid when an employee leaves employment either through resignation or retirement. The rate of withdrawal therefore affects the timing of the payment and consequently the liability at the reporting date.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31 December 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions in determining the end of service

provisions are discount rate 4.75% (2024: 4.50%) and expected rate of salary increase in range of 3% to 4% (2024: 3% to 4%).

Movements in the present value of the end of service benefit obligation in the current year were as follows:

	2025	2024
	KD '000	KD '000
At 1 January	12,925	13,557
Interest on end of service benefits	602	721
Expenses recognized	1,531	1,862
Re-measurement loss /(gain)	80	(136)
Benefits paid during the year	(1,861)	(3,079)
<b>At 31 December</b>	<b>13,277</b>	<b>12,925</b>

Re-measurement (gain) loss is comprised of actuarial changes arising from financial assumption and experience adjustments.

### Sensitivity analysis:

The sensitivity analyses below have been determined based on reasonably possible changes of the below mentioned assumptions as at the reporting period, while holding all other assumptions constant.

- If discount rate is 25 basis point higher (lower), the end of service benefit obligation would decrease by KD 331 thousand (increase by KD 319 thousand).
- If the expected salary growth increases (decreases) by 25 basis points, the end of service benefit obligation would increase by KD 333 thousand (decrease by KD 323 thousand).

The sensitivity analysis presented above may not be representative of the actual change in the end of service benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

### Early retirement plan

During 2024, the Group has introduced an early retirement plan for its employees. The amount recognized as an expense for the year ended 31 December 2025 is KD 1,400 thousand (31 December 2024: KD 1,893 thousand) included under "Finance income and others, net" in consolidated statement of profit or loss (Note 21).

## 14. Islamic financing facilities

The Group has Islamic financing arrangements amounting to KD 135,000 thousand out of which KD 23,000 thousand was utilized, which is repayable over 4 years starting from March 2024 in equal

quarterly installments. As at 31 December 2025, KD 11,500 thousand (31 December 2024: KD 17,250 thousand) is outstanding against these facilities.

	2025	2024
	KD '000	KD '000
↓ Represented by:		
Non-current portion	5,750	11,500
Current portion	5,750	5,750
<b>At 31 December</b>	<b>11,500</b>	<b>17,250</b>

Islamic financing facilities are unsecured and carries profit rate in the range of 4.3%-4.55% (31 December 2024: 4.55%-4.80%) per annum.

The maturity analysis and changes in liabilities arising from Islamic financing facilities is disclosed in Note 27.

## 15. Trade and other payables

	2025	2024
	KD '000	KD '000
Trade payables	24,066	17,689
Accruals and provisions	82,889	59,365
Other payables	16,453	16,827
Due to related parties (note 25)	42,853	51,862
	<b>166,261</b>	<b>145,743</b>
↓ Represented by:		
Non-current portion	1,322	2,277
Current portion	164,939	143,466
	<b>166,261</b>	<b>145,743</b>

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 27.

Due to related parties mainly includes network related charges and management fees with the Ultimate Parent Company.

## 16. Contract liabilities

The contract liabilities as at 31 December 2025: KD 24,645 thousand (31 December 2024: KD 25,573 thousand) relates to unearned revenue pertaining to unutilized prepaid card units sold and advance amounts received from customers to provide telecommunications and data communication services.

Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to KD 25,573 thousand (31 December 2024: KD 27,059 thousand).

## 17. Lease liabilities

The movement of lease liabilities is as follows: -

	2025	2024
	KD '000	KD '000
At 1 January	20,269	13,118
Additions	19,330	17,701
Derecognition	(1,905)	(750)
Accretion of interest	807	654
Payments	(14,627)	(10,454)
<b>At 31 December</b>	<b>23,874</b>	<b>20,269</b>
↓ Represented by:		
Non-current portion	18,470	14,619
Current portion	5,404	5,650
	<b>23,874</b>	<b>20,269</b>

## 18. Revenue

The Group has disaggregated the revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following table disaggregates revenue by major sources and timing of revenue recognition.

	2025	2024
	KD '000	KD '000
↓ Sources of revenue		
Sale of goods- recognized at point in time	111,561	96,967
Rendering of services- recognized over time	230,951	239,548
	<b>342,512</b>	<b>336,515</b>

As permitted under IFRS 15, the Group does not disclose transaction price allocated to the remaining performance obligations as it primarily provides services that correspond directly with the value transferred to the customer.

## 19. Operating expenses

	2025	2024
	KD '000	KD '000
Cost of inventory consumption	86,450	79,961
Access charges	51,530	59,325
Roaming & interconnect expenses	16,979	15,021
Repair & maintenance expenses	15,799	12,979
Others	12,241	16,634
	<b>182,999</b>	<b>183,920</b>

## 20. General and administrative expenses

	2025	2024
	KD '000	KD '000
Rent and utilities	320	650
Sales and marketing expenses	10,998	11,457
Consultancy fees	3,408	1,947
Other administrative expenses	13,990	15,038
	<b>28,716</b>	<b>29,092</b>

## 21. Finance income and others, net

	2025	2024
	KD '000	KD '000
Interest income	3,413	3,668
Foreign exchange losses	94	(193)
Early retirement plan (Note 13)	(1,400)	(1,893)
Others	974	(106)
	<b>3,081</b>	<b>1,476</b>

## 22. Taxation

The State of Kuwait issued Law No. 157 of 2024 on 31 December 2024 (the Law) introducing domestic minimum top-up tax (DMTT) effective from the year 2025 on entities which are part of multinational entities group (MNE Group) with annual revenues of EUR 750 million or more. 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.

Kuwait Foundation for Advancement of Sciences ("KFAS")

The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Directors' remuneration, transfer to statutory reserve

until the reserve reaches 50% of share capital should be excluded from the profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022). As at 31 December 2025, the Group has KFAS payables of KD 392 thousand (31 December 2024: KD 334 thousand). During the year, the Group have paid KFAS of KD 334 thousand (2024: KD 346 thousand).

	2025	2024
	KD '000	KD '000
Taxation	4,414	-
KFAS	392	334
NLST	-	996
Zakat	-	390
	<b>4,806</b>	<b>1,720</b>

## 23. Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2025	2024
Net profit for the year (KD'000)	34,099	31,380
Weighted average number of shares	998,733,704	998,733,704
Basic and diluted earnings per share (fils)	34	31

## 24. Investment in an associate

Details of associate are as follows:

Name of associate	Country of incorporation	% equity interest as at 31 December		Principal activities
		2025	2024	
Connect Arabia W.L.L.	Kuwait	10%	10%	Provision of prepaid telecommunication services

Connect Arabia W.L.L. ("Virgin Mobile Kuwait" or "VMK") was established in 2021 as a mobile virtual network operator. As at 31 December 2025, the carrying value of investment is Nil (31 December 2024: Nil)

## 25. Related party balances and transactions

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties primarily comprise of major shareholders of the Parent Company and the Ultimate Parent Company, its directors, key management personnel and entities over which they exercise significant influence.

In addition to the above, the Parent Company also has entered in certain other transactions in the normal course of business with Ultimate Parent Company, associate and affiliates.

Significant transactions with related parties included in the consolidated statement of profit or loss are as follows:

	2025	2024
	KD '000	KD '000
Management fees	11,164	12,400
Revenues - Ultimate Parent Company	3,065	8,967
Revenues – associate	3,423	2,661
Revenues – affiliate	3,415	1,297
Operating expenses – Ultimate Parent Company	631	639
Operating expenses – affiliate	32,145	24,848

Management fees represents fees charged by the Ultimate Parent Company which is based on certain percentage of revenues and is included under general and administrative expenses.

Balances due from related parties amounting to KD 4,614 thousand as at 31 December 2025 (31 December 2024: 4,172 thousand) (note 7) are included in trade and other receivables in the consolidated statement of financial position. Balance with related parties do not carry any profit and are receivables on demand.

Balances due to related parties amounting to KD 42,853 thousand as at 31 December 2025 (31 December 2024: KD 51,862 thousand) (note 15) are included in trade

and other payables in the consolidated statement of financial position. Balance with related parties do not carry any profit and are repayable on demand.

### Key management compensation

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel compensation is as follows:

	2025	2024
	KD '000	KD '000
Salaries, allowances and other benefits	3,506	3,300
Share-based payment transaction	65	51
End of service benefits	96	89
	3,667	3,440

Board of Directors' remuneration for the financial year 2025 is subject to approval of shareholders in the Annual General Assembly. The AGM

of the shareholders held on 18 March 2025 approved the Board of Directors' remuneration for the financial year 2024.

## 26. Commitments and contingencies

	2025	2024
	KD '000	KD '000
↓ Commitments		
Capital commitments	25,627	21,173
↓ Contingent liabilities		
Letters of guarantee and letters of credit <sup>1</sup>	21,087	26,505

<sup>1</sup> The Group has contingent liabilities in respect of bank guarantee and letters of credit arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

## Legal claims

In April 2017, Kuwait's Cassation Court invalidated a portion of the regulatory tariff decree levied on mobile telecommunication companies in Kuwait since 26 July 2011 by Kuwait's Ministry of Communications. Accordingly, the Parent Company had filed a claim for the recovery of the excess amount paid from change in regulation date till date.

The Parent Company initiated legal proceedings against the Ministry of Communications ("MOC") and the Communications and Information Technology Regulatory Authority ("CITRA") in connection with the aforementioned matter. The dispute was resolved upon the issuance of a final judgment by the Court of Cassation in favor of the Parent Company, ordering the authorities to pay a sum of KD 18,462 thousand, which was received by the Parent Company in previous years.

On 22 December 2024, the Ministry of Communications ("MOC") and the Communications and Information Technology Regulatory Authority ("CITRA") (collectively, the "Plaintiff") filed a lawsuit before the First Court of Instance against the Parent Company ("Defendant"), seeking the reimbursement of the amounts previously adjudicated in the aforementioned case, asserting a claim for unjust enrichment where the plaintiff overpaid the claim amount.

On 24 March 2025, the Court of First Instance issued a favorable judgment in our favor. The plaintiff appealed this judgment before the Court of Appeal, however on 13 August 2025, the Court of Appeal ruled to reject the appeal and uphold the judgment of the Court of First Instance.

On 11 November 2025, the plaintiff filed an appeal against the judgment before the Court of Cassation, and as of this date, no hearing has been scheduled to consider the appeal.

## 27. Financial instruments and risk management

The Group has an exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital are given below.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and for developing and monitoring the Group's risk management policies.

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 Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from the customers, balances with banks and Islamic deposits.

## Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2025	2024
	KD '000	KD '000
Trade and other receivables	46,519	46,782
Contract assets	88,239	74,272
Cash at banks	7,949	15,387
Islamic deposits	82,387	90,390
	<b>225,094</b>	<b>226,831</b>

### Trade and other receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Group has established a credit policy under which each new customer is analyzed for creditworthiness before the Group's standard terms and conditions are offered. Credit exposure is controlled by counterparty limits that are annually reviewed and approved by the management. The Group does not have an internal credit rating of counter parties and considers all counter parties with which the Group deals to be having an equivalent credit rating. The Group does not have any significant credit risk

exposure to any single counterparty or any group of counterparties having similar characteristics. The Group does not require collateral in respect of trade and other receivables.

The Group establishes a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by nationality, geographical region and customer type). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

The table below provides information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

	Trade receivables						
	Contract assets	Current	Days past due				Total
			1-30 days	31-60 days	61-90 days	>91 days	
KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	
<b>31 December 2025</b>							
Estimated total gross carrying amount at default	91,379	22,796	6,104	2,569	1,922	33,333	158,103
Estimated credit loss							29,179
Expected credit loss rate							18%
<b>31 December 2024</b>							
Estimated total gross carrying amount at default	77,218	24,830	4,662	2,410	1,801	31,845	142,766
Estimated credit loss							26,925
Expected credit loss rate							19%

## Cash, bank balances and deposits

The Group limits its exposure to credit risk by only placing funds with counterparties with appropriate credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. All balance are classified as Stage 1.

## Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

	Contractual undiscounted cash flows				
	Carrying amount	1 year or less	1-2 Years	More than 2 years	Total
	KD '000	KD '000	KD '000	KD '000	KD '000
<b>31 December 2025</b>					
Islamic financing facilities	11,500	5,997	6,255	-	12,252
Lease liabilities	23,874	6,652	5,533	17,628	29,813
Trade and other payables	166,261	164,939	1,322	-	166,261
	<b>201,635</b>	<b>177,588</b>	<b>13,110</b>	<b>17,628</b>	<b>208,326</b>
<b>31 December 2024</b>					
Islamic financing facilities	17,250	6,012	6,285	6,571	18,868
Lease liabilities	20,269	5,986	4,672	13,620	24,278
Trade and other payables	145,743	143,466	2,277	-	145,743
	<b>183,262</b>	<b>155,464</b>	<b>13,234</b>	<b>20,191</b>	<b>188,889</b>

The following table presents the recognized financial assets and liabilities that are offset as at the year end:

	Gross amounts	Amounts set off	Net Amounts
	KD'000	KD'000	KD'000
<b>31 December 2025</b>			
↓ <b>Financial assets</b>			
Trade and other receivables -Current	60,992	(14,753)	46,239
↓ <b>Financial liabilities</b>			
Trade and other payables -Current	179,692	(14,753)	164,939

	Gross amounts	Amounts set off	Net Amounts
	KD'000	KD'000	KD'000
<b>31 December 2024</b>			
↓ Financial assets			
Trade and other receivables -Current	70,815	(24,648)	46,167
↓ Financial liabilities			
Trade and other payables -Current	168,114	(24,648)	143,466

## Changes in liabilities arising from financial activities

Changes in liabilities arising from financial activities are as follows:-

	1 January	Cashflows	Non-monetary changes	31 December
	KD'000	KD'000	KD'000	KD'000
<b>31 December 2025</b>				
Islamic financing facilities-current	5,750	(5,750)	5,750	5,750
Islamic financing facilities- non-current	11,500	-	(5,750)	5,750
Lease liabilities – current	5,650	(14,627)	14,381	5,404
Lease liabilities – non-current	14,619	-	3,851	18,470
	<b>37,519</b>	<b>(20,377)</b>	<b>18,232</b>	<b>35,374</b>
<b>31 December 2024</b>				
Islamic financing facilities-current	5,750	(5,750)	5,750	5,750
Islamic financing facilities- non-current	17,250	-	(5,750)	11,500
Lease liabilities – current	4,429	(10,454)	11,675	5,650
Lease liabilities – non-current	8,689	-	5,930	14,619
	<b>36,118</b>	<b>(16,204)</b>	<b>17,605</b>	<b>37,519</b>

<sup>1</sup> Mainly includes reclassification from non-current to current

## Market risk

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

The Group's exposure to market risk arises from:

- Currency risk
- Profit rate risk

## Currency risk

Currency risk is a risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to currency risks on trade and other payables, Islamic financing facilities and Islamic deposits that are denominated in a currency other than the KD, which is the functional currency of the Group. The currencies in which these transactions are primarily denominated in US Dollars ("US\$"). The Group's currency risk is managed by monitoring significant foreign currency exposures on a regular basis.

## Exposure to currency risk

The Group's net exposure to foreign currency risk is as follows:

	2025	2024
	KD '000	KD '000
US Dollars (short)	<b>33,121</b>	45,121

The following significant exchange rates applied during the year:

	2025		2024	
	Average rate	Reporting date Spot rate	Average rate	Reporting date Spot rate
US\$	<b>0.30433</b>	<b>0.30540</b>	0.30568	0.30810

## Sensitivity analysis

A strengthening (weakening) of the KD, as indicated below, against US\$ at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) the equity and profit or loss

by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant.

	2025	2024
	KD '000	KD '000
3% movement	<b>994</b>	1,354

## Profit rate risk

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

Financial instruments, which potentially subject the Group to profit rate risk, consist principally of cash, bank balances and deposits and Islamic financing facilities.

The Group's Islamic deposits are for a short-term period and are set at fixed rates and therefore management believes there is minimal risk of significant losses due to profit rate fluctuations.

The Group's Islamic financing facilities are obtained at a floating rate. The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

	Change in interest rates by 50 basis points	
	Effect on profit	
	2025	2024
	KD '000	KD '000
Kuwaiti Dinars	58	86

## 28. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash, bank balances and deposits, trade and other receivables and contract assets. Financial liabilities consist of trade and other payables and Islamic financing facilities.

The fair values of the financial assets and liabilities are not significantly different from their carrying value as at the reporting date. For financial assets and financial liabilities that are liquid or having short-term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair valuation as these are re-priced immediately upon maturity.

## 29. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the Group performance in relation to its long range business plan and its long-term profitability objectives.

The Group's objectives for managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity. As at 31 December 2025 and 2024, the Group is ungeared.

The borrowings of the Group were less than cash and bank balances.

## 30. Operating segments

Information regarding the Group's operating segments is set out below in accordance with the IFRS 8 "Operating Segments" which requires the identification of operating segments based on the internal reports that are regularly reviewed by the Group's Chief Executive Officer ("CEO") and used to allocate the resources to the segments and to evaluate their performance. The Group has identified Consumer (i.e., Individual customers) and Enterprise (i.e., Corporates & others) as major operating segments.

The Group's total costs, assets and liabilities have not been identified to any of the operating segments as the majority of the total costs, operating assets and liabilities are fully integrated between consumer and enterprise & others segments. The Group believes that it is not practicable to segregate and provide segment allocation related to total costs, operating assets and liabilities.

The Group only operates in State of Kuwait and is therefore viewed to operate in one geographical area. The operating segments that are regularly reported to CEO are Consumer segment and Enterprise & others.

	2025	2024
	KD '000	KD '000
Consumer revenues- Point in time	95,317	84,547
Consumer revenues- Over time	171,105	170,260
Enterprise & others revenues- Point in time	16,244	12,420
Enterprise & others revenues- Over time	59,846	69,288
<b>Total revenues</b>	<b>342,512</b>	<b>336,515</b>
Operating expenses	(182,999)	(183,920)
Staff costs	(26,596)	(25,609)
Expected credit losses on trade and other receivables and contract assets	(11,281)	(12,866)
Depreciation and amortization and write offs	(54,564)	(50,574)
General and administrative expenses	(28,716)	(29,092)
Finance costs	(2,223)	(2,574)
Finance income and others, net	3,081	1,476
Board of Directors' remuneration	(309)	(256)
<b>Profit before tax</b>	<b>38,905</b>	<b>33,100</b>

## 31. Comparative figures

Certain figures have been reclassified as listed below to confirm with the classification used for the year ended 31 December 2025. These reclassifications listed below have no impact on previously reported net income, cash flows, retained earnings or net assets.

The below reclassifications have been made to improve the quality of information presented and to align with current year presentation.

	As previously reported	Amounts of reclassification	Amounts after reclassification
	KD'000	KD'000	KD'000
<b>31 December 2024</b>			
↓ Consolidated statement of financial position			
<b>Non - current assets</b>			
Property and equipment	166,309	(19,934)	146,375
Right of use assets	-	19,934	19,934
	<b>166,309</b>	<b>-</b>	<b>166,309</b>
<b>Current assets</b>			
Inventories	14,743	(1,923)	12,820
Prepayment and other current assets	10,486	4,095	14,581
Trade and other receivables	54,129	(7,962)	46,167
Contract assets	48,255	5,790	54,045
	<b>127,613</b>	<b>-</b>	<b>127,613</b>
<b>Non-current liabilities</b>			
Lease liabilities	-	14,619	14,619
Trade and other payables	16,896	(14,619)	2,277
	<b>16,896</b>	<b>-</b>	<b>16,896</b>
<b>Current liabilities</b>			
Lease liabilities	-	5,650	5,650
Contract liabilities	-	25,573	25,573
Trade and other payables	174,689	(31,223)	143,466
	<b>174,689</b>	<b>-</b>	<b>174,689</b>

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