OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Interim Financial Information (Unaudited)
31 March 2025

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Condensed Consolidated Interim Statement of Financial Position as at 31 March 2025 (Unaudited)

	Note	Unaudited 31 March 2025 RO '000	Audited 31 December 2024 RO '000
ASSETS			
Current assets			
Cash and cash equivalents	3	**281,567**	299,364
Bank balances held in customers' account	4	**25,108**	19,846
Trade and other receivables		**1,588,282**	1,481,417
Contract assets		**144,809**	139,631
Inventories		**104,310**	115,662
Investment securities at FVTPL		**90,661**	70,151
		2,234,737	2,126,071
Assets classified as held for sale	5	**122,956**	119,123
		2,357,693	2,245,194
Non-current assets			
Contract assets		**102,567**	93,277
Investment securities at FVTPL		**24,508**	24,704
Investment securities at FVOCI		**17,474**	17,130
Investment securities at amortised cost		**1,000**	1,000
Investments in associates and joint venture	6	**251,444**	248,511
Other non-current assets		**145,718**	139,895
Deferred tax asset		**32,851**	32,005
Right of use of assets		**351,382**	311,581
Property and equipment	7	**1,909,926**	1,918,130
Intangible assets and goodwill	8	**3,137,759**	3,134,409
		5,974,629	5,920,642
Total Assets		**8,332,322**	8,165,836
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		**1,737,971**	1,683,946
Contract liabilities		**120,011**	119,262
Income tax payables		**43,195**	37,729
Borrowings	9	**793,316**	894,825
Lease liabilities		**50,731**	45,327
		2,745,224	2,781,089
Liabilities of directly associated with assets classified as held for sale	5	**44,945**	41,048
		2,790,169	2,822,137
Non-current liabilities			
Borrowings	9	**1,822,966**	1,678,969
Government grant		**4,136**	4,226
Lease liabilities		**379,895**	353,189
Other non-current liabilities	10	**400,095**	376,776
		2,607,092	2,413,160
Total liabilities		**5,397,261**	5,235,297
Equity			
Attributable to owners of the Company			
Share capital	11	**75,000**	75,000
Owns shares held by liquidity provider	11	**(60)**	(191)
Reserve on trading in liquidity shares	11	**(878)**	(1,815)
Legal reserve	11	**25,000**	25,000
Voluntary reserve	11	**49,875**	49,875
Capital contribution	11	**7,288**	7,288
Capital reserve	11	**36,893**	36,893
Foreign currency translation reserve	11	**(120,362)**	(119,797)
Investment fair valuation reserve		**(4,832)**	(4,911)
Other reserves	11	**500**	566
Retained earnings		**572,788**	598,037
		641,212	665,945
Non-controlling interests		**2,293,849**	2,264,594
Total equity		**2,935,061**	2,930,539
Total Liabilities and Equity		**8,332,322**	8,165,836

The accompanying notes are an integral part of this condensed consolidated interim financial information. This condensed consolidated interim financial information was approved and authorized for issue by the Board of Directors on 14 May 2025

CHAIRMAN **DIRECTOR** **CHIEF EXECUTIVE OFFICER**

OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Interim Statement of Profit or Loss – 31 March 2025 (Unaudited)

		Three months ended 31 March	
		2025	2024
	Note	**RO'000**	RO'000
Revenue		**803,588**	728,084
Cost of operations	12	**(286,960)**	(256,902)
		516,628	471,182
Operating and administrative expenses		**(251,640)**	(233,647)
Depreciation and amortization		**(144,439)**	(139,972)
Expected credit loss on financial assets ("ECL")		**(11,145)**	(10,702)
Interest income		**2,171**	4,102
Investment income	12.1	**19,355**	4,140
Share of results of associates and joint venture		**2,196**	413
Other expense		**(14,388)**	(4,057)
Finance costs	13	**(49,226)**	(50,275)
Gain from currency revaluation		**915**	5,744
Net monitory gain	20	**4,407**	-
Profit before income taxes		**74,834**	46,928
Income tax expenses	14	**(9,913)**	(6,361)
Profit for the period		**64,921**	40,567
Attributable to:			
Owners of the Company		**15,672**	12,873
Non-controlling interests		**49,249**	27,694
		64,921	40,567
Earnings per share (EPS)	15		
Basic and diluted – RO		**0.021**	0.017

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

	Three months ended 31 March	
	2025	**2024**
	RO'000	**RO'000**
Profit for the period	**64,921**	40,567
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange differences on translating foreign operations	**(2,281)**	(6,081)
Other reserves	**(814)**	153
	(3,095)	(5,928)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain on investments in equity instruments designated as at FVOCI	**361**	86
	361	86
Total comprehensive income for the period	**62,187**	34,725
Total comprehensive income attributable to:		
Owners of the Company	**15,120**	9,157
Non-controlling interests	**47,067**	25,568
	62,187	34,725

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

OMAN TELECOMMUNICATIONS COMPANY SAOG

Condensed Consolidated Interim Statement of Changes in Equity – Three months ended 31 March 2025 (Unaudited)

	Attributable to equity holders of the parent													
	Share capital	**Owns shares held by liquidity provider**	**Reserve on trading in liquidity shares**	**Legal reserve**	**Voluntary reserve**	**Capital contribution**	**Capital reserve**	**Foreign currency translation reserve**	**Fair value reserve**	**Other reserves**	**Retained earnings**	**Total**	**Non - controlling interests**	**Total**
	RO ‘000	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**	**RO ‘000**
Balance at 1 January 2025	**75,000**	**(191)**	**(1,815)**	**25,000**	**49,875**	**7,288**	**36,893**	**(119,797)**	**(4,911)**	**566**	**598,037**	**665,945**	**2,264,594**	**2,930,539**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,672**	**15,672**	**49,249**	**64,921**
Other comprehensive (loss) income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(565)**	**79**	**(66)**	**--**	**(552)**	**(2,182)**	**(2,734)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(565)**	**79**	**(66)**	**15,672**	**15,120**	**47,067**	**62,187**
Transactions with shareholders of the Company, recognized directly in equity:														
Trading in own shares	**-**	**131**	**937**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,068**	**-**	**1,068**
Dividend	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(41,250)**	**(41,250)**	**(18,986)**	**(60,236)**
Impact of application of IAS 29 (note 20)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**329**	**329**	**1,174**	**1,503**
Balance at 31 March 2025	**75,000**	**(60)**	**(878)**	**25,000**	**49,875**	**7,288**	**36,893**	**(120,362)**	**(4,832)**	**500**	**572,788**	**641212**	**2,293,849**	**2,935,061**
Balance at 1 January 2024	75,000	-	-	25,000	49,875	7,288	36,893	(103,843)	(4,932)	822	560,200	646,303	2,260,845	2,907,148
Profit for the period	-	-	-	-	-	-	-	-	-	-	12,873	12,873	27,694	40,567
Other comprehensive (loss) income for the period	-	-	-	-	-	-	-	(3,749)	19	14	--	(3,716)	(2,126)	(5,842)
Total comprehensive income for the period								(3,749)	19	14	12,873	9,157	25,568	34,725
Transactions with shareholders of the Company, recognized directly in equity:														
Non-controlling interest arising on the acquisition	-	-	-	-	-	-	-	-	-	-	--	--	387	387
Dividend	-	-	-	-	-	-	-	-	-	-	(41,250)	(41,250)	(1,163)	(42,413)
Balance at 31 March 2024	75,000	-	-	25,000	49,875	7,288	36,893	(107,592)	(4,913)	836	531,823	614,210	2,285,637	2,899,847

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

	Note	Three months ended 31 March 2025 RO'000	Three months ended 31 March 2024 RO'000
Cash flows from operating activities			
Profit before taxation		**74,834**	46,928
Adjustments for:			
Depreciation and amortization		**144,439**	139,972
ECL on financial assets		**11,145**	10,702
Interest income		**(2,171)**	(4,102)
Investment income	12	**(19,355)**	(4,140)
Share of results of associates and joint venture		**(2,196)**	(413)
Finance costs		**49,226**	50,275
Foreign currency loss / (gain)		**(915)**	(5,745)
Net monetary gain	20	**(4,407)**	-
Loss on sale of property and equipment		**(9)**	(7)
Operating cashflow before working capital changes		**250,591**	233,470
(Increase) / decrease bank balances held in customers' account		**(5,268)**	720
Increase in trade and other receivables and contract assets		**(162,710)**	(74,344)
Decrease / (increase) in inventories		**10,853**	(28,191)
(Decrease) / increase in trade and other payables		**53,334**	6,494
Cash generated from operations		**146,800**	138,149
Income tax paid		**(3,187)**	(1,989)
Net cash (used in) / from operating activities		**143,613**	136,160
Cash flows from investing activities			
Deposits maturing after three months and cash at bank under lien	4	**(2,898)**	(7,552)
Investments in securities (net)		**(1,068)**	(921)
Investment in associate		**(2,112)**	-
Acquisition of subsidiaries (net of cash acquired)		**-**	(3,863)
Acquisition of property and equipment (net)		**(95,059)**	(105,221)
Acquisition of intangible assets (net)		**(33,754)**	(12,647)
Dividend received		**792**	9
Interest received		**1,865**	1,806
Net cash used in investing activities		**(132,234)**	(128,389)
Cash flows from financing activities			
Proceeds from bank borrowings	9	**247,451**	206,018
Repayment of bank borrowings	9	**(225,548)**	(284,781)
Repayment of lease liabilities		**(17,145)**	(19,911)
Dividend paid to minority shareholders of subsidiaries		**(4,126)**	(626)
Acquisition of own shares		**1,068**	
Finance costs paid		**(33,448)**	(31,849)
Net cash from / (used in) financing activities		**(31,748)**	(131,149)
Net decrease in cash and cash equivalents		**(20,369)**	(123,378)
Effect of foreign currency translation		**(822)**	(14,767)
Cash and cash equivalents at beginning of period		**296,510**	427,285
Cash and cash equivalents at end of period	3	**275,319**	289,140

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

1. Incorporation and activities

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

The principal activities of the Company are establishment, operation, maintenance and development of telecommunication services in the Sultanate of Oman. The Company and its subsidiaries ("the Group") along with its associates provides telecommunications services in Sultanate of Oman and 8 other countries.

The Company is a subsidiary of United International Telecommunications Investment and Projects LLC. The company is ultimately owned and controlled by Oman Investment Authority (OIA).

2. Basis of preparation

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

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

Reporting on Hyperinflationary economies

South Sudan

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

Sudan

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

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

Political uncertainty in Sudan

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

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

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

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

- there will be no substantial increase in the intensity of hostilities, thereby not adversely impacting the number of active sites, significantly;

- Zain Sudan will have the capability to conduct maintenance and repair tasks in the affected territories of Sudan, ensuring a satisfactory level of network performance in regions where it is feasible while considering the physical security of technical specialists;

- there will be no significant fluctuations in the fuel rate, foreign exchange rates and other major costs during the course of the conflict;

- Zain Sudan will be able to ensure the uninterrupted functioning of its crucial IT infrastructure, aligning with management's implemented measures and incident response and disaster recovery plans;

- the generated revenue from service and product sales will be sufficient for Zain Sudan to meet both operating expenses and essential capital investments.

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

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

If a worst-case scenario unfolds with widespread hostilities across Sudan, it can be anticipated that the Group's operations in Sudan may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of the Group.

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

If a worst-case scenario unfolds with widespread hostilities across Sudan, it can be anticipated that the Zain Sudan's operations may encounter disruptions for an indeterminate duration. This represents an uncertainty that is beyond the control of Zain Sudan. After evaluating the revised forecasts, management of Zain Sudan has examined the Zain Sudan's capability to operate as a going concern at the time of releasing this condensed consolidated interim financial information. As a result, it has determined that there are no significant uncertainties that could impede the Zain Sudan's infrastructure and operations, thereby casting significant doubt on its ability to continue as a going concern. Consequently, the Zain is expected to be able to realize its assets and fulfill its obligations in the ordinary course of business. Due to the unrest the Group is not able to exercise control over 1,511 sites out of 3,000 plus network sites.

Changes in accounting policy and disclosures

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

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

Lack of exchangeability - Amendments to IAS 21

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information. The amendments did not have a material impact on the Group's interim condensed consolidated financial information.

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

3. Cash and cash equivalents

Cash and cash equivalents include the following:

	Unaudited	**Audited**
	31 March 2025	**31 December 2024**
	RO '000	**RO '000**
Cash on hand and at banks	**248,400**	278,286
Short-term deposits with banks	**55,722**	51,637
Government certificates of deposits held by subsidiaries	**2**	2
	304,124	329,925
Expected credit loss	**(22,557)**	(30,561)
Cash and bank balances as per condensed consolidated interim statement of financial position	**281,567**	299,364
Cash at bank under lien and deposits with original maturity over 3 months	**(6,246)**	(2,852)
Government certificates of deposits with maturities exceeding three months held by subsidiaries	**(2)**	(2)
Cash and cash equivalent in the condensed consolidated interim statements of cash flows	**275,319**	296,510

4. Bank balances held in customers' account

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

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

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

Kuwait

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

5.2 Discontinued operations – IHS

In December 2024, the Group acquired residual 70% equity interest of IHS, to complement its already existing 30% stake and thereby owning a 100% stake in IHS, for a purchase consideration of US$ 139.800 million (RO 53.399 million). IHS is engaged in the business of tower infrastructure services in Kuwait.

	Unaudited	Audited
	31 March 2025	31 December 2024
	RO '000	RO '000
Fair value less cost to sell	**78,011**	78,075
Total liabilities of IHS	**44,945**	41,048
Total assets of IHS	**122,956**	119,123

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

6. Investments in associates and joint venture

6.1 Investments in associates

	2024	2023
		RO'000
Oman Fibre Optic Co SAOC	**10,033**	9,988
Majan Telecommunications LLC	**5,076**	5,266
Equinix Muscat LLC	**4,176**	4,152
Pearl REIF Fund	**15,525**	15,766
Etlaq services LLC	**3,349**	1,262
TASC Towers Holding Limited (refer note (below)	**98,115**	98,136
Playhera	**498**	-
Others	**704**	1,202
	137,476	135,772

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

TASC Towers Holding Limited

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

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

6.2 Investments in joint venture

This represents Group's RO 113.968 million (31 December 2024 - RO 112.739 million) interest in the joint venture, Zain Al Ajial S.A. that owns 31% of the equity shares and voting rights of Wana Corporate (a Moroccan joint stock company that is specialized in the telecom sector in that country). The carrying value of this joint venture and its results for the year are determined by Group management using equity method based on management information provided by Wana Corporate.

7. Property and equipment

	Unaudited 31 March 2025 RO '000	Audited 31 December 2024 RO '000
Net fixed assets	**1,537,531**	1,523,417
Capital work in progress	**372,395**	394,713
	1,909,926	1,918,130

During the three-months period ended 31 March 2025, the Group acquired property and equipment amounting to RO 56.570 million (31 March 2024: RO 29.1 million). Depreciation charged for the period amounted to RO 79.575 million (31 March 2024: RO 79.8 million).

8. Intangible assets and goodwill

	Unaudited 31 March 2025 RO '000	Audited 31 December 2024 RO '000
Intangible assets	**2,111,834**	2,100,376
Goodwill	**1,010,724**	1,018,454
Capital work in progress	**15,201**	15,579
	3,137,759	3,134,409

During the three-months period ended 31 March 2025, the Group acquired intangible assets amounting to RO 59.1 million (31 March 2024: RO 3.2 million). Amortization charged for the period amounted to RO 48.2 million (31 March 2024: RO 45.7 million).

During 2024, the Group, through Zain Tech, acquired 100% equity interest of Specialized Technical Services Company BVI ("STS"). During the period, the Group finalized the Purchase Price Allocation ("PPA") exercise of STS. The cumulative impact of these PPA related adjustments was passed in Q1 2025.

9. Borrowings

	Unaudited 31 March 2025 RO '000	**Audited 31 December 2024 RO '000**
Parent company		
Short term loans	**5,263**	37,500
Long term loans	**63,000**	5,198
	68,263	42,698

	Unaudited 31 March 2025 RO '000	Audited 31 December 2024 RO '000
Oztel		
Bond	**270,301**	265,717
OTEL Sukuk Ltd		
Sukuk	**192,550**	192,550
Oman data Park		
Long term loan	**10,267**	9,823
Mobile Telecommunications Company-Kuwait		
Short term loans	**49,866**	49,890
Long term loans	**824,005**	824,572
	873,871	874,462
Mobile Telecommunications Company Saudi Arabia ("SMTC")		
Short term loans	**51,194**	51,186
Long term loans	**780,397**	590,138
Payable to Ministry of Finance-KSA (Murhaba facility)	**-**	199,158
	831,591	840,482
Pella Investment Company ("Pella")		
Short term loans	**-**	8,119
Long term loans	**108,844**	99,776
	108,844	107,895
Atheer Telecom Iraq Limited ("Atheer")		
Bank overdrafts	**33**	-
Long term loans	**247,795**	230,645
	247,828	230,645
Future Cities SAOC		
Long term loan	**10,527**	6,865
Others		
Short term loans	**976**	195
Long term loans	**1,264**	2,462
	2,240	2,657
	2,616,282	2,573,794

Reconciliation of movements of amounts due to banks to cash flows from financing activities:

	Unaudited 31 March 2025 RO '000	Audited 31 December 2024 RO '000
Opening balance	**2,573,794**	2,367,146
Acquisition of subsidiary	**-**	2,883
Accretion of interest	**4,801**	18,567
Proceeds from bank borrowings	**247,451**	964,494

Repayment of bank borrowings	**(225,548)**	(839,234)
Increase in bank borrowings due to vendor financing arrangement (non-cash item)	**17,325**	75,015
Payment of interest	**-**	(17,681)
Effect of change in foreign exchange rates	**(1,541)**	2,604
	2,616,282	2,573,794

The current and non-current amounts are as follows:

	Unaudited	Audited
	31 March 2025	31 December 2024
	RO '000	RO '000
Current liabilities	**793,316**	894,825
Non-current liabilities	**1,822,966**	1,678,969
	2,616,282	2,573,794

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

	Unaudited	Audited
	31 March 2025	31 December 2024
	RO '000	RO '000
US dollar	**1,049,808**	1,032,785
Kuwaiti dinar	**740,035**	731,822
Saudi Riyals	**731,299**	744,414
Jordanian Dinar	**11,343**	10,585
Omani Rial	**83,797**	54,188
	2,616,282	2,573,794

The average effective interest rate as at 31 March 2025 was 7.03% (31 December 2024 – 0.76% to 7.09%;) per annum.

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

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

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

Parent Company

Short term loan

During the year the Parent Company :

- drawn down RO 95.500 million (31 December 2024: RO 221 million) from a revolving credit facility of RO 235 million.
- repaid RO 60.000 million (31 December 2024: RO 208.5 million) from a revolving credit facility of RO 235 million.

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

Long term loans

Export credit loan with an outstanding balance of USD 13.6 million (RO 5.3 million) (2024-USD 13.5 million (RO 5.2 million) from a consortium of banks to finance the procurement of capital equipment. The loan is unsecured. The facility carries an interest of 2.28% p.a.

Oztel
Bonds

The bond is denominated in US Dollars and is listed on the Irish stock exchange . It's a 10 years bond with face value of USD 688.1 million (RO 264.988 million) (2024: USD 688.1 million (RO 264.988 million)) with coupon rate of 6.63% per annum. The bonds are due for payment in year 2028. The effective interest on the bond is 7.09%. The fair value of the bond as at 31 March 2025 is USD 711.43 million (RO 273.97 million) (31 December 2024: USD 710.1 million (RO 273.46 million)

OTEL Sukuk Limited

OTEL Sukuk limited issued USD 500 million (RO 192.550 million) (31 December 2024 : RO 192.550) Sukuk for a period of 7 years with a coupon rate of 5.375% per annum. The bond is due for repayment in the year 2031. The fair value of Sukuk as at 31 December is USD 499.3 million (RO 192.3 million) (31 December 2024 - USD 498.4 million (RO 191.9 million)).

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

During the period, the Company has:

1) drawn down loans amounting to RO Nil from the loan facilities (31 December 2024 - RO 437.69 million)
2) repaid loans amounting to RO 0.065 million (31 December 2024 – RO 294.5 million).

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

SMTC

Long-term loans include:

1) SAR 4,792 million (RO 490.632 million) (31 December 2024: SAR 5,029 million equivalent to RO 514.82 million) syndicated murabaha facility availed from a consortium of banks.

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

   The Agreement:

   a. Includes a Total Term Murabaha Facility of SAR 6,000 million (RO 614.333 million), consisting of SAR 4,880 million (RO 499.657 million) and US$ portion of SAR 1,120 million (RO 114.676 million) for refinancing of the existing Term Murabaha Facility amounting to SAR 3,480 million (RO 356.313 million) and balance for future specified business purposes. SAR 2,560 million (RO 262.115 million) of the syndicated loan has been hedged through a profit rate swap contract.

   b. Includes a revolving working capital facility of SAR 1,000 million (RO 102.389 million) consisting of SAR 813.393 million (RO 83.282 million) and a US$ portion totaling to SAR 186.607 million (RO 19.107 million).

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

2) During 2013, SMTC signed an agreement with the Ministry of Finance – KSA to defer payments that are due until 2021. The amounts are repayable in seven years starting from June 2021.

   In February 2023, SMTC has signed a revised agreement with the Ministry of Finance ("MOF"), Kingdom of Saudi Arabia under which the existing deferral of payment to MOF along with commercial commission payable is converted into a Murabaha facility with MOF and Al Rajhi Banking & Investment Corporation has been appointed as the Murabaha Facility Agent. The liability matures on June 2027 with yearly scheduled repayment on 1 June every year till maturity starting from June 2023. During the period, a new Islamic Shariah compliant facility amounting to SAR 1,925 million (RO 197.098 million) repayable in a single bullet payment upon its maturity on 17 February 2030 was obtained. The facility obtained is on commercial term, where the profit is payable on quarterly basis based on fixed margin and three months SIBOR. This facility was utilized by SMTC to repay in full the amount payable to Ministry of Finance – KSA.

3) In 2024, SMTC availed facilities of SAR 1,625 million (RO 166.382 million) (31 December 2024: SAR 1,125 million equivalent to RO 115.17 million) to fund for the CAPEX payment against several projects and SAR 500 million (RO 51.18 million) (31 December 2024: SAR 500 million equivalent to RO 51.18 million) for receivables discounting.

   SMTC have availed SAR 916.700 million (RO 93.859 million) (31 December 2024: SAR 736 million equivalent to RO 75.34 million) of the CAPEX facility and SAR 500 million (RO 51.194 million) (31 December 2024: SAR 500 million equivalent to RO 51.18 million) of the account receivable factoring facility as at the reporting period.

   The interest amounting to SAR 12.690 million (RO 1.300 million) (31 December 2024: SAR 21.270 million equivalent to RO 2.18 million) has been capitalized by SMTC during year, based on effective interest rate of the loan.

Pella

Long term loans include:

1) US$ 160 million (RO 61.354 million) (31 December 2024 – US$ 160 million equivalent to RO 61.4 million) term loan from a commercial bank which is repayable by 11 October 2025.
2) US$ 100 million (RO 38.346 million) (31 December 2024 – US$ 100 million equivalent to RO 38.37 million) term loan from a commercial bank which is repayable by 30 April 2027.

Atheer

Long term loans include:

1) US$ 50 million (RO 19.179 million) (31 December 2024 – US$ 50 million equivalent to RO 19.19 million) term loan from a commercial bank which is repayable by 17 January 2025. The last installment is due on 17 January 2025. This was converted during quarter ended 31 March 2025 to revolving credit facility (point 3 below) which is repayable by 17 December 2027.
2) US$ 105 million (RO 40.263 million) (31 December 2024 – US$ 105 million equivalent to RO 40.29 million) term loan from a commercial bank which is repayable by 30 June 2026.
3) US$ 131 million (RO 50.233 million) (31 December 2024 – US$ 71 million equivalent to RO 27.25 million) revolving credit facilities from a commercial bank which is repayable by 17 December 2027. Revolving credit facilities amounting to US$ 131 million (RO 50.233 million) includes converted term loan amounting to US$ 50 million (RO 19.179 million) (point 1 above).
4) US$ 100 million (RO 38.346 million) (31 December 2024 – US$ 100 million equivalent to RO 38.38 million) term loan from a commercial bank which is repayable by 30 July 2026.
5) US$ 85 million (RO 32.594 million) (31 December 2024 – US$ 50 million equivalent to RO 19.18 million) term loan from a commercial bank, this was rescheduled to revolving credit facility which is repayable by 24 April 2027.
6) US$ 125 million (RO 47.933 million) (31 December 2024 – US$ 125 million equivalent to RO 47.97 million) term loan from a commercial bank which is repayable by 03 May 2025.

7) US$ 100 million (RO 38.346 million) (31 December 2024 – US$ 100 million equivalent to RO 38.38 million) term loan from a commercial bank which is repayable by 19 August 2027.

These facilities are guaranteed by the Company and carry a floating interest rate of a fixed margin over three-month SOFR.

10. Other non-current liabilities

	Unaudited 31 March 2025 RO '000	Audited 31 December 2024 RO '000
Due to Telecommunication Regulatory Authority-Oman	**7,032**	6,930
Due for acquisition of spectrum	**201,624**	178,993
Payable towards sale and lease back-financing	**84,581**	85,625
Customer deposits	**3,183**	3,235
Post-employment benefits	**77,445**	74,834
Others	**26,230**	27,159
	400,095	376,776

11. Share capital

	2025	2024
	31 March 2025	31 December 2024
	No. of shares	No. of shares
Authorised, Issued and fully paid up	**750,000,000**	750,000,000
	RO'000	RO'000
Authorised, Issued and fully paid up	**75,000**	75,000

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

	31 March 2025		31 December 2024	
	Shares held	**%**	Shares held	%
United International Telecommunications Investment and Projects LLC	**382,500,345**	**51**	382,500,345	51

Legal reserve

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

Voluntary reserve

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

Capital contribution

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

Capital reserve

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

Foreign currency translation reserve

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

Reserves

Other reserves mainly includes hedge reserves gain amounting to RO 0.461 million (31 March 2024 - RO 0.797 million)

Proposed Dividend

The annual general meeting of shareholders for the year ended 31 December 2024 held on 27 March 2024 approved distribution of final dividends of 55 baiza per share for the year 2024 (31 December 2023 – 55 baiza).

12. Cost of operations

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

12.1 Investment income

	Three months ended 31 March (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Dividend income	**80**	10
Gain from investment securities at mandatorily at FVTPL	**19,275**	4,130
	19,355	4,140

13. Finance cost

	Three months ended 31 March (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Interest on bank borrowings	**35,193**	34,647
Finance cost on lease liabilities	**7,770**	6,790
Interest relating to license and spectrum payable	**3,374**	2,976
Interest amount payable to Ministry of Finance (KSA)	**1,861**	4,536
Others	**1,028**	1,326
	49,226	50,275

14. Taxation

	Three months ended 31 March (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Taxation relating to parent company	**1,425**	1,416
National Labour Support Tax (NLST)	**-**	771
Zakat*	**1,958**	2,090
Domestic minimum top-up tax (DMTT)	**1,106**	-
Income inclusive rule (IIR)	**162**	-
Taxation related to subsidiaries	**5,262**	2,084
	9,913	6,361

* Zakat for the current period represents Zakat expenses of a subsidiary in KSA.

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

On 31 December 2024, the State of Kuwait introducing a Domestic Minimum Top-Up Tax (DMTT) and Sultanate of Oman introduced Income inclusive Rule (IIR) effective from 1 January 2025. The Law requires constituent entities of multinational enterprise (MNE) groups with consolidated revenues exceeding EUR 750 million to pay a top-up tax to ensure a minimum effective tax rate of 15%.

Pending the issuance of Executive Regulations in Kuwait and Oman, which are expected to be issued within six months from the date of the enactment of the Law, the Group has estimated its DMTT and IIR liability for the three-month period ended 31 March 2025 based on OECD Pillar Two Module Rules and associated guidance. The DMTT in Kuwait replaces the application of the National Labor Support Tax (NLST) and Zakat regimes for in-scope entities.

15. Earnings per share

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

	Three months ended 31 March (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Profit for the period attributable to shareholders of the Company	**15,672**	12,873
	Shares	**Shares**
Weighted average number of shares in issue outstanding during the period	**747,769,356**	750,000,000
	Rial	**Rial**
Earnings per share – basic and diluted	**0.021**	0.017

16. Segmental information

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

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

	31 March 2025									
	Oman	**Kuwait**	**Jordan**	**Sudan**	**Iraq**	**Bahrain**	**KSA**	**Others**	**Elimination**	**Total**
	RO'000	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO'000**	**RO '000**
Segment revenues – airtime, data, subscriptions and other services (Point over time)	**144,908**	**77,163**	**50,227**	**40,230**	**107,262**	**15,992**	**237,807**	**48,254**	**-**	**721,843**
Segment revenues - trading income (Point in time)	**19,144**	**39,267**	**3,977**	**854**	**2,570**	**5,390**	**37,639**	**9**	**(27,105)**	**81,745**
Net profit before interest and tax	**14,822**	**14,774**	**11,067**	**23,348**	**18,221**	**1,294**	**27,404**	**2,835**	**-**	**113,765**
Interest income	**591**	**103**	**70**	**193**	**183**	**91**	**443**	**75**	**-**	**1,749**
Share of results of associate and joint venture	**1,757**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(975)**	**782**
Investment income	**(671)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(671)**
Finance costs	**(10,763)**	**(349)**	**(3,373)**	**(284)**	**(6,653)**	**(388)**	**(17,947)**	**(239)**	**-**	**(39,996)**
Income tax expenses	**(1,587)**	**-**	**(1,570)**	**(2,934)**	**(2,103)**	**-**	**-**	**(143)**	**-**	**(8,337)**
	4,149	**14,528**	**6,194**	**20,323**	**9,648**	**997**	**9,900**	**2,528**	**(975)**	**67,292**
Unallocated items:										
Investment income										**20,026**
Share of results of associates and joint venture										**1,414**
Others (including unallocated interest income, income tax and finance costs net of eliminations)										**(23,811)**
Profit for the period										**64,921**
Segment assets including allocated goodwill	**1,788,194**	**1,105,799**	**648,142**	**89,645**	**1,031,657**	**127,394**	**3,233,035**	**304,054**	**(850,336)**	**7,477,584**
ROU assets	**96,094**	**35,274**	**13,000**	**1,429**	**33,344**	**21,105**	**148,216**	**2,920**		**351,382**
Unallocated items:										
Investment securities at FVTPL										**84,438**
Investment securities at FVOCI										**17,474**
Investment in associates and joint venture										**210,799**
Others (net of eliminations)										**190,645**
Consolidated assets										**8,332,322**
Segment liabilities	**443,491**	**493,141**	**183,640**	**64,989**	**288,375**	**31,754**	**818,044**	**314,885**	**-**	**2,638,319**
Lease liabilities (current and non-current)	**135,047**	**30,001**	**15,741**	**1,530**	**40,147**	**21,753**	**152,308**	**2,856**	**-**	**399,383**
Due to banks	**551,909**	**-**	**108,844**	**-**	**247,827**	**-**	**831,592**	**2,241**	**-**	**1,742,413**
	1,130,447	**523,142**	**308,225**	**66,519**	**576,349**	**53,507**	**1,801,944**	**319,982**		**4,780,115**
Unallocated items:										
Due to banks										**873,869**
Others (net of eliminations)										**(256,723)**
Consolidated liabilities										**5,397,261**
Net consolidated assets										**2,935,061**
Capital expenditure incurred during the period	**27,635**	**11,184**	**432**	**11,081**	**7,829**	**971**	**51,588**	**9,635**		**120,355**
Unallocated (net of eliminations)										**326**
Total capital expenditure										**120,681**
Depreciation of property and equipment and amortization of intangible assets	**24,430**	**21,406**	**9,664**	**914**	**19,870**	**3,101**	**46,891**	**1,782**		**128,058**
Amortization of ROU assets	**2,688**	**2,807**	**454**	**204**	**1,235**	**1,182**	**7,937**	**143**		**16,650**
Unallocated (net of elimination)										**(269)**
Total depreciation and amortization										**144,439**

	31 March 2024									
	Oman	**Kuwait**	**Jordan**	**Sudan**	**Iraq**	**Bahrain**	**KSA**	**Others**	**Elimination**	**Total**
	RO'000	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO '000**	**RO'000**	**RO '000**
Segment revenues – airtime, data, subscriptions and other services (Point over time)	134,142	78,288	48,351	18,895	96,419	15,468	230,629	14,619	-	636,811
Segment revenues - trading income (Point in time)	18,568	37,843	2,392	478	669	4,398	28,746	26	(1,847)	91,273
Net profit before interest and tax	17,660	13,183	12,118	9,134	14,521	1,106	24,625	(3,814)	-	88,533
Interest income	408	1,249	100	580	283	84	1,242	70	-	4,016
Share of results of associate and joint venture	1,107	-	-	-	-	-	-	(497)	(197)	413
Investment income	365	-	-	-	-	-	-	-	-	365
Finance costs	(10,705)	(297)	(4,343)	(394)	(7,935)	(298)	(18,655)	(166)	-	(42,793)
Income tax expenses	(1,959)	-	(2,199)	(795)	(1,738)	-	-	(41)	-	(6,732)
	6,876	14,135	5,676	8,525	5,131	892	7,212	(4,448)	(197)	43,802
Unallocated items:										
Investment income										3,775
Others (including unallocated interest income, income tax and finance costs net of eliminations)										(7,010)
Profit for the period										40,567
Segment assets including allocated goodwill	1,745,758	943,030	647,415	109,011	954,439	128,788	3,106,140	420,622	(850,336)	7,204,867
ROU assets	98,597	19,394	12,396	2,082	25,385	18,043	89,911	2,629	-	268,437
Unallocated items:										
Investment securities at FVTPL										47,067
Investment securities at FVOCI										15,818
Others (net of eliminations)										177,159
Consolidated assets										7,713,348
Segment liabilities	460,423	284,626	205,998	40,937	183,701	35,222	732,997	225,223	-	2,169,127
Lease liabilities (current and non-current)	138,919	26,264	15,166	1,676	35,405	18,131	122,412	2,590	-	360,563
Borrowings	519,853	-	99,741	-	253,910	-	800,718	-	-	1,674,222
									-	4,203,912
Unallocated items:										
Borrowings										648,306
Others (net of eliminations)										(38,716)
Consolidated liabilities										4,813,502
Net consolidated assets										2,899,846
Capital expenditure incurred during the period	22,304	4,090	272	529	1,495	897	5,285	2,253	-	37,125
Unallocated (net of eliminations)										180
Total capital expenditure										37,305
Depreciation of property and equipment and amortization of intangible assets	23,415	21,556	8,470	947	18,973	3,690	46,557	1,934	-	125,542
Amortization of ROU assets	2,762	2,336	437	144	992	1,131	6,508	134	-	14,444
Unallocated (net of elimination)										(14)
Total depreciation and amortization										139,972

17. Related party transactions

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

Transactions

	Three months ended 31 March (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Revenue	**1,883**	2,054
Purchase of goods and services	**22**	1,108
Dividend income from associate	**1,169**	1,615

Key management compensation

	Three months ended 31 March (Unaudited)	
	2025	**2024**
	RO'000	**RO'000**
Salaries and other short term employee benefits	**891**	759
Post-employment benefits	**14**	12

Balances

	Unaudited	**Audited**
	31 March 2025	**31 December2024**
	RO'000	**RO'000**
Trade receivables	**3,826**	4,186
Trade payables	**2**	3,615

18. Commitments and contingencies

	Unaudited	**Audited**
	31 March 2025	**31 December 2024**
	RO '000	**RO '000**
Capital commitments	**557,319**	512,203
Uncalled share capital of investee companies	**596**	819
Letters of guarantee and credit	**83,829**	84,413

Atheer - Iraq

a. On 10 September 2023, the Communication and Media Commission of Iraq ("CMC") imposed a fine of US$ 75 million (RO 28.769 million) on Atheer for failing to meet 4G QoS ('Quality of Service') KPIs for the year 2022. Atheer believes that there is an error in the fine calculation regarding coverage obligation. On 9 October 2023, Atheer challenged the decision before the Appeals Board. On 13 June 2024, the Appeals Board issued a decision in favor of CMC. On 7th July 2024, Atheer submitted a petition to the Board of Commissioners (the legislative body of the CMC), articulating that the petition stems from a fundamental error, requesting them to cancel the fine. On 19 August 2024, the CMC rejected the petition and issued a demand to pay the fine amount. On 27 August 2024, the Atheer's attorneys filed another appeal, urging the Appeals Board to correct its decision on the grounds that it is fundamentally flawed as explained above.

   In August 2024, a new fine amounting to US$ 1 million (RO 0.384 million) was imposed by CMC for failing to meet 4G QoS KPIs for the second half of year 2023. This amount is significantly lower as compared to the fine levied for year 2022 and first half of year 2023. Furthermore, a new QoS regulation is expected to be issued, which may support Atheer's case in challenging the fine. Based on these factors and based on the report from Atheer's attorneys, the Group believes that the matter will be resolved in favor of Atheer.

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

Pella - Jordan

Pella is a defendant in multiple lawsuits amounting to RO 9.61 million (31 December 2024 – RO 9.48 million). Based on the report of its attorneys, the Group is of the view that the outcome of these proceedings will be favorable for Pella.

SMTC

a. SMTC received withholding tax ("WHT") assessments from Zakat, Tax and Customs Authority ("ZATCA") for an additional amount of SAR 100 million (RO 10.24 million) for certain withholding tax items for the years from 2015 to 2021. SMTC has appealed these assessments against the relevant committees. SMTC believes that the outcome of those appeals will be in its favor with no material financial impact.

b. SMTC was also subjected to WHT, for the years from 2012 to 2021, on International Interconnect traffic from ZATCA for payments made to International Operators and SMTC has received WHT assessment from ZATCA with respect to this. For the assessments received from ZATCA, SMTC has rejected these claims and appealed at various judiciary bodies against these assessments. In the process of appealing against these claims, SMTC had paid an amount of SAR 8.37 million (RO 0.857 million) and created a provision of SAR 148.18 million (RO 15.168 million).

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

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

19. Financial instruments

19.1 Categories of financial assets and liabilities

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

	Unaudited	**Audited**
	31 March 2025	**31 December 2024**
	RO'000	**RO'000**
Amortised costs:		
Cash and cash equivalents	**281,567**	299,364
Bank balances held in customers' account	**25,108**	19,846
Trade and other receivables	**1,391,137**	1,277,516
Other non-current assets	**14,615**	14,416
Investment securities at FVTPL	**115,169**	163,428
Investment securities at FVOCI	**17,474**	17,130
Investment Securities	**1,000**	1,000

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

19.2 Fair value hierarchy for financial instruments measured at fair value

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

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

31 March 2025

	Level 1	**Level 2**	**Level 3**	**Total**
	RO'000	**RO'000**	**RO'000**	**RO'000**
Financial assets at fair value:				
Investments at FVTPL	**6,223**	**28,556**	**80,390**	**115,169**
Investments at FVOCI	**4,329**	**3,593**	**9,552**	**17,474**
Total assets	**10,552**	**32,149**	**89,942**	**132,643**

31 December 2024

	Level 1	Level 2	Level 3	Total
	RO '000	RO '000	RO '000	RO '000
Financial assets at fair value:				
Investments at FVTPL	5,977	28,507	60,371	94,855
Investments at FVOCI	3,955	3,602	9,573	17,130
Total assets	9,932	32,109	69,944	111,985

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

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

Measurement at fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous year.

20. Hyperinflation – Zain South Sudan

Net monetary gain

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

21. Derivative financial instruments

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

At 31 March 2025	**Notional amounts by term to maturity**		
	Positive fair value	**Negative fair value**	**Notional amount**
	RO '000	**RO '000**	**RO '000**
Derivatives held for hedging:			
Cash flow hedges - Receive 3-month SIBOR, Pay fixed profit rate			
Profit rate swaps (maturing after one year)	**2,104**	**-**	**196,587**

At 31 December 2024	**Notional amounts by term to maturity**		
	Positive fair value	**Negative fair value**	**Notional amount**
	RO '000	**RO '000**	**RO '000**
Derivatives held for hedging:			
Cash flow hedges – Receive 3-month SIBOR, Pay fixed profit rate			
Profit rate swaps (maturing after one year)	2,918	-	157,747