VODAFONE QATAR P.Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

VODAFONE QATAR P.Q.S.C.

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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Independent auditors' report

To the Shareholders of

Vodafone Qatar P.Q.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vodafone Qatar P.Q.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

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

Independent auditors' report (continued)

Vodafone Qatar P.Q.S.C.

Key Audit Matters

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

Revenue recognition and related IT systems

<table>
<tr><td colspan="2">See Note 3, 5 and 28 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group reported revenue of QR 3,189,539 thousands from telecommunication and related activities.

We focused on this area due to:

the complexity of the Information Technology (IT) systems, volume of transactions, involvement of judgements in the application of the revenue recognition accounting standards; and inherent risk around accuracy and occurrence of revenue recorded.</td><td>Our audit approach included a combination of test of controls and substantive procedures, in particular, the following:

▪ obtaining an understanding of the significant revenue processes including performance of an end to end walkthroughs and identifying the relevant controls including IT systems, interfaces, revenue assurance and reports;
▪ testing the design, implementation and operating effectiveness of key internal controls over recording of revenue including involving our internal specialists to test key automated application and general IT controls;
▪ performing substantive audit procedures on significant revenue streams including analytical procedures and/or test on the accuracy of invoices on a sample basis, as applicable;
▪ reviewing key reconciliations performed by the management;
▪ assessing the appropriateness of the accounting policies adopted in revenue recognition for existing and new revenue streams (if any);
▪ assessing the overall presentation, structure and content of revenue related disclosures to the consolidated financial statements to determine if they are in compliance with the IFRS Accounting Standards.</td></tr>
</table>

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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 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 have obtained prior to the date of this auditors' 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 Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards*,* and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Independent auditors' report (continued)

Vodafone Qatar P.Q.S.C.

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

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

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

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

Independent auditors' report (continued)

Vodafone Qatar P.Q.S.C.

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.

ii) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.

iii) We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company.

iv) Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.

v) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2024.

27 January 2025
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
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VODAFONE QATAR P.Q.S.C.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2024

	Notes	2024	2023
		QR'000	QR'000
Revenues	5	**3,189,539**	3,110,819
Interconnection and other direct expenses	6	**(1,058,728)**	(1,062,930)
Network and other operational expenses	7	**(446,591)**	(464,951)
Employees' salaries and benefits		**(288,701)**	(273,367)
Depreciation of property, plant and equipment	12	**(356,759)**	(326,877)
Amortisation of intangible assets	13	**(198,430)**	(191,462)
Depreciation of right-of-use assets	14	**(110,420)**	(112,164)
Expected credit losses	15	**(31,349)**	(23,696)
Finance costs	22	**(33,516)**	(42,396)
Other financing costs	8	**(27,292)**	(35,206)
Other income	9	**23,985**	12,903
Profit before tax related fees		**661,738**	590,673
Tax related fees	10	**(61,075)**	(50,629)
Profit for the year		**600,663**	540,044
Basic and diluted earnings per share (in QR per share)	11	**0.142**	0.128

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This statement has been prepared by the Group and stamped by the Auditor for identification purposes only.

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

		2024 QR'000	2023 QR'000
Profit for the year		**600,663**	540,044
Other comprehensive income			
Items that are or may be reclassified subsequently to the consolidated statement of income:			
Cash flow hedges – changes in fair value	21	**(5,308)**	-
Total comprehensive income for the year		**595,355**	540,044

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VODAFONE QATAR P.Q.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 QR'000	2023 QR'000
Non-current assets			
Property, plant and equipment	12	**1,958,183**	1,934,465
Intangible assets	13	**3,895,013**	4,037,387
Right-of-use assets	14	**337,229**	428,599
Trade and other receivables	15	**235,631**	266,958
Total non-current assets		**6,426,056**	6,667,409
Current assets			
Trade and other receivables	15	**496,491**	443,974
Inventories	16	**50,214**	33,928
Contract costs	17	**43,075**	13,030
Cash and bank balances	18	**145,010**	129,785
Total current assets		**734,790**	620,717
Total assets		**7,160,846**	7,288,126
Equity			
Share capital	19	**4,227,000**	4,227,000
Legal reserve	20	**192,100**	157,787
Hedging reserve	21	**(5,308)**	-
Retained earnings		**638,072**	551,709
Total equity		**5,051,864**	4,936,496
Non-current liabilities			
Lease liabilities	14	**226,948**	315,251
Loans and borrowings	22	**375,000**	325,000
Provisions	23	**109,886**	110,433
Total non-current liabilities		**711,834**	750,684
Current liabilities			
Lease liabilities	14	**149,726**	156,144
Loans and borrowings	22	**2,398**	104,868
Trade and other payables	24	**1,245,024**	1,339,934
Total current liabilities		**1,397,148**	1,600,946
Total liabilities		**2,108,982**	2,351,630
Total equity and liabilities		**7,160,846**	7,288,126

These consolidated financial statements were approved by the Board of Directors on 27 January 2025 and were signed on its behalf by:

Abdulla Bin Nasser Al Misnad
Chairman

Rashid Fahad Al-Naimi
Managing Director

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VODAFONE QATAR P.Q.S.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

	Notes	Share capital	Legal reserve	Hedging reserve	Retained earnings			Total equity
					Distributable profits	Accumulated losses	Total	
		QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance as at 1 January 2023		4,227,000	126,369	-	902,351	(423,067)	479,284	4,832,653
Profit for the year		-	-	-	-	540,044	540,044	540,044
Total comprehensive income for the year		-	-	-		540,044	540,044	540,044
Transfer to distributable profits	20	-	-	-	628,361	(628,361)	-	-
Transfer to legal reserve	20	-	31,418	-	(31,418)	-	(31,418)	-
Dividend for the year ended 31 December 2022		-	-	-	(422,700)	-	(422,700)	(422,700)
Transfer to social and sports fund	20.1	-	-	-	(13,501)	-	(13,501)	(13,501)
Balance as at 31 December 2023		4,227,000	157,787	-	1,063,093	(511,384)	551,709	4,936,496
Balance as at 1 January 2024		**4,227,000**	**157,787**	-	**1,063,093**	**(511,384)**	**551,709**	**4,936,496**
Profit for the year		-	-	-	-	600,663	600,663	600,663
Other comprehensive income for the year		-	-	(5,308)	-	-	-	(5,308)
Total comprehensive income for the year		-	-	(5,308)	-	600,663	600,663	595,355
Transfer to distributable profits	20	-	-	-	686,259	(686,259)	-	-
Transfer to legal reserve	20	-	34,313	-	(34,313)	-	(34,313)	-
Dividend for the year ended 31 December 2023	30	-	-	-	(464,970)	-	(464,970)	(464,970)
Transfer to social and sports fund	20.1	-	-	-	(15,017)	-	(15,017)	(15,017)
Balance as at 31 December 2024		**4,227,000**	**192,100**	**(5,308)**	**1,235,052**	**(596,980)**	**638,072**	**5,051,864**

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VODAFONE QATAR P.Q.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

	Notes	2024 QR'000	2023* QR'000
Operating activities			
Profit before tax related fees		**661,738**	590,673
Adjustments for:			
Depreciation of property, plant and equipment	12	**356,759**	326,877
Amortisation of intangible assets	13	**198,430**	191,462
Depreciation of right-of-use assets	14	**110,420**	112,164
Provision for employees' end of service benefit	23.1	**9,490**	9,560
Expected credit losses	15	**31,349**	23,696
Finance costs		**33,516**	42,396
Other financing costs	8	**27,292**	35,206
Other income	9	**(23,985)**	(12,903)
Change in operating assets and liabilities			
(Increase) / decrease in trade and other receivables		**(21,426)**	112,053
(Increase) / decrease in inventories		**(16,286)**	4,294
(Increase) / decrease in contract cost		**(30,045)**	4,241
Increase / (decrease) in provisions		**1,429**	(1,273)
Decrease in trade and other payables		**(116,441)**	(78,029)
Cash generated from operations		**1,222,240**	1,360,417
Tax related fees paid		**(52,548)**	(56,478)
Finance costs paid		**(33,486)**	(41,934)
Employees' end of service benefit paid		**(3,805)**	(2,909)
Other income received		**812**	1,245
Net cash flows from operating activities		**1,133,213**	1,260,341
Investing activities			
Acquisition of property, plant and equipment	12	**(384,964)**	(376,433)
Purchase of intangible assets	18.2	**(95,101)**	(105,705)
Proceeds from sale of property, plant and equipment		**372**	-
Advance paid for indefeasible right-of-use		**(14,783)**	(19,651)
Deferred consideration paid for subsidiary acquisition		**(1,000)**	-
Acquisition of a subsidiary, net of cash acquired		**-**	(3,584)
Net cash flows used in investing activities		**(495,476)**	(505,373)
Financing activities			
Proceeds from loans and borrowings		**440,000**	450,000
Repayment of loans and borrowings		**(492,500)**	(740,000)
Payment of lease liabilities	14	**(117,467)**	(112,331)
Dividend paid		**(469,163)**	(419,541)
Movement in restricted dividend bank accounts	18.1	**4,193**	(3,159)
Net cash flows used in financing activities		**(634,937)**	(825,031)
Net increase / (decrease) in cash and cash equivalents		**2,800**	(70,063)
Cash and cash equivalents at the beginning of the year		**94,615**	164,678
Cash and cash equivalents at the end of the year (*restated)	18	**97,415**	94,615

This statement has been prepared by the Group and stamped by the Auditor for identification purposes only.

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Vodafone Qatar P.Q.S.C. (the "Company") is registered as a Qatari Shareholding Company for a twenty-five-year period (which may be extended by a resolution passed at a General Assembly) under Qatar Commercial Companies Law. The Company was registered with the Commercial Register of the Ministry of Economy and Commerce on 23 June 2008 under Commercial Registration No: 39656. The shares of the Company are listed on the Qatar Stock Exchange.

The Company is licensed by the Communications Regulatory Authority (CRA) to provide both fixed and mobile telecommunications services in the State of Qatar. The conduct and activities of the Company are primarily regulated by the CRA pursuant to Law No. 34 of 2006 (Telecommunications Law), the terms of its mobile and fixed licences and applicable regulations.

The Company is engaged in providing cellular mobile telecommunication services, fixed line and broadband services and selling related equipment and accessories.

Vodafone and Qatar Foundation LLC (VFQF) owns 45% shareholding (2023: 45% shareholding) of the Company. By virtue of agreements entered into by the shareholders of VFQF, the Company is not controlled or consolidated by VFQF or any other parties. Hence, there is no parent or ultimate parent for the Company.

The Company's head office is located in Doha, State of Qatar and its registered address is P.O. Box 27727, Msheireb Downtown, Doha, State of Qatar.

The Company has a cooperation agreement with Vodafone Sales & Services Limited, a company registered in United Kingdom. In accordance with the agreement, the Company has rights to receive the benefit of Vodafone Group's brand, products, services, expertise and technical knowledge.

As at the current and comparative reporting date, the Company has the following subsidiaries. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group").

Subsidiary companies	**Location**	**Nature of business**	**Holding**
Infinity Solutions L.L.C	Qatar	Operational and administrative services	100%
Infinity Payment Solutions W.L.L	Qatar	Fintech and digital innovation services	100%
Allied Advertising Group W.L.L	Qatar	Advertising and sales promotion	100%
Infinity Fintech Ventures L.L.C	Qatar	Investment company	100%
Infinity Global Services L.L.C	Qatar	Investment company	100%

2 BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Details of Group's accounting policies, including changes thereto, are included in Note 2(e) and Note 3.

b) Accounting convention

These consolidated financial statements are prepared on a historical cost basis.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals, which is the Group's functional and presentation currency. All the financial information presented in these consolidated financial statements have been rounded off to the nearest thousand (QR'000) except where otherwise indicated.

2 BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements and estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting year. The Group's judgments and critical accounting estimates see "Critical accounting judgments and key sources of estimation uncertainty" under note 28 of these consolidated financial statements. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management. Revisions to accounting estimates are recognised prospectively.

e) Change in accounting policy

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

The Group has adopted Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Non-current Liabilities with Covenants (Amendments to IAS 1) from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, the Group has the below hedge instrument:

Cash flow hedges

When hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

2 BASIS OF PREPARATION (CONTINUED)

Change in accounting policy (Continued)

Cash flow hedges (Continued)

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for cash flow hedge and are accounted for, as described below:

The effective portion of the gain or loss on the hedging instrument is recognised in the consolidated statement of comprehensive income (OCI), while any ineffective portion is recognised immediately in the consolidated statement of income. The hedging reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as a hedge against its exposure to foreign currency risk in forecasted transactions and firm commitments, The ineffective portion relating to foreign currency contracts is recognised in the consolidated statement of income.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the hedging reserve and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and hence it does not affect OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to the consolidated statement of income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in hedging reserve if the hedge of the future cash flows is still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated statement of income as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in the hedging reserve must be accounted for depending on the nature of the underlying transaction as described above.

3 MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Refer note 29 for application of new and revised IFRS Accounting Standards in these consolidated financial statements.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its Subsidiaries.

a. Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Purchase consideration is measured as the aggregate of the fair value, at the date of exchange, of the assets given, equity instruments issued, and liabilities incurred or assumed. The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair value at the acquisition date. Acquisition-related costs are recognised in the consolidated statement of income as incurred.The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in the consolidated statement of income immediately.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

b. Subsidiaries

Subsidiaries are all entities over which the Company has control. Control is achieved when they Company:

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date on which the control ceases. The Company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

c. Changes in ownership interest

When the Company ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

d. Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

e. Non-controlling interest (“NCI”)

If the subsidiary is not fully owned, non-controlling interests in the results and equity of the subsidiary are shown separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

Revenue recognition

The Group recognises revenue from providing the following telecommunication services: access charges, airtime, data usage, messaging, interconnect fees, data broadband, TV service, installation and configuration, information provision, connection fees and equipment sales and management.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Stand-alone selling prices

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis. For items that are not sold separately (e.g. one off complex sale of equipment and installation projects) the Group estimates standalone selling prices using other methods (i.e. adjusted market assessment approach, cost plus margin approach or residual approach).

Significant financing component

The Group has decided to recognize financing income at appropriate annual rate over the contract period and total transaction price excluding financing component is recognized when equipment and services are delivered to customer.

Revenue from mobile services (post-paid and pre-paid mobile services)

Revenue from access charges, airtime usage, messaging, wholesale, roaming and managed services are recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Revenue from data services and information provision is recognised when the Group has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service. Revenue from interconnect fees is recognised at the time the services are performed. The Group has offerings where it provides customers with additional content, such as music and video streaming and SMS services, as Value-Added Services (VAS). On this type of service, the Group determines whether they are acting as a principal and accordingly recognizes gross revenue if it is a principal, and net revenue if it is an agent.

Sale of equipment, related services and accessories

The Group sells equipment and accessories both to the wholesale market and directly to customers through its own retail outlets. Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications.

For sale of equipment to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of equipment to retail customers, revenue is recognised when control of the goods is transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the equipment.

Sale of equipment involving provision of the related installation, configuration, and maintenance where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration is recognized by reference to the stages of completion.

Under the Group's standard contract terms, customers have a right of return within 7 days. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of immaterial returns over previous years.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Broadband and fixed line services

The Group offers broadband and fixed line services which normally include installation and configuration services, internet connectivity, television, and telephony services. Fixed service revenue is recognized over the contract period.

Interconnection and other direct expenses

Interconnection and other expenses include interconnection charges, commissions and dealer charges, regulatory costs, cost of equipment sold, and other direct costs.

Interconnection, managed services and roaming costs

Costs of network interconnection and roaming with other domestic and international telecommunications operators are recognised in the consolidated statement of income on an accrual basis based on the actual recorded traffic usage.

Managed services costs are initially booked as contract cost as part of the cost of unfulfilled performance obligation amount which will be recognized in the consolidated statement of income upon completion as the respective performance obligation.

Equipment and other direct costs

The cost of equipment refers to the total cost incurred for inventory sold, additionally, it includes any necessary adjustments made for inventory write-downs to reflect its net realizable value when the selling price is lower than the carrying cost.

Other direct costs primarily involve expenses directly linked to the transaction, such as bank charges. These may include fees for processing payments, international transaction costs, and other related banking services that are incurred during the normal course of business operations.

Commissions and dealer costs

Intermediaries are given cash incentives by the Group to connect new customers, upgrade existing customers, bill payments and distribution of recharge cards. These cash incentives are recognised in consolidated statement of income on an accrual basis, except for commission related to the acquisition of new customers is capitalised and amortised over the average customer retention period.

Regulatory costs

The annual license fee, spectrum charges and numbering charges are accrued as other operational expenses based on the terms of the License Fee Agreement and relevant applicable regulatory framework issued by the CRA.

Leases – as a lessee

The Group leases various exchange and network assets, buildings, offices and duct access. Rental contracts are typically made for fixed periods of 5-20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, and leased assets are not used as security for borrowing purposes.

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for certain short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases – as a lessee (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of lease if the Group is reasonably certain for early termination.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, or renewal /termination option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The expenses are recognised in the period in which the event or condition triggers that those payments occur and are included in the consolidated statement of income.

As a practical expedient, IFRS16 "Leases" permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at the currency rate prevailing at the date of the transaction. Any differences on settlement of the transaction are immediately recognised in the consolidated statement of income. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Income tax

As per Income Tax Law No. 24 of 2018, corporate income tax is levied on companies that are not wholly owned by Qataris, based on the net profit of the company. As per the provisions of the law, the Company is not subject to corporate income tax being listed entity on Qatar Stock Exchange. However, the Company's subsidiaries are subject to income tax rate of 10% of the net profit in accordance with the Qatar Financial Centre and Qatar income tax law.

Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Assets in the course of construction are carried at cost, less any recognised impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. The costs of self-constructed assets include the cost of materials and direct labour, any other costs directly attributable for bringing the assets to a working condition for their intended use, capitalised borrowing costs and estimated discounted costs for dismantling and restoration of the sites, where the Group has an obligation to restore the sites.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of income.

Depreciation

Depreciation of these assets commences when the assets are ready for use as intended by the management. Depreciation is charged so as to write off the cost of assets less residual value, other than assets under construction, over their estimated useful lives using the straight-line method as follows:

Network and equipment	2 - 25 years
Furniture and fixtures	5 years
Vehicles	5 years

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of income.

Assets under construction

Assets under constructions is transferred to the related property, plant and equipment or intangible assets when the construction or installation and related activities necessary to prepare the property, plant and equipment or intangible assets for their intended use have been completed, and related assets are ready for operational use.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Recognition and measurement

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured. Intangible assets include license fees, software and indefeasible rights-of-use ("IRU"). Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortisation and impairment loss, if any.

License
Licences are stated at cost less accumulated amortisation. The amortisation period is determined primarily by reference to the unexpired licence period, the conditions for the licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the consolidated statement of income on a straight-line basis over the estimated useful lives from the commencement of service of the network.

Indefeasible rights-of-use ("IRU")
IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an intangible asset when the Group has the indefeasible right-to-use a specific asset, or dedicated wavelengths on specific cables, and the duration of the right is for the major part of the underlying asset's economic life. IRU's are considered as intangible assets with finite lives based on the contractual period/term.

Other finite lived intangible assets (including software)
Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method is reviewed at least annually. 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 are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in consolidated statement of income on a straight-line basis.

Research and development
Expenditure on research activities is recognised in the consolidated statement of income.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the consolidated statement of income as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the consolidated statement of income.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values under the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of income.

The estimated useful lives for current and comparative period are as follows:

License mobile	60 years
License fixed line	25 years
Software	3-5 year
Indefeasible right-to-use	15-20 years

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Recoverable amount is the higher of value in use and fair value less cost of disposal. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised immediately in the consolidated statement of income.

Inventories

Inventory is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Cost is determined on the basis of weighted average cost and comprises direct materials cost and, where applicable, direct labour cost and those overheads that have been incurred in bringing the inventories to their present location and condition.

Provisions

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

Under Law No. 24 of 2002 on Retirement and Pension, the Group is required to make contributions to a government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due. In addition, the Group is required to make contributions of GCC citizens (State of Kuwait, Sultanate of Oman, United Arab Emirates, Kingdom of Bahrain and Kingdom of Saudi Arabia) working in Qatar under Retirement and Pension Law of Qatar.

Asset retirement obligations
In the course of the Group's activities, a number of sites and other assets are expected to be restored and costs are expected to be incurred in relation to the asset decommissioning after eight years (of initial recognition of asset). Provisions related to decommissioning of assets are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability, with the same corresponding amount added to the asset. The unwinding of the discount is recognised as finance cost.

Other Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Non-derivative financial instruments
Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

(i) Debt instruments designated at amortised cost.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Financial assets (Continued)

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.

Amortised cost and effective interest rate 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 interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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

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

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

Financial assets recognised by the Group include:

Trade receivables
Trade receivables normally do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances, historical experience or when the counterparty has been placed under liquidation or entered into bankruptcy proceedings.

Individual trade receivables are provided as per Expected Credit Loss (“ECL”) policy and written off when management deems them not to be collectible based on above mentioned criteria.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits (e.g. Mudaraba) that are readily convertible to a known amount of cash with the original maturity of three months or less and are subject to an insignificant risk of change in value, less restricted bank accounts pertaining to uncollected shareholder dividends escrow bank balances. cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises loss allowances for Expected Credit Loss (ECL) on financial assets measured at amortised cost.

The Group measures loss allowance either at an amount equal to:

- Lifetime ECL, which are those ECL that result from all possible default events over the expected life of a financial instruments; or
- 12-months ECL, which includes the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

For the financial assets, except for the cash at bank, the Group applied the simplified approach to measuring ECL which recognises the lifetime ECL of these assets that reflect an increased credit risk.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Loss allowances on bank balances are always measured at an amount equal to 12-months ECL. The Group considers bank balances and term deposit receipts to have a low risk level when their credit risk rating is equivalent to the globally understood definition of "investment grade".

Measurement of ECL

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

Credit-impaired financial assets

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

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 270 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of impairment

Provision for impairment of trade receivables is deducted from gross carrying value of trade receivables and impairment losses relating to trade receivables are separately presented in the consolidated statement of income.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings and lease liabilities.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. Foreign exchange gains and losses on financial liabilities that are not part of a designated hedging relationship are recognised in consolidated statement of income. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in statement of income for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of income.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares issued by the Company are classified as equity.

Dividend on ordinary share capital

Dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividend is approved by the shareholders. Dividend for the year that is approved after the consolidated statement of financial position date is dealt with as a non-adjusting event after the balance sheet date.

Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting events are disclosed in the consolidated financial statements when material.

4 SEGMENT REPORTING

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM), and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance of the components. For the Group, the functions of the CODM are performed by the Board of Directors.

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 segments. The Group believes that it is not practical to segregate and provide segment allocation relating to total costs, assets and liabilities between operating segments.

The Group only operates in the State of Qatar and is therefore viewed to operate in one geographical area. The operating segments that are regularly reported to the CODM are Consumer and Enterprise & others. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. Set out below is the information regarding Group's operating segments in accordance with IFRS 8 Operating Segments:

4 SEGMENT REPORTING (CONTINUED)

	2024			2023		
	Consumer	**Enterprise & others**	**Total**	Consumer	Enterprise & others	Total
	QR'000			QR'000		
Segment revenue						
Timing of revenue recognition:						
Over time	**1,636,491**	**1,254,566**	**2,891,057**	1,595,228	1,245,955	2,841,183
Point in time	**6,304**	**292,178**	**298,482**	2,586	267,050	269,636
	1,642,795	**1,546,744**	**3,189,539**	1,597,814	1,513,005	3,110,819
Unallocated costs						
Interconnection and other direct expenses			**(1,058,728)**			(1,062,930)
Network and other operational expenses			**(446,591)**			(464,951)
Employee salaries and benefits			**(288,701)**			(273,367)
Depreciation and amortisation			**(665,609)**			(630,503)
Expected credit losses			**(31,349)**			(23,696)
Finance costs			**(33,516)**			(42,396)
Other financing costs			**(27,292)**			(35,206)
Other income			**23,985**			12,903
Profit before tax related fees			**661,738**			590,673
Tax related fees			**(61,075)**			(50,629)
Profit for the year			**600,663**			540,044

5 REVENUES

	2024	2023
	QR'000	QR'000
Revenue from post-paid mobile services	**1,308,423**	1,296,079
Revenue from pre-paid mobile services	**529,460**	519,861
Revenue from broadband, roaming, wholesale and managed services	**992,745**	945,689
Sale of equipment, related services and accessories	**350,329**	346,768
Other revenues	**8,582**	2,422
	3,189,539	3,110,819

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines:

	2024	**2023**
	QR'000	**QR'000**
Disaggregation of revenue – over time		
Post-paid mobile services	**1,308,423**	1,296,079
Pre-paid mobile services	**529,460**	519,861
Broadband, roaming, wholesale and managed services	**992,745**	945,689
Sale of equipment, related services and accessories	**57,240**	78,377
Other revenues	**3,189**	1,177
	2,891,057	2,841,183
Disaggregation of revenue – at a point in time		
Sale of equipment, related services and accessories	**293,089**	268,391
Other revenues	**5,393**	1,245
	298,482	269,636
Total revenue	**3,189,539**	3,110,819

The amount of revenue recognised for the year ended 31 December 2024 from unsatisfied performance obligations (or partially satisfied) of previous year is QR 100.4 million (2023: QR 122.4 million). Unsatisfied performance obligations (contract liability) are short term in nature (one year or less) refer to note 24.

6 INTERCONNECTION AND OTHER DIRECT EXPENSES

	2024	2023
	QR'000	QR'000
Interconnection, managed services and roaming costs	**469,158**	504,596
Equipment and other direct costs	**355,514**	341,274
Commissions and dealers' costs (i)	**168,947**	153,785
Regulatory costs	**65,109**	63,275
	1,058,728	1,062,930

(i) Commissions and dealers cost includes employee's sales incentives and commissions of QR 10.20 million, (2023: QR 9.98 million).

7 NETWORK AND OTHER OPERATIONAL EXPENSES

	2024	2023
	QR'000	QR'000
Other operational and network expenses (i)	**419,870**	435,011
Leased lines, capacity, and short-term leases	**26,721**	29,940
	446,591	464,951

(i) This includes auditor's remuneration comprising of fees for the audit of the financial statements amounting to QR 0.43 million (2023: QR 0.44 million) and fees for non-audit services amounting to QR 0.35 million (2023: QR 0.33 million).

8 OTHER FINANCING COSTS

	2024	2023
	QR'000	QR'000
Interest expense on lease liabilities (note 14)	**18,353**	20,832
Unwinding of asset retirement obligations (note 23.2)	**3,297**	2,990
Unwinding of discounted portion of a liability	**4,775**	5,444
Others	**867**	5,940
	27,292	35,206

9 OTHER INCOME

	2024	2023
	QR'000	QR'000
Financing income (i)	**10,637**	6,939
Gain on remeasurement of asset retirement obligation (ii)	**6,917**	-
Profit from Mudaraba	**812**	1,245
Others	**5,619**	4,719
	23,985	12,903

(i) Financing income is recognized on long-term receivables that have significant financing component at the rate mentioned in the agreement with the customer.

9 OTHER INCOME (CONTINUED)

(ii) During the year ended, the Group remeasured the provision against assets retirement obligations and resulted in recognition of gain. This change of estimate is disclosed in note 28 to these consolidated financial statements.

10 TAX RELATED FEES

	2024	2023
	QR'000	QR'000
Industry fees [(i)]	**60,744**	50,501
Income tax	**331**	128
	61,075	50,629

(i) In accordance with its operating licenses for Public Telecommunications Networks and Services granted in Qatar by Communications Regulatory Authority (CRA), the Company is liable to pay to the CRA an annual industry fee which is calculated at 12.5% of adjusted net profit from regulated activities.

(ii) Qatar, the jurisdiction of the Group, is committed to adopt and implement the Base Erosion and Profit Shifting (BEPS) Pillar Two Anti-Global Base Erosion ("GloBE") Rules. These rules incorporate multiple mechanisms designed to ensure that large multinational enterprises (MNEs) maintain a minimum effective tax rate of 15% (Global Minimum Tax - GMT), calculated based on net profits in each jurisdiction where an entity operates. The legislation for the implementation of this GMT is currently under approval process and expected to be effective from financial year 2025.

The Group has conducted an impact assessment and concluded that it does not qualify as an MNE under the BEPS framework. Consequently, the GloBE Rules do not apply to the Group, and hence there is no financial impact.

11 BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Profit for the year (QR '000)	**600,663**	540,044
Weighted average number of ordinary shares (in thousands)	**4,227,000**	4,227,000
Basic and diluted earnings per share (QR)	**0.142**	0.128

There is no dilutive element and hence the basic and diluted shares are the same.

12 PROPERTY, PLANT AND EQUIPMENT

	Network and equipment	Furniture and fixtures	Vehicles	Assets under construction	Total
	QR'000	QR'000	QR'000	QR'000	QR'000
Cost:					
Balance at 1 January 2023	4,004,441	322,013	1,164	171,981	4,499,599
Additions	7,348	1,917	1,337	365,831	376,433
Acquisition through business combinations	-	19	-	-	19
Transfer	230,671	8,644	-	(239,315)	-
Write offs	(487,744)	(537)	-	-	(488,281)
Balance at 31 December 2023	3,754,716	332,056	2,501	298,497	4,387,770
Additions	13,988	9,744	102	361,130	384,964
Disposals	(11,311)	(1,955)	(100)	-	(13,366)
Transfer	406,654	5,436	(861)	(411,229)	-
Write offs	(12,594)	-	-	-	(12,594)
Balance at 31 December 2024	**4,151,453**	**345,281**	**1,642**	**248,398**	**4,746,774**
Accumulated depreciation:					
Balance at 1 January 2023	2,363,693	250,737	279	-	2,614,709
Depreciation	305,079	21,329	469	-	326,877
Write offs	(487,744)	(537)	-	-	(488,281)
Balance at 31 December 2023	2,181,028	271,529	748	-	2,453,305
Depreciation	333,391	23,052	316	-	356,759
Disposals	(6,897)	(1,955)	(27)	-	(8,879)
Write offs	(12,594)	-	-	-	(12,594)
Transfer	136	-	(136)	-	-
Balance at 31 December 2024	**2,495,064**	**292,626**	**901**	**-**	**2,788,591**
Net book value:					
At 31 December 2024	**1,656,389**	**52,655**	**741**	**248,398**	**1,958,183**
At 31 December 2023	1,573,688	60,527	1,753	298,497	1,934,465

13 INTANGIBLE ASSETS

	License	Software	Indefeasible right-to-use	Total
	QR'000	QR'000	QR'000	QR'000
Cost:				
Balance at 1 January 2023	7,726,000	1,407,054	61,533	9,194,587
Additions	-	173,739	-	173,739
Acquisition through business combination	-	5,401	-	5,401
Write offs	-	(1,111,437)	(26)	(1,111,463)
At 31 December 2023	7,726,000	474,757	61,507	8,262,264
Additions	-	56,056	-	56,056
Write offs	-	(13,306)	-	(13,306)
Balance at 31 December 2024	**7,726,000**	**517,507**	**61,507**	**8,305,014**
Accumulated amortisation:				
Balance at 1 January 2023	3,913,043	1,203,433	28,402	5,144,878
Amortisation	84,093	101,441	5,928	191,462
Write offs	-	(1,111,437)	(26)	(1,111,463)
Balance at 31 December 2023	3,997,136	193,437	34,304	4,224,877
Amortisation	84,093	108,407	5,930	198,430
Write offs	-	(13,306)	-	(13,306)
Balance at 31 December 2024	**4,081,229**	**288,538**	**40,234**	**4,410,001**
Net book value:				
At 31 December 2024	**3,644,771**	**228,969**	**21,273**	**3,895,013**
At 31 December 2023	3,728,864	281,320	27,203	4,037,387

13.1 The license mainly represents mobile license from CRA, which is valid till 2068.

13.2 The net book value of software includes software under development amounting to QR 25 million (2023: QR 19 million) which is not amortised.

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases various network assets, buildings, offices and ducts. Rental contracts are typically for fixed periods of 5-20 years with an option to renew the lease after that date.

Below is the movement in right-of-use assets:

	2024	2023
	QR'000	QR'000
Balance at 1 January	**428,599**	429,538
Additions to right-of-use assets	**37,827**	115,332
Termination of leases	**(16,111)**	(4,107)
Modification	**(2,666)**	-
Depreciation charge for the year	**(110,420)**	(112,164)
Balance at 31 December	**337,229**	428,599

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

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

	2024	2023
	QR'000	QR'000
Network assets	**212,368**	278,780
Buildings/ offices	**80,242**	97,148
Duct access	**44,619**	52,671
Total right-of-use assets	**337,229**	428,599

Below is the movement in lease liabilities:

	2024	2023
	QR'000	QR'000
Balance at 1 January	**471,395**	456,390
New leases added during the year	**37,827**	115,332
Interest expense for the year	**18,353**	20,832
Modification	**(3,039)**	-
Termination of leases	**(17,635)**	(4,276)
Offsetting of balances	**(12,760)**	(4,552)
Paid during the year	**(117,467)**	(112,331)
Balance at 31 December	**376,674**	471,395

Presented in consolidated statement of financial position as:

	2024	2023
Non-current lease liabilities	**226,948**	315,251
Current lease liabilities	**149,726**	156,144
	376,674	471,395

15 TRADE AND OTHER RECEIVABLES

	2024	2023
	QR'000	QR'000
Non-current assets:		
Trade receivables	**162,922**	197,285
Advances for indefeasible right of use	**54,203**	39,420
Prepayments	**10,038**	22,012
Deposits	**8,468**	8,241
	235,631	266,958
Current assets:		
Trade receivables – net [(i)] [(ii)]	**402,200**	343,234
Contract assets [(iii)]	**42,343**	49,219
Prepayments	**28,743**	29,625
Due from related parties (note 25)	**16,766**	16,428
Other receivables– net [(ii)]	**6,439**	5,468
	496,491	443,974

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Trade receivables include financing income receivable amounting to QR 10.6 million (2023: QR 6.0 million).

(ii) Trade receivables and other receivables are net of the expected credit losses (ECL) amounting to QR 159.8 million (2023: QR 126.3 million).

No interest is charged on outstanding trade receivables except for certain receivables which are long term in nature. The Group measures the loss allowance for trade receivables component at an amount equal to lifetime ECL. The expected credit losses on trade receivables without significant financing component are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The receivables usually have settlement terms within 30- 90 days. The Group has recognised a loss allowance of 100% against all non-government receivables over 180 days past due because historical experience has indicated that recovery from these receivables are negligible.

The expected credit losses on trade receivables with significant financing component are estimated for lifetime ECL by reference to the debtor credit risk.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- development of ECL models, including the various formulas and choice of inputs
- determining the criteria if there has been a significant increase in credit risk, therefore allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- the segmentation of financial assets when their ECL is assessed on a collective basis
- determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs); and
- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The following table details the risk profile of trade receivables and other receivables based on the Group's provision matrix (including expected credit loss on government related trade and other receivables capped at 5.2%).

31 December 2024	Not Due	Up to 30 days	31 – 90 days	91–180 days	Above 180 days	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	0%	4%-7%	10%-61%	39%-80%	100%	
Lifetime expected credit loss	237,547	106,781	90,454	79,744	216,873	731,399
Loss allowance	-	7,715	10,150	13,760	128,213	159,838

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

Measurement of the expected credit loss allowance (Continued)

31 December 2023	Not due	Up to 30 days	31– 90 days	91–180 days	Above 180 days	Total
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Expected credit loss rate	0%	5%–9%	10%–66%	40%–83%	100%	
Lifetime expected credit loss	320,433	113,339	58,836	46,244	133,464	672,316
Loss allowance	-	10,947	10,427	12,175	92,780	126,329

There is no loss allowance provided against bank balances, contract asset and due from related parties as there is no material expected credit loss risk associated with these financial assets. The expected credit loss on government related trade and other receivables is capped at 5.2%.

The following table shows the movement in expected credit losses that was recognised against trade receivables and other receivables:

	2024	2023
	QR'000	QR'000
Balance at beginning of the year	**126,329**	158,584
Expected credit loss recognised during the year	**31,349**	23,696
Acquired through business combination	**-**	118
Collection from previously written off balances	**2,160**	4,359
Write offs during the year	**-**	(60,428)
Balance at end of the year	**159,838**	126,329

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 26.

(iii) Amounts relating to contract assets are balances earned but not yet billed to the customers. Any amount previously recognized as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

Payment for telecommunication services is not due from the customer until the bill cycle is complete and therefore a contract asset is recognized over the period in which the telecommunication services are performed to represent the Group's right to consideration for the services transferred to date.

There was no impairment losses recognized on any contract asset in the reporting period (2023: Nil). The management of the Group always measures the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects.

16 INVENTORIES

	2024	2023
	QR'000	QR'000
Handsets	**40,081**	25,374
Accessories and other equipment	**10,133**	8,554
	50,214	33,928

16 INVENTORIES (CONTINUED)

Inventory is reported net of allowance for obsolescence, an analysis of which is as follows:

	2024	2023
	QR'000	QR'000
Balance at 1 January	**7,182**	6,277
Charge for the year	**3,392**	1,274
Write offs during the year	**(411)**	(369)
Balance at 31 December	**10,163**	7,182

17 CONTRACT COSTS

Contract costs represent incremental customers acquisition cost amounting to QR 31.7 million (2023: QR 10.2 million) , incurred by the Group which are amortised over the customers' average retention period, and cost of unfulfilled performance obligation amount to QR 11.3 million (2023: QR 2.8 million) which will be recognized in the consolidated statement of income upon completion as the respective performance obligation.

18 CASH AND CASH EQUIVALENTS

Cash and bank balances at the end of the financial year as shown in the consolidated statement of cash flows are as follows:

	2024	2023
	QR'000	QR'000
Cash at bank	**144,933**	129,684
Cash on hand	**77**	101
Total cash and bank balances	**145,010**	129,785
Less: Balance with restricted bank accounts – note 18.1	**(47,595)**	(35,170)
Cash and cash equivalents	**97,415**	94,615

18.1 Restricted bank accounts comprise of funds maintained for uncollected shareholder dividends of QR 21 million, (2023: QR 25.25 million), (note 24) and escrow bank accounts of QR 26.5 million, not available for the use of the Group (2023: QR 9.92 million).

18.2 Purchase of intangible assets amounting to QR 95.1 million (2023: QR 105.7 million), as disclosed in consolidated statement of cash flows, includes a payment of QR 39 million (2023: QR 38 million) against a software acquired during 2023 amounting to QR 105 million on deferred payment basis.

18 CASH AND CASH EQUIVALENTS (CONTINUED)

Restatement of cash and cash equivalents

The Group maintains escrow bank accounts for its customers' electronic wallets, under its subsidiary Infinity Payment Solutions LLC. During the year 2024, the Group changed the accounting policy of defining the cash and cash equivalent. Under the revised policy in line with the instructions of Qatar Central Bank, escrow bank accounts are excluded from the Group's bank balances when determining the cash and cash equivalents. The Group have accounted for this change as a change in accounting policy in accordance with IAS 8 "accounting policies, changes in accounting estimates and errors" and accordingly, the comparative figures in the consolidated statement of cash flows were restated to reflect this change as follows:

Consolidated statement of cash flows for the year ended 31 December 2023:

	Previous Presentation	**Restatement**	**Current Presentation**
	QR'000	**QR'000**	**QR'000**
Net cash flows from operating activities	1,270,260	(9,919)	1,260,341
Cash and cash equivalents at the end of the year	104,534	(9,919)	94,615

19 SHARE CAPITAL

	2024		2023	
	Number	**QR'000**	Number	QR'000
Ordinary shares authorised, allotted, issued and fully paid:				
Ordinary shares of QR 1 each	**4,227,000,000**	**4,227,000**	4,227,000,000	4,227,000

All shares have equal rights.

20 LEGAL RESERVE AND DISTRIBUTABLE PROFITS

The Company was incorporated under Article 68 of the Qatar Commercial Companies' Law No. 5 of 2002. This law was subsequently replaced by Qatar Commercial Companies Law No.8 of 2021.

The Articles of Association of the Company were amended after the introduction of Qatar Commercial Companies Law No.8 of 2021 and subsequently approved by the Ministry of Commerce and Industry.

The legal reserve and distributable profits of the Company are determined in line with Article 75 and 76 of its Article of Association.

Legal reserve:
The excess of issuance fees collected over the issuance cost during the initial public offering of the ordinary shares has been transferred to the legal reserve as required by Article 154 of Qatar Commercial Companies Law No. 5 of 2002. Further, as per the articles of association of the Company, 5% of annual distributable profits of the Company should be transferred to a separate legal reserve. The General Assembly may discontinue this deduction if the legal reserve reaches 10% of the paid-up capital. The legal reserve may not be wholly or partially distributed to the shareholders or capitalized, except upon the recommendation of the board of directors and approval of the annual general assembly of shareholders.

Distributable profits:
As per the articles of association of the Company, distributable profits are defined as the reported net profit/loss of the Company for the financial year plus amortisation of license fees for the year. Undistributed profits are carried forward and are available for distribution in future periods.

20 LEGAL RESERVE AND DISTRIBUTABLE PROFITS (CONTINUED)

The movement in the balance of distributable profits is as follows:

	2024		2023	
	QR'000	**QR'000**	QR'000	QR'000
Balance at beginning of the year		**1,063,093**		902,351
Net profit of the Company	**602,166**		544,268	
Amortisation of license fee	**84,093**		84,093	
Transfer to distributable profits		**686,259**		628,361
Transfer to legal reserve		**(34,313)**		(31,418)
Dividend for the year 2023/2022		**(464,970)**		(422,700)
Contribution to Social and Sports Fund (note 20.1)		**(15,017)**		(13,501)
Balance at year end		**1,235,052**		1,063,093

20.1 Social and Sports Fund

According to Qatar Law No. 13 for the year 2008 and the related clarifications issued in January 2010 the Group is required to contribute 2.5% of annual net profits of the Group to the State Social and Sports Fund. The clarification relating to Law No. 13 requires the payable amount to be recognised as an appropriation of profit directly in the consolidated statement of changes in equity.

21 HEDGING RESERVE

During the year, the Group designated foreign currency forward contracts as cash flow hedge to manage the risk associated with highly probable future payments in the Euro currency. The forecasted purchases are expected to occur between March 2025 and June 2028. For the year ended 31 December 2024, the effective portion of loss on cash flow hedge is QR 5.3 million and is included in the consolidated statement of comprehensive income.

22 LOANS AND BORROWINGS

	2024	2023
	QR'000	QR'000
Loans and borrowings	**377,398**	429,868
Presented in the consolidated statement of financial position as:		
Non-current liabilities	**375,000**	325,000
Current liabilities	**2,398**	104,868
	377,398	429,868

The Group has a rollover Islamic financing facility of QR 1,211 million at an agreed Murabaha profit rate of QMRL less 25 Basis Points (BPs). During the year, an amount of QR 415 million was withdrawn (2023: QR 450 million). As of reporting date, an amount of QR 352.1 million was outstanding (2023: QR 327.2 million). Finance cost of QR 31 million (2023: QR 29.3 million) was incurred on this financing facility and charged to consolidated statement of income. The facility is secured over assets agreement and receivable asset agreement with carrying amount of QR 50 million.

The loan is subject to a covenant of maintaining the net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) ratio less than 2.5:1.

22 LOANS AND BORROWINGS (CONTINUED)

During the year, the Group also entered a Murabaha working capital (revolving) facility agreement with a local bank for QR 500 million (the "Facility") at an agreed financing cost of QMRL less 60 Basis Points (BPs). The facility has tenor of 3 years from execution date and principal to be paid in bullet at final maturity. During the year, an amount of QR 25 million was withdrawn. As of reporting date, an amount of QR 25.3 million was outstanding. Finance cost of QR 0.3 million was incurred on this financing facility and charged to consolidated statement of income. The facility is secured over assignment of proceeds.

The loan is subject to a covenant of maintaining the net debt to EBITDA (earnings before interest, tax, depreciation and amortisation) ratio less than 2.5:1.

During the year, the Group has fully repaid loan of QR 102.6 million to a local bank and incurred finance cost of QR 2.2 million, (2023: QR 13.1 million).

Information about the Group's exposure to interest rates and liquidity risks is included in note 26.

23 PROVISIONS

	2024	2023
	QR'000	QR'000
Employees' end of service benefits (note 23.1)	**67,784**	62,099
Asset retirement obligations (note 23.2)	**42,102**	48,334
	109,886	110,433

23.1 Employees' end of service benefits

	2024	2023
	QR'000	QR'000
Balance at 1 January	**62,099**	55,268
Charge for the year	**9,490**	9,560
Acquired through business combination	**-**	180
Payments during the year	**(3,805)**	(2,909)
Balance at 31 December	**67,784**	62,099

Management has classified the obligation within non-current liabilities in the consolidated statement of financial position as it does not expect that there will be significant payments towards its employees' end of service benefits obligation within 12 months from the reporting date.

23.2 Asset retirement obligations

	2024	2023
	QR'000	QR'000
Balance at 1 January	**48,334**	42,935
Net addition to the provision during the year	**1,429**	2,409
Unwinding of discount	**3,297**	2,990
derecognition of asset retirement obligation (note 28)	**(10,958)**	-
Balance at 31 December	**42,102**	48,334

24 TRADE AND OTHER PAYABLES

	2024	2023
	QR'000	QR'000
Trade payables	**520,214**	574,077
Accruals	**463,003**	499,465
Regulatory and industry fee	**109,631**	99,590
Contract liabilities (i)	**82,377**	100,413
Dividend payable	**21,058**	25,251
Electronic wallet balances	**18,896**	5,500
Payable to social and sports fund (note 20.1)	**15,017**	13,501
Forward contract liability	**5,308**	-
Due to related parties (note 25)	**29**	12,639
Other payables	**9,491**	9,498
	1,245,024	1,339,934

(i) The contract liabilities primarily relate to the advance consideration received from customers for access charges, airtime usage, messaging, data broadband services and other services for which revenue is recognised over time.

25 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Group and companies controlled or jointly controlled by those parties.

The following transactions were carried out with related parties:

	2024	2023
	QR'000	QR'000
Sales of goods and services		
Related parties	**22,363**	82,676
Purchases of goods and services		
Related parties	**9,841**	109,437

Goods and services are bought from related parties at prices approved by management, as being on an arm's length basis. Balances arising from transactions with related parties are as follows:

	2024	2023
	QR'000	QR'000
Due from related parties:		
Related parties	**16,766**	16,428
Due to related parties:		
Related parties	**29**	12,639

The receivables from related parties arise mainly from sale transactions which are unsecured in nature and bear no interest.

25 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

Key management personnel include the Board of Directors, Managing Director, Chief Executive Officer (CEO) and the executives who directly report to the CEO. Compensation of key management personnel are as follows:

	2024	2023
	QR'000	QR'000
Salaries and short-term benefits	**46,750**	43,140
Employees' end of service benefits	**932**	1,646
	47,682	44,786

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit 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. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Capital management

The following table summarises the capital structure of the Group:

	2024	2023
	QR'000	QR'000
Loans and borrowings	**377,398**	429,868
Cash and bank balances	**(145,010)**	(129,785)
Net debt	**232,388**	300,083
Total equity	**5,051,864**	4,936,496
Gearing ratio	**4.60%**	6.08%

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital Management (continued)
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

Financial instruments

Material accounting policies
Details of material policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in note 3 to these consolidated financial statements.

Categories of financial instruments

	2024	2023
	QR'000	QR'000
Financial assets at amortised cost:		
Cash and bank balances	**145,010**	129,785
Trade receivables and other receivables – net (excluding prepayments, advance for indefeasible right-of-use and contract assets)	**596,795**	570,656
Financial liabilities at amortised cost:		
Loans and borrowings	**377,398**	429,868
Trade and other payables (excluding accruals, regulatory and industry fee, contract liabilities, and forward contract liability)	**584,705**	640,466
Lease liabilities	**376,674**	471,395
Financial liabilities at fair value:		
Forward contract liability	**5,308**	-

Fair value of financial instruments
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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value measurements are analysed by levels in the fair value hierarchy as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobserved inputs)

	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2024	**QR'000**	**QR'000**	**QR'000**	**QR'000**
Financial liabilities measured at fair value				
Forward contract liability	**-**	**5,308**	**-**	**5,308**

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair value of financial instruments (continued)

Management believes that the carrying values of its financial assets and financial liabilities as at the reporting date are a reasonable approximation of their fair values.

Reconciliation of liabilities arising from financing activities

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

	At 1 January 2024	**Net financing cash flows**	**Non-cash changes***	**At 31 December 2024**
	QR'000	**QR'000**	**QR'000**	**QR'000**
Loans and borrowings	**429,868**	**(52,500)**	**30**	**377,398**
Lease liabilities	**471,395**	**(117,467)**	**22,746**	**376,674**
Dividend payable	**25,251**	**(469,163)**	**464,970**	**21,058**
Restricted dividend bank account	**(25,251)**	**4,193**	**-**	**(21,058)**

	At 1 January 2023	Net financing cash flows	Non-cash changes*	At 31 December 2023
	QR'000	QR'000	QR'000	QR'000
Loans and borrowings	719,406	(290,000)	462	429,868
Lease liabilities	456,390	(112,331)	127,336	471,395
Dividend payable	22,092	(419,541)	422,700	25,251
Restricted dividend bank account	(22,092)	(3,159)	-	(25,251)

*This comprises finance cost net of payment, amortisation of deferred financing costs, additional lease liability recognized, interest on lease liability and dividend declared.

Financial Risk Management

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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 optimising the return.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies and hence exposed to risks on exchange rate fluctuations. The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

The Group's risk management strategy involves mitigating currency risk exposure through the use of forward exchange contracts. These contracts are typically designated as cash flow hedges.

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign currency risk management (continued)

The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing the hedged transaction.

Majority of foreign currency receivable/payable balances are in US$ which is pegged against QR. Therefore, these receivable/payable balances are not exposed to foreign currency exchange rate fluctuation risk. The Group has a small exposure of receivable/payable balances in Euro and other currencies where effect of any 10% increase/decrease in foreign exchange rates is expected to be in the range of QR 0.8 million (2023: QR 1.4 million).

Cash flow hedge:

At 31 December 2024, the Group held the following instrument to hedge exposure to changes in foreign currency.

31 December 2024	**Maturity**			
	1-6 months	**6-12 months**	**More than one year**	**Total**
	Euro'000	**Euro'000**	**Euro'000**	**Euro'000**
Foreign currency risk				
Forward exchange contract- Net exposure	**3,316**	**2,739**	**15,722**	**21,777**
Average QR: Euro forward contract rate	**4.05**	**4.09**	**4.19**	

The following provides a movement of other comprehensive income items, resulting from cash flow hedge accounting.

	2024 Hedging reserve
	QR'000
Balance at 1 January	**-**
Changes in fair value due to foreign currency risk	**(5,308)**
Balance at 31 December	**(5,308)**

Interest rate risk management
The Group is liable to pay interest on financing facilities, which is aggregate of the applicable margin and QMR-L. Every one percent rise or fall in the applicable interest rate against the QMRL of the financing facilities, would increase or reduce the total profit of the Group for the financial year by QR 3.8 million (2023: QR 4.3 million).

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure and the creditworthiness of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

Trade receivables and contract assets

Trade receivables consist of a large number of customers (both consumers and enterprises).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

At 31 December, the exposure to credit risk for gross trade and other receivables by type of counter party was as follows:

	2024	2023
	QR'000	QR'000
Enterprise customers [(i)]	**492,992**	438,289
Consumers	**238,407**	234,027
	731,399	672,316

(i) Enterprise customers' trade receivables include a balance of QR 46.1 million (2023: 52.6 million) of which no expected credit loss was recognised because of collaterals provided.

Movement in provision for expected credit losses account is presented in note 15.

Bank balances
The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. ECL on bank balances has been measured on a 12-months expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

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 is:

	Carrying amount	
	2024	2023
	QR'000	QR'000
Bank balances	**144,933**	129,684
Trade and other receivables -net	**596,795**	570,656
	741,728	700,340

26 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. 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 Group manages liquidity risk by maintaining adequate reserves and adequate loans and borrowings, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2024	**Less than 1 year**	**More than 1 year**
	QR'000	**QR'000**
Trade and other payables (excluding accruals, regulatory and industry fee, contract liabilities, and forward contract liability)	**584,705**	**-**
Loans and borrowings	**2,398**	**375,000**
Lease liabilities	**121,329**	**255,937**

At 31 December 2023	Less than 1 Year	More than 1 year
	QR'000	QR'000
Trade and other payables (excluding accruals, regulatory and industry fee, contract liabilities, and forward contract liability)	640,466	-
Loans and borrowings	104,868	325,000
Lease liabilities	159,822	353,170

27 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

	2024	2023
	QR'000	QR'000
Contracts placed for future capital expenditure not provided for in the consolidated financial statements	**93,197**	146,966

Contingent liabilities

	2024	2023
	QR'000	QR'000
Performance bonds	**44,682**	43,150
Tender bonds	**10,641**	3,463
Credit and payment guarantee – third party indebtedness	**49,316**	49,874

27 COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

Performance bonds
Performance bonds require the Group to make payments to third parties in the event that the Group does not perform what is expected of it under the terms of any related contracts.

Tender bonds
This comprises bonds submitted at the time of submission of tenders.

Credit and payment guarantee – third party indebtedness
Credit guarantees comprise guarantees and indemnity of bank or other facilities.

28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group prepares its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the application of which often requires judgments to be made by management when formulating the Group's financial position and results. Under IFRS Accounting Standards, the management are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and accordingly provide an explanation of each below. The discussion below should also be read in conjunction with the Group's disclosure of material accounting policies, which is provided in note 3 to the consolidated financial statements.

Impairment reviews
IFRS Accounting Standards requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before financing income/costs, tax, depreciation and amortisation, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long term growth rates;
- expected costs to renew the license; and
- the selection of discount rates to reflect the risks involved.

28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment reviews (Continued)

The Group has considered all the internal and external indicators to assess whether there are any indicators of impairment during the year. Based on assessment performed, the Group concluded that there have been no events or change in circumstances which indicates that carrying amounts of assets may not be recoverable. Hence, no impairment testing is performed.

Revenue recognition

The Group give its customers the option to return the handsets within a period of 7 days of purchase. Keeping in view the negligible numbers of returns in the history, no provision is made with regard to return of goods sold.

Revenue recognition: judgments in determining the timing of satisfaction of performance obligations

Revenue and associated costs are recognised over time – i.e. before the performance obligation is fully complete. Revenue is recognised over time as the services are provided. Transfer of control of the service is assessed based on the service performed. Progress is determined based on the output method because the customer obtains control of the work in progress as the project specific milestones are achieved.

Revenue presentation: gross versus net
When deciding the most appropriate basis for presenting revenue and costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost. Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis, with revenue representing the margin earned. Transit revenue is recognised on a gross basis as the Group assumes credit risk and acts as a principal in the transactions.

Estimation of useful life and residual value
The useful life used to depreciate/amortise assets relate to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the most significant categories of tangible and intangible assets is as follows:

Intangible assets
The estimated useful life of license is generally the term of the licence unless there is a presumption of renewal at negligible cost. Using the licence term reflects the period over which the Group will receive economic benefit. For technology specific licences with a presumption of renewal at negligible cost, the estimated useful economic life reflects the Group's expectation of the period over which the Group will continue to receive economic benefit from the licence. The economic lives are periodically reviewed taking into consideration such factors as changes in technology.

The management determines the estimated useful lives of its other intangible assets for calculating amortisation. This estimate is determined based on the expected pattern of consumption of future economic benefits embodied in the asset.

Property, plant and equipment
Property, plant and equipment represents a significant proportion of the asset base of the Group being 27.35% (2023: 26.54%) of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Property, plant and equipment (continued)

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated statement of income.

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

During the year, the Group reassessed the useful lives of its property, plant and equipment, this has resulted in reassessment and reduction of useful life of some of the old assets and consequently higher deprecation charge of QR 18.52 million for the year (2023: QR 6.4 million).

Contract cost

The Group reviews its policy regarding the amortisation period for customer acquisition costs. The Group estimates the amortisation period based on the average customer retention period, in accordance with IFRS 15 - Revenue from Contracts with Customers. The Group applies a practical expedient to recognise customer acquisition costs directly in the consolidated statement of income when the average customer retention period is one year or less.

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. Inventories which are old or obsolete, are assessed Individually and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Asset retirement obligation

A provision for asset retirement obligation exists where the Group has a legal or constructive obligation to remove an infrastructure asset and restore the site. Asset retirement obligation is recorded at the present value of expected costs to settle the obligation using estimated cash flows and is recognised as part of the particular asset. The cash flows are discounted at the rate that management considers reflects the risk specific to the asset retirement obligation i.e. 7.49% (2023: 7.49%).

Subsequent to initial recognition, an unwinding expense relating to the provision is periodically recognised as a financing cost.

While the provision is based on the best estimate of future costs and the useful lives of infrastructure assets, there is uncertainty regarding both the amount and timing of incurrence of these costs. Any subsequent change in the present value of the estimated cost due to changes in the gross removal costs or discount rates, is dealt with prospectively as a change in accounting estimate and reflected as an adjustment to the provision and a corresponding adjustment to the infrastructure assets.

During the year ended 31 December 2024, the Group conducted a comprehensive review of its Asset Retirement Obligations (ARO) for its In-Building Solutions (IBS) sites. Following this review, management determined that the recognition of ARO for these sites is no longer necessary as the lease term for such sites is indefinite and the dismantling cost to pay at the time of termination of the contract in insignificant.

As a result, the Group has ceased to recognise ARO for IBS sites and reversed previously recognized obligations related to these sites. This change represents a revision in accounting estimates, the change has resulted in net reversal of excess provision of QR 6.9 million, which is recognized in the consolidated statement of income. To incorporate this impact provision for asset retirement obligation is reduced by QR 11 million and property, plant and equipment is reduced by QR 4.1 million

28 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Expected credit losses
An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time the amount has been due.

Calculation of loss allowance
When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discount rate on leases
The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

29 APPLICATIONS OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing these consolidated financial statements.

(i) New currently effective requirements

The Group has applied the following new and revised IFRS Accounting Standards that have been issued and are effective for annual periods beginning on or after 1 January 2024:

Effective date	**New standards or amendments**
1 January 2024	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases
	Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements
	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
	IFRS S1* General Requirements for Disclosure of Sustainability-related Financial Information
	IFRS S2* Climate-related Disclosures

The application of these amendments had no material impact on the Group's consolidated financial statements.

29 APPLICATIONS OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

(ii) New and revised standards and interpretations issued but not yet effective

Effective date	**New standards or amendments**
1 January 2025	Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
1 January 2026	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
	Annual Improvements to IFRS Accounting Standards – Amendments to: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash flows
	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements
	IFRS 19 Subsidiaries without Public Accountability: Disclosures
To be determined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures **

* The implementation and the effective dates of IFRS Sustainability Disclosure Standards are subject to local regulation.

** The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

A. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

B. Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Lack of Exchangeability (Amendments to IAS 21)
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

30 DIVIDENDS

Dividend declared for year 2023
During 2024, following the approval at the Annual General Assembly held on 20 February 2023, the Company paid a cash dividend of 11% of the nominal share value amounting to QR 465 million (QR 0.11 per share with nominal value of QR 1 each).

Proposed dividend for year 2024
The Board of Directors has proposed a cash dividend of 12% of the nominal share value amounting to QR 507 million (QR 0.12 per share with nominal value of QR 1 each). The proposed dividend is subject to approval of the shareholders during the Annual General Assembly on 24 February 2025.

31 OFFSETTING

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

As at the reporting date, the Group has presented financial assets net of financial liabilities, when they are subject to offsetting. Gross and net amounts presented in the consolidated statement of financial position are as follows:

	Gross amounts	**Offsetting amounts**	**Net amounts**
	QR'000	**QR'000**	**QR'000**
Current assets			
As at 31 December 2024			
Trade and other receivables	**562,341**	**(65,850)**	**496,491**
As at 31 December 2023			
Trade and other receivables	510,279	(66,305)	443,974

	Gross amounts	**Offsetting amounts**	**Net amounts**
	QR'000	**QR'000**	**QR'000**
Current liabilities			
As at 31 December 2024			
Trade and other payables	**1,267,811**	**(22,787)**	**1,245,024**
Lease liabilities	**192,789**	**(43,063)**	**149,726**
	1,460,600	**(65,850)**	**1,394,750**
As at 31 December 2023			
Trade and other payables	1,375,936	(36,002)	1,339,934
Lease liabilities	186,447	(30,303)	156,144
	1,562,383	(66,305)	1,496,078

32 COMPARATIVE INFORMATION

The comparative amounts and related disclosures have been reclassified, where necessary, in order to confirm to the current year's presentation. Such reclassification does not affect the previously reported net profits, net assets, or equity. Further, certain qualitative disclosure in note 1 is reassessed in light of the latest available information and is revised accordingly. The reclassifications are as follows:

a) Consolidated statement of income for the year ended 31 December 2023

	Previous Presentation	Reclassification	Current Presentation
	QR'000	QR'000	QR'000
Interconnection and other direct expenses	(1,052,955)	(9,975)	(1,062,930)
Employee salaries and benefits	(283,342)	9,975	(273,367)