Wataniya Palestine Mobile Telecommunication Company (Ooredoo Palestine)

Condensed Interim Financial Information (Unaudited)
For the Six Months Ended 30 June 2025

And Report on Review of the Condensed Interim Financial Information
(Translated from the original Arabic version)

Wataniya Palestine Mobile Telecommunication Company (Ooredoo Palestine)

Unaudited condensed interim financial information for the six months ended 30 June 2025

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Report on review of the condensed interim financial information

To the Chairman and Board of Directors of Wataniya Palestine Mobile Telecommunication Company (Ooredoo Palestine)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Wataniya Palestine Mobile Telecommunication Company “Ooredoo Palestine” (hereinafter the “Company”) as at 30 June 2025 and the related condensed interim statement of profit or loss, and condensed interim statement of comprehensive income for the six-month and three-month periods then ended, and condensed interim statement of changes in equity, and condensed interim statement of cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard (34), 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) “Interim financial reporting”.

For and on behalf of PricewaterhouseCoopers Palestine Ltd Co.
License number 207/2012

Yacoub Alloun
License number 106/2012

24 July 2025
Place: Ramallah, Palestine

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(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	**40,005,703**	43,254,544
Right of use assets	4	**10,488,685**	9,111,855
Intangible assets	5	**31,751,520**	35,425,296
Other non-current assets	6	**35,736,641**	345,715
Deferred tax asset		**1,013,444**	955,515
Total non-current assets		**118,995,993**	89,092,925
Current assets			
Inventories		**1,101,829**	1,097,480
Other current assets		**4,083,522**	2,586,073
Trade and other receivables	7	**20,494,068**	19,175,763
Income tax provision	11	**141,312**	-
Other bank balances	8	**57,761,777**	44,967,960
Cash and cash equivalents	8	**42,290,277**	81,801,712
Total current assets		**125,872,785**	149,628,988
Total assets		**244,868,778**	238,721,913
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**293,000,000**	293,000,000
Share premium	1	**11,610,000**	11,610,000
Accumulated losses		**(135,584,161)**	(143,060,707)
Total equity		**169,025,839**	161,549,293
Liabilities			
Non-current liabilities			
Lease liabilities	9	**6,079,721**	5,302,297
Employees' benefit		**10,134,441**	9,555,149
Total non-current liabilities		**16,214,162**	14,857,446
Current liabilities			
Trade and other payables	10	**52,354,127**	55,023,460
Deferred income		**3,060,255**	3,791,605
Income tax provision	11	**-**	168,004
Lease liabilities	9	**4,214,395**	3,332,105
Total current liabilities		**59,628,777**	62,315,174
Total liabilities		**75,842,939**	77,172,620
Total equity and liabilities		**244,868,778**	238,721,913

- The accompanying notes from pages 7 to 23 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

		For the six months period ended 30 June		For the three months period ended 30 June	
	Note	**2025 (Unaudited)**	2024 (Unaudited)	**2025 (Unaudited)**	2024 (Unaudited)
Revenue	12	**50,735,185**	54,301,007	**24,913,964**	27,734,336
Network, interconnect, and other operating expenses	13	**(22,592,314)**	(24,452,814)	**(10,678,191)**	(12,263,891)
Employees' salaries and associated costs		**(9,288,551)**	(9,536,124)	**(4,496,408)**	(4,654,535)
Depreciation and amortization		**(12,085,306)**	(11,588,327)	**(6,037,113)**	(5,858,004)
Finance cost	14	**(237,984)**	(275,771)	**(107,067)**	(129,117)
Finance income		**2,145,050**	1,735,230	**1,024,741**	877,922
Impairment of trade and other receivables	15	**(326,642)**	(679,403)	**(135,653)**	(507,524)
Impairment loss	15	**-**	(1,868,967)	**-**	(897,488)
Other (losses) /gains - net		**(47,222)**	100,771	**8,821**	(37,876)
Profit for the period before income tax		**8,302,216**	7,735,602	**4,493,094**	4,263,823
Income tax expense	11	**(825,670)**	(740,307)	**(410,346)**	(447,905)
Profit for the period		**7,476,546**	6,995,295	**4,082,748**	3,815,918
Basic and diluted earnings per share from the period's profit	16	**0.0255**	0.0239	**0.0139**	0.0130

- The accompanying notes from pages 7 to 23 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the six months period ended 30 June		For the three months period ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)	**2025 (Unaudited)**	2024 (Unaudited)
Profit for the period	**7,476,546**	6,995,295	**4,082,748**	3,815,918
Other comprehensive income for the period	**-**	-	**-**	-
Total comprehensive income for the period	**7,476,546**	6,995,295	**4,082,748**	3,815,918

- The accompanying notes from pages 7 to 23 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Accumulated losses	Total Equity
Balance as at 1 January 2025	**293,000,000**	**11,610,000**	**(143,060,707)**	**161,549,293**
Total comprehensive income for the period	**-**	**-**	**7,476,546**	**7,476,546**
Balance as at 30 June 2025 (unaudited)	**293,000,000**	**11,610,000**	**(135,584,161)**	**169,025,839**
Balance as at 1 January 2024	293,000,000	11,610,000	(154,825,754)	149,784,246
Total comprehensive income for the period	-	-	6,995,295	6,995,295
Balance as at 30 June 2024 (unaudited)	293,000,000	11,610,000	(147,830,459)	156,779,541

- The accompanying notes from pages 7 to 23 form an integral part of these condensed interim financial information.

(All amounts expressed in US Dollar unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	For the six months period ended 30 June 2025 Unaudited	2024 Unaudited
Cash flow from operating activities			
Profit before income tax		**8,302,216**	7,735,602
Adjustments for:			
Depreciation of property and equipment	3	**4,935,841**	5,008,368
Depreciation of right of use assets	4	**2,825,229**	2,714,217
Amortizations	5	**4,324,236**	3,865,742
Impairment of trade and other receivables	15	**326,642**	679,403
Impairment loss	15	**-**	1,868,967
Provision for employees' benefits		**773,815**	940,904
Interest on lease liability	14	**237,984**	245,771
Finance income		**(2,145,050)**	(1,735,230)
Currency variance on cash and cash equivalents		**(552,645)**	(374,464)
(Gain) on disposal of property and equipment		**(16,680)**	-
Change in working capital:			
Inventories		**(4,349)**	(250,619)
Other current assets		**(1,497,449)**	204,767
Trade and other receivables		**(1,399,858)**	(1,860,102)
Trade and other payables		**428,733**	(3,495,038)
Deferred income		**(731,350)**	(609,651)
Net cash inflow from operating activities before payments of employees' benefits and income tax payments		**15,807,315**	14,938,637
Payments of employees' benefits		**(194,523)**	(181,098)
Income tax payments, net of currency differences	11	**(1,192,915)**	(3,140,220)
Net cash from operating activities		**14,419,877**	11,617,319
Cash flow from investing activities			
Payments for property and equipment		**(4,268,929)**	(2,034,720)
Payments for intangible assets		**(36,557,721)**	(1,773,553)
Proceeds from sale of property and equipment		**16,878**	-
Cash (used in) / from deposits with maturity of more than three months		**(18,599,854)**	13,580,483
Cash from restricted cash		**5,806,037**	66,064
Finance income received		**1,899,961**	1,316,751
Net cash (used in) / from investing activities		**(51,703,628)**	11,155,025
Cash flows from financing activities			
Principal elements of lease payments, net of currency difference		**(2,615,354)**	(2,776,908)
Payments of interest on lease liability		**(164,975)**	(245,771)
Net cash used in financing activities		**(2,780,329)**	(3,022,679)
Net (decrease) / increase in cash and cash equivalents		**(40,064,080)**	19,749,665
Currency variance on cash and cash equivalents		**552,645**	374,464
Cash and cash equivalents, beginning of the period		**81,801,712**	61,717,269
Cash and cash equivalents, end of the period	8	**42,290,277**	81,841,398

- The accompanying notes from pages 7 to 23 form an integral part of these condensed interim financial information.

1. GENERAL

Wataniya Palestine Mobile Telecommunication Company (Ooredoo Palestine) (hereinafter "the Company"), located in Ramallah, was registered, and incorporated in Palestine on 27 January 2007 as a Private Limited Shareholding Company under registration No. 562499541. On 25 October 2010, the legal form of the Company was changed to a Public Shareholding Company under registration No. 562601328.

The Company was formed with an authorized share capital of 5,000,000 shares with USD 1 par value each. During 2008, the Company's authorized and paid-in share capital was increased to 170,000,000 shares with USD 1 par value each. The Company's General Assembly in its extraordinary meeting held on 25 October 2010 resolved to increase the Company's authorized share capital to 258,000,000 shares with USD 1 par value each. The existing shareholders Wataniya International FZ - LLC (WIL) and Palestine Investment Fund, PLC (PIF) subscribed for 49,300,000 shares through capitalizing a portion of the shareholders' loans and the related accrued interest. The remaining 38,700,000 shares were offered to the public at an offer price of USD 1.3 per share, resulting in a share premium of USD 11,610,000. The public offering took place during the period from 7 November 2010 to 2 December 2010. The extraordinary General Assembly, in its meeting held on 23 January 2018 decided to increase the Company's authorized capital from 258,000,000 shares to 293,000,000 shares with a par value of one US dollar per share, by offering 35,000,000 shares for secondary public subscription to the Company's shareholders, each according to their percentage of ownership in the Company's capital.

On 14 March 2007, the Company entered into a license agreement (hereinafter "the original license") with the Ministry of Telecommunications and Digital Economy (the MTIT) to provide 2G and 3G mobile services in the West Bank and Gaza. The term of the original license is for fifteen years from the effective date being the date on which the MTIT makes the frequencies available to the Company. The effective date was originally set on 6 August 2008. On 16 December 2009, the MTIT approved the Company's request to determine 10 September 2009 as the effective date, instead of 6 August 2008, since it represents the date on which only 2G frequencies were allocated. On 16 March 2015 the MTIT approved to extend the terms of the original license useful life for an additional five years.

On 29 May 2025, the Company signed an Annex to the original license agreement, entered on 14 March 2007 (hereinafter "the Annex"), with the Telecommunications Regulatory Commission (hereinafter "the Commission") and the MTIT. The parties agreed to amend the terms of the original license to add fourth generation (4G) services for 15 years starting from the soft launch and to extend the original licence duration until 2041 contingent upon agreeing on the final amount to be paid.

In addition, as per the signed Annex, the Company shall establish, operate, manage, and maintain a 4G mobile telecommunications network in both the West Bank and Gaza Strip for a period of 15 years, starting from the date of the soft launch of the 4G services, which is expected to be during the year 2027 for West Bank. In addition, the Commission is committed to allocate the necessary 4G frequencies to the Company in the West Bank for a period of 15 years from the date of the soft launch of the 4G services. The launch of the 4G should take place in West Bank first, while the launch is Gaza will take place after receiving the approval of the relevant authorities.

The Company started its operations on 1 November 2009.

The Company is a subsidiary of National Mobile Telecommunications Company K.S.C.P. ("the Parent Company"), which in turn is a subsidiary of Ooredoo Q.P.S.C. ("the Ultimate Parent Company"), a Qatari Shareholding Company whose shares are listed on the Qatar Exchange.

On 27 November 2018, the Company has officially rebranded as Ooredoo Palestine. The rebrand of Wataniya Mobile is part of Ooredoo Group's strategy. The Company's main activities are offering, managing, and selling wireless telecommunication services, as well as constructing and operating wireless telecommunication stations and telephone networks.

The unaudited condensed interim financial information of the Company as of 30 June 2025, was authorized for issue in accordance with the Board of Directors resolution on 21 July 2025. The accompanying condensed interim financial information was reviewed and not audited.

2. Summary of Material Accounting Policies

The following are the material accounting policies followed by the Company in preparing this condensed interim financial information.

2.1 Basis of preparation of the condensed interim financial information

The condensed interim financial information of the Company for the six months ended 30 June 2025, has been prepared in accordance with the International Accounting Standard 34, "Interim financial reporting".

The condensed interim financial information has been prepared under the historical cost basis.

The condensed interim financial information is presented in US Dollar, that represents the functional currency of the Company.

The condensed interim financial information has not included all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2024 which were prepared under IFRS accounting standards. The results for the period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

2.2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of the condensed interim financial information for the Company are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2024 except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Company:

The Company has applied the following standards, amendment, and interpretations for the first time for their annual reporting commencing on 1 January 2025:

- Amendments to IAS 21 – Lack of exchangeability.

The above standards, amendments, and interpretation to accounting standards did not have any material impact on the Company's condensed interim financial information and did not require retrospective adjustments and there are no other standards, amendments or interpretations that became effective for the first time for the annual reporting period commencing 1 January 2025 and have a material impact on the Company.

2.3 Significant accounting judgments and estimates

The preparation of the condensed interim financial information in conformity with IFRS accounting standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the condensed interim financial information as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the condensed interim financial information:

2. Summary of Material Accounting Policies (continued)

2.3 Significant accounting judgments and estimates (continued)

Going concern

The Company has considered the impact of the conflict in Gaza on the ability for the Company to continue as a going concern. The Company still runs the majority of its operations in the West Bank and accordingly derives the vast majority of the revenue, profit and cash flows from the West Bank. Also, the Company's unleveraged position means that management expects to be able to overcome any downturn in revenues and fund the rebuilding of assets when circumstances permit. Even if the conflict in Gaza persists into the future, the Company expects to be able to generate positive cash flows from its operations in the West Bank alone. Furthermore, the Company has an insurance policy that includes coverage against damage to assets caused by war and expects to be able to make a claim under this policy to aid in funding reconstruction in the future. The Company continues to monitor the situation closely, including potential impacts on its operations. Any further escalation in the conflict impacting the business in Gaza may result in additional material impacts on the Company's future results and operations, but management does not expect that the conflict in Gaza will significantly endanger the Company's ability to continue as a going concern.

Impairment

In light of the situation in Gaza, the Company had a number of its cell phone towers destroyed in the course of the conflict. The Company has taken the view that any towers substantively destroyed in their entirety can be assessed for impairment at the asset level and have no recoverable amount. For the purpose of the impairment assessment the Company assumed that any cell phone tower that does not send or receive traffic (inactive), and since management is unable to reach these towers and inspect the extent of the damage or assess the decline in their value, management assumed that these towers are completely destroyed and were fully impaired.

The Company believes that there is only a single CGU because in normal times subscribers can move between Gaza and the West Bank and therefore the towers in Gaza do not generate cash inflows that are separate from towers in the West Bank. The results of the impairment test performed at the CGU level are set out in note 3.1.

Revenue recognition

Revenue recognition under IFRS 15 necessitates the collation and processing of very large amounts of data, use of management judgements and estimates to produce financial information. The most significant accounting judgements and source of estimation uncertainty are detailed below.

Judgments in determining the timing of satisfaction of performance obligations

Per note 12, the Company generally recognizes revenue over time as it performs continuous transfer of control of these services to the customers. Because customers simultaneously receive and consume the benefits provided by these services and the control transfer takes place over time, revenue is also recognized based on the extent of service transfer/completion of transfer of each performance obligation. In determining the method for measuring progress for these performance obligations, we have considered the nature of these services as well as the nature of its performance.

For performance obligations satisfied at a point in time, the Company considers the general requirements of control (i.e., direct the use of asset or assets and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment;
- Customer has legal title;
- Entity has transferred legal possession;
- Customer has significant risk and rewards; and
- Customer has accepted the asset.

2. Summary of Material Accounting Policies (continued)

2.3 Significant accounting judgments and estimates (continued)

Judgments in determining the timing of satisfaction of performance obligations (continued)

In making their judgment, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Company had transferred control of the goods to the customer. Following the detailed quantification of the Company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs. However, the determination of obligations is, for the primary goods and services sold by the Company, not considered to be a critical accounting judgment.

Principal versus agent

Significant judgments are made by management when concluding whether the Company is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Company. The assessment requires an analysis of key indicators, specifically whether the Company:

- Carries any inventory risk;
- Has the primary responsibility for providing the goods or services to the customer;
- Has the latitude to establish pricing; and
- Bears the customer's credit risk.

Whether the Company is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its business partners. Scenarios requiring judgment to determine whether the Company is a principal, or an agent include, for example, those where the Company delivers third-party branded services (such as value-added services) to customers.

Determining the lease term

Extension and termination options are included in a number of asset leases across the Company. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

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.

For leases of the assets, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

2. Summary of Material Accounting Policies (continued)

2.3 Significant accounting judgments and estimates (continued)

Intangible assets (license)

As set out in note 5 and note 17, the Company's telecommunications original license was agreed for a fixed sum of USD 140,000,000 plus additional contingent payments of USD 214,000,000 based on growth in subscribers' number. Certain other capping mechanisms were also included within the contract.

However, the Company is of the opinion that the Ministry of Telecommunications and Digital Economy (MTIT) did not comply with the original license terms and as such the Company cannot be required to pay the full original license fee of USD 354,000,000. In light of the fact that MTIT did not provide the relevant 2G and 3G frequencies on a timely basis and was not able to secure import permits for the necessary equipment, the Company does not believe that it is bound by the original contractual payment terms. The Company has historically taken the view that amounts paid (USD 140,000,000) represent fair compensation for the rights actually received, and no further amounts are due under the original license.

The Company has recently signed an Annex to the license agreement with the Telecommunications Regulatory Commission (hereinafter "the Commission"), and the Ministry of Telecommunications and Digital Economy (MTIT) on 29 May 2025. The parties are continuing to negotiate a final "Agreement" in relation to the extension up to 9 September 2041. This "Agreement" will settle all disputes about the original license and increase the term to run through 2041. The Company continues to believe that its previous accounting position in respect of the original license is appropriate and has made the judgment that any additional payments made as part of current negotiations relate in substance to the license extension. Any additional payments the Company makes under the terms of this Annex and "Agreement" are contractually linked to receiving the extended and expanded license rights and these additional payments are expected to be recoverable from future operations over the proposed revised license term. For these reasons the Company has judged that no provision is required in respect of the original license and prepayments made in anticipation of the expansion license relate to future rights and not an expense relating to prior periods (Notes 5 & 6).

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the condensed financial interim position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period are discussed below.

Impairment of non-financial assets

In addition to the judgment disclosed above in respect of the application of IAS 36 "Impairment of assets" to damaged and destroyed cell phone towers in Gaza, significant estimates were also made in determining the numerical amounts of the impairment loss recorded. Full details of these estimates are disclosed in note 3.1.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. But it is not considered to be a significant risk of material adjustment to the carrying values of property and equipment in the period up to 30 June 2025 if these estimates were revised.

Calculation of loss allowance

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. The forward-looking estimates are oil prices, unemployment rate, and inflation.

2. Summary of Material Accounting Policies (continued)

2.3 Significant accounting judgments and estimates (continued)

Functional currency determination

The Company is based and has its operations in Palestine. Palestine does not have any domestic currency. The majority of the Company's sales are denominated in Israeli Shekels while cost is denominated in US Dollars. Thereby there are mixed primary indicators. However, the Company obtains funding for its operations in US Dollars and also retains the earnings largely in US Dollars. Therefore, the Company has concluded the US Dollar to be the functional currency of the Company.

2.4 Risk management

The Company manages various risks through a strategy that identifies those risks and the procedures to mitigate them by applying a reporting system aiming to review and adopt appropriate risk mitigating procedures. In addition, the business units are responsible for identifying risks associated with their operations and to apply and monitor appropriate control procedures. The overall responsibility of managing and monitoring the risks of the Company rests with the Board of Directors. The unaudited condensed interim financial information does not include all information and disclosures required in the annual financial statements under risk management and should be read in conjunction with the Company's annual financial statements as at 31 December 2024 which were prepared under IFRS accounting standards.

2.5 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company makes adjustments to its capital structure, in light of changes in economic and business conditions. No changes were made in the objectives, policies or processes during the period ended 30 June 2025. Equity includes share capital, share premium and accumulated losses amounted to USD 169,025,839 as at 30 June 2025, and USD 156,779,541 as at 30 June 2024.

The Company's management reviews the capital structure of the Company on a semi-annual basis. As part of this review, the committee considers the cost of capital, and the risks associated with each class of capital. The gearing ratio as at 30 June 2025 and 2024 is zero percent. The Company has no debt and therefore is in net cash position.

2.6 Fair value of financial instruments

Given that trade and other receivables, cash and cash equivalents, other bank balances, and trade and other payables have a short-term collection or payment period their book values are considered equal to or approximate to their fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of its financial instruments:

- 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, unobservable inputs).

(All amounts expressed in US Dollar unless otherwise stated)

3. Property and Equipment

	Network and infrastructure	Land	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Work in Process*	Total
Cost								
Balance as at 1 January 2025	138,385,642	3,952,800	18,665,781	2,874,174	9,801,842	292,019	4,954,797	178,927,055
Transfers from work in process	606,450	-	358,564	3,892	64,485	-	(1,033,391)	-
Additions	139,539	-	130,929	9,199	68,838	2,441	1,336,252	1,687,198
Disposals	-	-	-	(2,328)	(3,955)	-	-	(6,283)
Balance as at 30 June 2025	139,131,631	3,952,800	19,155,274	2,884,937	9,931,210	294,460	5,257,658	180,607,970
Accumulated depreciation								
Balance as at 1 January 2025	106,382,304	-	17,144,674	2,786,225	9,143,212	155,723	60,373	135,672,511
Depreciation for the period	4,373,427	-	359,632	50,751	132,524	19,507	-	4,935,841
Disposals	-	-	-	(2,328)	(3,757)	-	-	(6,085)
Balance as at 30 June 2025	110,755,731	-	17,504,306	2,834,648	9,271,979	175,230	60,373	140,602,267
Net book value:								
Balance as at 30 June 2025	28,375,900	3,952,800	1,650,968	50,289	659,231	119,230	5,197,285	40,005,703

* Work in process relates to network expansions under construction.

(All amounts expressed in US Dollar unless otherwise stated)

3. PROPERTY AND EQUIPMENT (CONTINUED)

	Network and infrastructure	Land	Computers and office equipment	Furniture and fixtures	Decorations and leasehold improvements	Others	Work in Process *	Total
Cost								
As at 1 January 2024	131,820,625	3,952,800	17,982,487	2,974,611	9,593,701	280,889	5,081,601	171,686,714
Transfers from work in process	3,356,479	-	571,368	1,348	82,973	-	(4,012,168)	-
Additions	3,324,190	-	280,287	25,965	145,837	11,130	3,885,364	7,672,773
Disposals	(115,652)	-	(168,361)	(127,750)	(20,669)	-	-	(432,432)
As at 31 December 2024	138,385,642	3,952,800	18,665,781	2,874,174	9,801,842	292,019	4,954,797	178,927,055
Accumulated depreciation and impairment								
As at 1 January 2024	94,546,774	-	16,536,426	2,763,595	8,896,794	118,721	-	122,862,310
Depreciation for the year	9,045,079	-	743,877	101,558	267,087	37,002	-	10,194,603
Disposals	(110,426)	-	(168,361)	(127,728)	(20,669)	-	-	(427,184)
Impairment (note 3.1)	2,900,877	-	32,732	48,800	-	-	60,373	3,042,782
As at 31 December 2024	106,382,304	-	17,144,674	2,786,225	9,143,212	155,723	60,373	135,672,511
Net book value:								
As at 31 December 2024	32,003,338	3,952,800	1,521,107	87,949	658,630	136,296	4,894,424	43,254,544

* Work in process relates to network expansions under construction.

3. Property and Equipment (continued)

3.1 Impairment

The situation in Palestine and specifically in Gaza continues to be unstable and unpredictable. As a result of the conflict, certain infrastructure of the Company has been damaged or destroyed either partially or fully and there were disruptions to the operation of many cellular transmission towers. The management has made an assessment that includes significant judgment to determine the amount of the impairment loss for the property and equipment, primarily cell phone towers.

Since the beginning of the conflict in Gaza, and as explained in Note 2.3, the Company in the first instance identified towers that were known to be substantively destroyed in order to impair these in full. As a completely destroyed tower clearly has no value in use or fair value, the recoverable amount was considered to be nil, tested at the asset level. While the Company is not able to freely visit and inspect all of its assets in Gaza at the current time, certain inspections have been possible. The Company is also able to identify towers that are definitely still working as traffic data from these towers can be observed at the Head Office in the West Bank. During the period, no impairment was booked (2024: USD 2,900,877) for destroyed towers.

For the remaining towers that are fully operational, the Company has performed a value in use test at the CGU level because towers do not individually generate separately identifiable cash inflows.

As explained in note 2.3 the Company has only a single CGU. The value in use impairment test projected cash flows for the next 16 years before extrapolating for later periods at a growth rate of 3.0% and discounting at a WACC of 18.1%. The projections considered significant anticipated cash flow relevant to the license renewal after its expiry in 2041 and recoverability of the towers and other assets of the CGU. In addition to the growth and discount rates, the impairment test is also dependent on revenue and earnings before interest, taxes, depreciation, and amortization (EBTIDA) assumptions.

As the Company has only a single CGU and the operations in Gaza are a small portion of the Company's revenues and profits, the impairment test had a significant amount of headroom. Substantially all of the Company's asset carrying amounts are supported by cash flows in just the next 16 years. Even after assuming a conservative USD 9,993,078 repair bill for damage in Gaza in 2025, the model continued to indicate significant amounts of headroom.

The Company's other property and equipment in Gaza is not as significant as the towers and there is no indication that any other assets are fully destroyed. In the current period, no additional impairment was recorded for furniture and fixtures (2024: USD 48,800), or computers and office equipment (2024: USD 32,732), or work in process (2024: USD 60,373). To the extent that other assets are damaged and will require repair, their value is supported as part of the value in use impairment test described above. Repair costs will be charged to profit or loss in future years as expenditure is incurred. New towers to replace destroyed ones will be capitalized when built.

While a significant amount of estimation was required in determining the appropriate impairment loss to record, the Company believes that the approach taken has enabled it to determine an appropriate charge within the bounds of materiality.

(All amounts expressed in US Dollar unless otherwise stated)

4. Right of Use Assets

	30 June 2025	31 December 2024
Balance, beginning of the period / year	**9,111,855**	8,880,802
Additions	**4,202,059**	5,738,901
Depreciation for the period / year	**(2,825,229)**	(5,507,848)
Balance, end of the period / year	**10,488,685**	9,111,855

5. Intangible Assets

	License*	**Software**	**Work in process****	**Total**
Cost				
Balance as at 1 January 2025	**140,000,000**	**41,406,750**	**727,765**	**182,134,515**
Transfers from the work in process	**-**	**88,800**	**(88,800)**	**-**
Additions	**-**	**100,023**	**550,437**	**650,460**
Balance as at 30 June 2025	**140,000,000**	**41,595,573**	**1,189,402**	**182,784,975**
Accumulated Amortization				
Balance as at 1 January 2025	**111,643,263**	**35,065,956**	**-**	**146,709,219**
Amortization for the period	**2,996,246**	**1,327,990**	**-**	**4,324,236**
Balance as at 30 June 2025	**114,639,509**	**36,393,946**	**-**	**151,033,455**
Net Book Value				
Balance as at 30 June 2025	**25,360,491**	**5,201,627**	**1,189,402**	**31,751,520**
As at 31 December 2024	28,356,737	6,340,794	727,765	35,425,296

***** The Company's telecommunication original license was agreed on 14 March 2007 and commenced on 10 September 2009 when frequencies were first allocated to the Company in the West Bank. The terms of the original license covered 2G and 3G in both the West Bank and Gaza for a total price of USD 354,000,000. An initial payment was made of USD 140,000,000 with additional payments to be made once certain subscriber numbers were reached.

However, the Ministry of Telecommunications and Digital Economy (MTIT) was not able to allocate the needed frequencies for 3G service in the West Bank, or any service in Gaza, for significant periods of time. MTIT was also unable to secure the necessary approvals for equipment entry to Palestine to facilitate the roll out of the network on a timely basis.

In light of the fact that the Company has not received access to all of the intangible rights for which they contracted, it believes that a large part of the original license arrangement remains executory. MTIT has not provided all of the contracted rights, and the Company has not paid in full. Consequently, the Company has assessed what it believes is a reasonable fee for the original license received bearing in mind the attributes that were substantially delayed and others that still remain undelivered. The Company was unable to launch its services as originally anticipated due to MTIT's inability to meet its obligation under the original license by allocating the needed frequencies and securing the necessary approvals for equipment entry, which resulted in a delay of the 2G services by 2 years in West Bank and by 10 years in Gaza while the permissions and frequency needed to launch 3G services in Gaza are still pending. As set out in note 17, the Company has made no provision for the cost of the original license beyond the USD 140,000,000 already paid.

(All amounts expressed in US Dollar unless otherwise stated)

5. Intangible Assets (continued)

On 29 May 2025, the Company signed an Annex to the original license agreement entered on 14 March 2007, with the Telecommunications Regulatory Commission (hereinafter "the Commission") and the MTIT. The parties agreed to amend the terms of the original license to cover fourth generation (4G) services and extend the current license duration. Pursuant to the agreements between the parties, the license will be extended to 9 September 2041 contingent upon agreeing final payment terms and certain other third party approvals being received. Once binding, this revised agreement will set aside all previous disputes. As explained in note 2.3 the Company has made the judgment that it did not owe any more money relating to the original license and all payments in the process of being agreed at the present time in substance relate to the extended license.

The Company paid an amount of USD 35,560,000 that is reported as part of other non-current assets (note 6) with the remaining amounts under the final agreement to be paid either at signing of or at the soft launch of 4G services. In the event that the amended license does not ultimately come into force, this prepayment is recoverable against other future governmental fees and will not in any circumstances become an additional payment for the original license.

** Work in process represents capitalization of significant changes in the functionalities in the existing software or additions of new major software purchased from third-party suppliers from which the management believes that the Company will have future economic benefits.

6. Other Non-Current Assets

	30 June 2025	31 December 2024
Fourth generation license prepayment (note 5)	**35,560,000**	-
Long term advances for property and equipment	**176,641**	345,715
	35,736,641	345,715

7. Trade and Other Receivables

	30 June 2025	31 December 2024
Trade receivables	**22,771,782**	20,452,697
Unbilled receivable*	**7,212,467**	7,174,313
Others	**166,161**	168,711
	30,150,410	27,795,721
Provision for impairment of trade and other receivables	**(9,656,342)**	(8,619,958)
	20,494,068	19,175,763

* The unbilled receivable is recognized as revenue in each related accounting period. Unbilled receivable represents the unbilled revenue rendered but not billed for postpaid sales and sales of goods.

(All amounts expressed in US Dollar unless otherwise stated)

7. Trade and Other Receivables (continued)

The following is a summary of the movement on the provision for impairment of trade receivables during the period ended 30 June 2025 and the year ended 31 December 2024:

	30 June 2025	31 December 2024
Balance, beginning of the period / year	**8,619,958**	7,137,505
Additions during the period / year	**326,642**	1,546,272
Currency differences	**709,742**	(63,819)
Balance, end of the period / year	**9,656,342**	8,619,958

8. Cash and Cash Equivalents and Other Bank Balances

For the purpose of the condensed interim statement of cash flows, cash and cash equivalents comprise the following items:

	30 June 2025	31 December 2024
Bank balances, short term deposits and cash on hand	**99,465,906**	120,377,487
Restricted cash	**586,148**	6,392,185
	100,052,054	126,769,672
Less (other banks balances):		
Deposits with maturity of more than three months (i)	**(57,175,629)**	(38,575,775)
Restricted deposits (ii)	**(586,148)**	(6,392,185)
Cash and cash equivalents as per statement of cash flows	**42,290,277**	81,801,712

(i) The Company had deposits at local banks amounting to USD 96,543,780 as at 30 June 2025, of these total deposits USD 57,175,629 are deposits with maturity of more than three months. The Company had deposits at local banks amounting to USD 116,326,211 as at 31 December 2024, of these total deposits USD 38,575,775 are deposits with maturity of more than three months.

(ii) Restricted deposits with banks are related to bank guarantees, and letters of credit.

9. Lease Liabilities

	30 June 2025	31 December 2024
Balance, beginning of the period / year	**8,634,402**	7,860,685
Interest	**237,984**	446,812
Additions	**4,202,059**	5,738,901
Lease payments	**(3,068,247)**	(5,356,629)
Currency differences	**287,918**	(55,367)
Balance, end of the period / year	**10,294,116**	8,634,402

	30 June 2025	31 December 2024
Current lease liability	**4,214,395**	3,332,105
Non- current lease liability	**6,079,721**	5,302,297
Balance, end of the period / year	**10,294,116**	8,634,402

(All amounts expressed in US Dollar unless otherwise stated)

10. TRADE AND OTHER PAYABLES

	30 June 2025	31 December 2024
Accrued expenses*	**28,055,135**	26,631,634
Trade payables	**11,387,833**	13,386,988
Accrued project cost	**4,349,232**	6,437,330
Payroll accrued cost	**2,275,054**	3,891,208
VAT payable	**2,140,326**	1,471,579
Other payables	**4,146,547**	3,204,721
	52,354,127	55,023,460

* Accrued expenses mainly consist of accrued operating and other regulatory expenditures.

11. INCOME TAX PROVISION

The movement on the income tax provision for the period ended 30 June 2025, and the year ended 31 December 2024 is as follows:

	30 June 2025	31 December 2024
Balance, beginning of the period / year	**168,004**	1,751,401
Provision for the period / year	**981,753**	1,616,933
Payments	**(1,381,123)**	(3,071,769)
Income tax incentive	**(98,154)**	(104,132)
Currency differences	**188,208**	(24,429)
Balance, end of the period / year (assets) liability	**(141,312)**	168,004

The income tax expense on the condensed interim statement of profit or loss for the six months period ended 30 June 2025 and 2024 represents the following:

	30 June 2025	30 June 2024
Provision for the period, net of income tax incentive	**(883,599)**	(816,288)
Deferred tax asset	**57,929**	75,981
Income tax expense for the period	**(825,670)**	(740,307)

According to the Palestinian Investment Promotion Agency certificate issued on 27 October 2009, the Company was granted the right to benefit from the Palestinian Law for Encouragement of Investment. Accordingly, the Company was granted full exemption from income tax for a period of five years starting from the year in which the Company commenced its operations. In addition, the Company's taxable income will be subject to 50% of the nominal tax rate until 31 December 2030 (10% instead of 20%). During 2012, the Company agreed at the request of Palestinian Ministry of Finance to voluntary defer the full income tax exemption for the years 2012 and 2013. Therefore, the full income tax exemption was extended until 2016. The Company has reached a clearance with the Palestinian tax department for the years until 2022. The Company did not reach final settlements on its results for the years 2023 and 2024.

(All amounts expressed in US Dollar unless otherwise stated)

12. Revenue

	30 June 2025	30 June 2024
Telecommunication services	**47,693,604**	50,903,276
Sales of goods and others	**3,041,581**	3,397,731
	50,735,185	54,301,007

The revenues of the Company were recognized as follows:

	30 June 2025	30 June 2024
Over time	**48,951,607**	52,279,857
At a point in time	**1,783,578**	2,021,150
	50,735,185	54,301,007

13. Network, Interconnect, and Other Operating Expenses

	30 June 2025	30 June 2024
Outpayment and interconnect charges	**7,594,556**	7,317,395
Network operations and maintenance	**3,454,765**	3,458,346
Regulatory and related fees	**2,930,393**	3,118,143
Rentals and utilities*	**2,354,383**	3,054,800
Cost of equipment sold and other services	**1,778,130**	1,940,968
Commissions of cards	**1,388,427**	2,241,190
Marketing cost and sponsorship	**848,496**	880,742
Legal and professional fess	**100,249**	105,203
Other expenses**	**2,142,915**	2,336,027
	22,592,314	24,452,814

* The Company chose not to recognize the right of use assets and lease liabilities that are related to short-term leasing contracts that are 12-month long or less, or the leasing contracts of the low valued assets. The Company recognizes the lease payments related to these contracts as an expense over the leasing period using the straight-line method.

** Other expenses for the period ended 30 June 2025 includes supply of management services and brand license fees that amounted to USD 1,268,380 charged by both the Parent Company and Ooredoo IP LLC.

14. Finance Cost

	30 June 2025	30 June 2024
Interest on lease liability	**237,984**	245,771
Other finance charges	**-**	30,000
	237,984	275,771

(All amounts expressed in US Dollar unless otherwise stated)

15. Impairment Loss

Impairment- tangible assets, inventory, and trade and other receivables

The Company continued to assess the impact of the on-going conflict in Gaza on the inventory, trade and other receivables, and tangible assets. The Company has performed an assessment, accounted for the increased credit risk and estimated impairments. The Company has recorded an impairment loss for a total of USD 326,642 for the period ended 30 June 2025, as detailed below. The Company will continue to evaluate the quantitative impact on its financial statements as circumstances develop.

	30 June 2025	30 June 2024
Network and infrastructure - property and equipment (note 3)	-	1,513,415
Inventories	-	213,647
Furniture and fixtures - property and equipment (note 3)	-	81,532
Work in progress - property and equipment (note 3)	-	60,373
Reported as "Impairment loss"	-	1,868,967
Trade and other receivables (note 7)	**326,642**	679,403
Reported as "Impairment of trade and other receivables"	**326,642**	679,403
Total impairments arising from Gaza conflict	**326,642**	2,548,370

16. Basic and Diluted Earnings Per Share from the Period's Profit

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period. There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

	30 June 2025	30 June 2024
Profit for the period	**7,476,546**	6,995,295
Weighted average number of shares	**293,000,000**	293,000,000
Basic and diluted earnings per share for the period	**0.0255**	0.0239

17. Commitments and Contingencies

As at the unaudited condensed interim financial information date, the Company has outstanding contractual commitments resulting from purchases, services, and construction contracts, as well as operating license of the Company.

Following is a summary of the outstanding commitments and contingent liabilities:

	30 June 2025	31 December 2024
Contracts and purchase orders	**11,359,378**	14,877,454
The Company's operating license *	**214,000,000**	214,000,000

* As disclosed in note 5, the Company entered into a license agreement with MTIT for a total amount of USD 354,000,000. The unpaid portion of the license cost, the remaining amount of USD 214,000,000, represents an unrecognized contingent liability in the condensed interim financial information. The contingency arises from MTIT not fulfilling its obligations in relation to granting the Company timely access to Gaza and 3G frequencies amongst other things. For these reasons the Company does not believe further amounts are actually due and that it has paid a fair amount for the original license rights actually received. As described in Notes 2.3 & 5, the Company is currently negotiating a license extension with MTIT which will also set aside any claims relating to the original license. All payments to be made under the license extension are conditioned on receiving the additional license rights, so the Company does not believe that in substance any amounts it is currently negotiating relate to past periods. Therefore, no provision has been recognized in these condensed interim financial information relating to unpaid amounts under the original license.

(All amounts expressed in US Dollar unless otherwise stated)

17. Commitments and Contingencies (continued)

In addition to the above, as disclosed in note 3.1 and note 15, the Company has detailed the impairment losses recognized as a result of the conflict in Gaza. The Company has an insurance policy that covers it against losses arising from war. In due course the Company expects to recover these losses from its insurer but at the present time it has not been possible to prepare and submit claims for the insurer's consideration. Consequently, recovery of these losses is not yet considered to be virtually certain and have not been recognized.

18. Related Party Transactions

This item represents transactions carried out with related parties which include the Parent Company, the Ultimate Parent Company, shareholders who have significant influence over the Company and their subsidiaries, key managerial personnel and board of directors. Pricing policies and terms of these transactions are approved by the Company's management.

The balances and transactions with related parties included in the condensed interim statement of financial position as at 30 June 2025 and 31 December 2024 are as follows:

	Nature of relationship	30 June 2025	31 December 2024
Employees' benefits	Key managerial personnel	**879,998**	716,140
Due to related parties	Subsidiaries of a shareholder having significant influence over the Company	**530,034**	425,802
Due to related parties	Ultimate Parent Company	**12,540**	-
Due from related parties	Ultimate Parent Company	**435,323**	2,057,749
Right of use assets	Subsidiaries of a shareholder having significant influence over the Company	**1,027,860**	1,370,479
Lease liability	Subsidiaries of a shareholder having significant influence over the Company	**704,864**	1,410,337
Trade and other payables – Supply of management services	Parent Company	**1,596,852**	1,089,500
Trade and other payables – Brand license fees	Subsidiaries of a shareholder having significant influence over the Company	**2,395,280**	1,634,252

Transactions with related parties included in the condensed interim statement of profit or loss for the six-month period ended 30 June 2025 and 2024 were as follows:

	Nature of relationship	30 June 2025	30 June 2024
Company's key management personnel compensation - short term	Key managerial personnel	**765,475**	652,304
Company's key management personnel - Post employment benefits	Key managerial personnel	**58,469**	38,845
Telecommunication services revenue	Ultimate Parent Company	**2,657,916**	-
Revenue from shareholders	Shareholders	**3,473**	4,101
Outpayment and interconnect charges	Ultimate Parent Company	**68,376**	-
Supply of management services	Parent Company	**507,352**	543,009
Brand license fees expenses	Subsidiaries of a shareholder having significant influence over the Company	**761,028**	814,515
Interest on lease liability expenses	Subsidiaries of a shareholder having significant influence over the Company	**23,977**	-
Depreciation expense on right of use assets	Subsidiaries of a shareholder having significant influence over the Company	**342,619**	-

19. Segment Reporting

The Company has a single operating and reportable segment “Telecommunication services” because the Board (Chief Operating Decision Maker) reviews performance of the Company only as a whole and not on a segmental basis. The Company is a mobile telecoms operator in Palestine only so there is no segmental information to disclose.