

PALESTINE TELECOMMUNICATIONS COMPANY P.L.C.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025



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Independent auditor's report To the Shareholders of Palesine Telecommunication Company

Opinion

We have audited the consolidated financial statements of Palestine Telecommunication Company and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Emphasis of matter

We draw attention to Note (37) to the accompanying consolidated financial statements, which relates to the war on Gaza Strip and the measures taken by management to mitigate its impact on the Group. Our opinion is not modified with respect to this matter.

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 as of December 31, 2025. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Key audit matter	How our audit addressed the key audit matter
<p data-bbox="197 456 756 555">Revenue recognition – Accuracy and occurrence of subscription and usage-based airtime services</p> <p data-bbox="197 593 756 795">Subscription and usage-based airtime revenue is the largest revenue stream within the Group amounted to JD 285,584,000 as at December 31, 2025. This revenue originates from wholesale, corporate and retail customers.</p> <p data-bbox="197 815 756 1120">We focused on this matter due to the significant risk that has been identified in respect of both the occurrence and accuracy of airtime subscription and usage-based airtime revenue due to the complexity of systems and the high volume of transactions, including the accounting for new campaigns and changes in tariffs of existing ones.</p>	<p data-bbox="778 448 1390 678">We have tested relevant controls, key automated and manual controls relating to subscription and usage-based airtime revenue across the Group's principal billing systems, our tests of relevant controls included the authorization of new campaigns and changes in tariffs.</p> <p data-bbox="778 698 1390 864">We performed our procedures to ensure the matching of revenue figures generated from the billing and charging systems to the revenue recognized through a sample covering the whole year.</p> <p data-bbox="778 884 1390 947">We have reviewed the reconciliation between the general ledger and the billing systems.</p> <p data-bbox="778 967 1390 1236">We have performed substantive analytical procedures through developing an expectation of revenue based upon usage data and subscription numbers which are the key drivers of each airtime revenue stream. We have also held meetings with the management to corroborate the key movements and trends in revenue within the year.</p> <p data-bbox="778 1256 1390 1386">We also used our information technology experts to test the design, implementation and operating effectiveness of internal control systems related to revenue recognition.</p> <p data-bbox="778 1406 1390 1507">We tested the accuracy of revenue by agreeing a sample of invoices back to the customer contracts and published or agreed tariffs.</p> <p data-bbox="778 1527 1390 1628">We performed journal entry testing that covered the whole year with a representative sample based on the criteria we set.</p> <p data-bbox="778 1648 1390 1742">We also evaluated detailed revenue disclosures in notes (3 and 24) to the consolidated financial statement.</p>



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Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses provision on accounts receivable</p> <p>The total amount of accounts receivable amounted to JD 218,626,000 as of December 31, 2025, and the provision for expected credit losses amounted to JD 159,897,000. The group provides its services to a wide customer base on a credit basis.</p> <p>The Group's policy for recording provisions, as stated in Note (3), requires that the value of the provision for expected credit losses be determined based on several estimates and accounting judgments in which the Group relies on its past experience, current events, and expectations of future events, in addition to the present value of cash to determine the amount of impaired receivables.</p> <p>We have focused on this matter due to the judgments and estimates used in the calculation of provision for expected credit losses on impaired receivables, especially in what relates to the estimation of expected future cash flows and customer types.</p>	<p>We examined the main controls related to data used in calculating impaired receivables, and we also matched a sample of this data with its main source, which is the billing and accounting system.</p> <p>Regarding the forward perspective used by the Group's management in determining expected credit losses, we discussed the assumptions used with management and compared the assumptions with the available information. In addition, We have also verified the validity of the exposure to default in the calculation of expected credit losses, in addition to verifying the calculations of the expected credit loss model.</p> <p>We have into considerations various customer types, collection pattern in previous years and other factors.</p> <p>We also evaluated detailed disclosures in notes (3,12 and 37) to the consolidated financial statement.</p>

Other information included in the Group's 2025 Annual Report

Other information consists of the information included in the Group's 2025 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2025 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatements of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threads 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 as at December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young - Middle East

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Saeed Abdallah

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License # 105/2003

March 26, 2026

Ramallah - Palestine

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Financial Position
As at December 31, 2025

	Notes	2025 JD '000s	2024 JD '000s
<u>Assets</u>			
Non-current assets			
Property, plant and equipment	4	185,504	179,852
Intangible assets	5	144,872	149,740
Projects in progress	6	1,948	1,366
Materials	7	1,746	1,521
Investment in associate	8	12,388	12,238
Financial assets at fair value through comprehensive income	9	12,247	9,088
Other financial assets	10	5,171	6,764
		<u>363,876</u>	<u>360,569</u>
Current assets			
Materials	7	16,095	18,116
Inventories	11	1,590	910
Accounts receivable	12	58,729	63,496
Other current assets	13	47,556	28,981
Financial assets at fair value through profit or loss	9	185	185
Cash and cash equivalents	14	69,795	37,429
		<u>193,950</u>	<u>149,117</u>
Total assets		<u>557,826</u>	<u>509,686</u>
<u>Equity and liabilities</u>			
Equity			
Paid-in share capital	15	131,625	131,625
Statutory reserve	16	32,906	32,906
Special reserve	16	7,950	7,950
Foreign currency translation reserve		145	(8)
Fair value reserve	9	(3,972)	(7,131)
Retained earnings		62,399	49,875
Equity attributable to equity holders of the parent		<u>231,053</u>	<u>215,217</u>
Non-controlling interests		537	317
Net Equity		<u>231,590</u>	<u>215,534</u>
Non-current liabilities			
Non-current interest-bearing loans	18	34,854	19,820
Other non-current liabilities	19	62,009	46,139
		<u>96,863</u>	<u>65,959</u>
Current liabilities			
Accounts payable	20	40,315	36,709
Credit facilities and current portion of interest-bearing loans	21	65,158	67,078
Provision for income tax	22	14,869	13,382
Other current liabilities	23	109,031	111,024
		<u>229,373</u>	<u>228,193</u>
Total liabilities		<u>326,236</u>	<u>294,152</u>
Total equity and liabilities		<u>557,826</u>	<u>509,686</u>

The attached notes from 1 to 37 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.

Consolidated Income Statement

For the year ended December 31, 2025

		2025	2024
	Notes	JD '000s	JD '000s
Revenues from contracts with customers	24	285,584	241,129
Direct cost of sales	25	(42,982)	(34,624)
		<u>242,602</u>	<u>206,505</u>
Operating and administrative expenses	26	(176,328)	(163,985)
Group's share of associate results	8	320	790
Finance costs	28	(7,348)	(6,870)
Other revenues, net	27	4,600	12,752
Profit before income tax		<u>63,846</u>	<u>49,192</u>
Income tax expense	22	(11,614)	(7,256)
Profit for the year		<u><u>52,232</u></u>	<u><u>41,936</u></u>
Attributable to:			
Equity holders of the parent		52,012	41,789
Non-controlling interests		220	147
		<u><u>52,232</u></u>	<u><u>41,936</u></u>
Basic and diluted earnings per share:			
Basic and diluted profit for the year attributable to equity holders of the parent (JD)	29	<u><u>0.395</u></u>	<u><u>0.317</u></u>

The attached notes from 1 to 37 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2025

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Profit for the year	52,232	41,936
Other comprehensive income items:		
Items to be reclassified to the consolidated income statement in subsequent years:		
Foreign currency translation differences	153	(110)
Items not to be reclassified to the consolidated income statement in subsequent years:		
Net gains (losses) of financial assets at fair value through comprehensive income	<u>3,159</u>	<u>(2,145)</u>
Net other comprehensive income items	<u>3,312</u>	<u>(2,255)</u>
Net comprehensive income for the year	<u><u>55,544</u></u>	<u><u>39,681</u></u>
Attributable to:		
Equity holders of the parent	55,324	39,534
Non-controlling interests	<u>220</u>	<u>147</u>
	<u><u>55,544</u></u>	<u><u>39,681</u></u>

The attached notes from 1 to 37 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Changes in Equity
For the year ended December 31, 2025

	Equity attributable to equity holders of the parent								
	Paid-in share Capital	Statutory reserve	Special reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non- controlling interests	Net equity
	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s	JD '000s
Balance at January 1, 2025	131,625	32,906	7,950	(8)	(7,131)	49,875	215,217	317	215,534
Profit for the year	-	-	-	-	-	52,012	52,012	220	52,232
Other comprehensive income items	-	-	-	153	3,159	-	3,312	-	3,312
Net comprehensive income for the year	-	-	-	153	3,159	52,012	55,324	220	55,544
Cash dividends (Note 17)	-	-	-	-	-	(39,488)	(39,488)	-	(39,488)
Balance at December 31, 2025	131,625	32,906	7,950	145	(3,972)	62,399	231,053	537	231,590
Balance at January 1, 2024	131,625	32,906	7,950	102	(4,986)	47,574	215,171	170	215,341
Profit for the year	-	-	-	-	-	41,789	41,789	147	41,936
Other comprehensive income items	-	-	-	(110)	(2,145)	-	(2,255)	-	(2,255)
Net comprehensive income for the year	-	-	-	(110)	(2,145)	41,789	39,534	147	39,681
Cash dividends (Note 17)	-	-	-	-	-	(39,488)	(39,488)	-	(39,488)
Balance at December 31, 2024	131,625	32,906	7,950	(8)	(7,131)	49,875	215,217	317	215,534

The attached notes from 1 to 37 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.

Consolidated Statement of Cash Flows
For the year ended December 31, 2025

	Notes	2025 JD '000s	2024 JD '000s
Operating activities			
Profit before income tax		63,846	49,192
Adjustments for:			
Depreciation and amortization		54,065	51,771
Recovery of expected credit losses provision		(2,544)	(4,749)
Impairment losses on property, plant and equipment and materials		5,920	1,943
Impairment of financial assets		2,127	-
Groups share of associate results		(320)	(790)
Interest revenues		(654)	(519)
Gains from sale of property, plant and equipment and right of use assets		(329)	(2,385)
Provision for employees' indemnity and early retirement		11,118	17,727
Finance costs		7,348	6,870
Other non-cash items		21,850	(1,960)
		<u>162,427</u>	<u>117,100</u>
Changes in Working capital:			
Accounts receivable		(11,024)	(7,442)
Inventories		(680)	316
Other current assets		(18,188)	(1,247)
Accounts payable		3,606	12,078
Other current liabilities		(2,765)	469
Income tax paid		(9,118)	(8,023)
Employees' indemnity and early retirement paid		(5,968)	(10,255)
Net cash flows from operating activities		<u>118,290</u>	<u>102,996</u>
Investing activities			
Purchase of financial securities		-	(1,105)
Collections of granted loans		12,921	8,792
Investment in associate		(806)	(2,912)
Interest revenue received		654	519
Purchase of intangible assets		(4,750)	(1,421)
Disposal of property, plant and equipment and right of use		1,765	2,539
Net increase in projects in progress, property, plant and equipment and materials		(55,658)	(52,388)
Net cash flows used in investing activities		<u>(45,874)</u>	<u>(45,976)</u>
Financing activities			
Cash dividends paid		(39,173)	(41,048)
Proceeds from interest-bearing loans		10,635	14,511
Repayments of interest-bearing loans		(10,393)	(20,932)
Credit facilities		8,264	(8,045)
Lease payments		(2,242)	(1,634)
Finance costs paid		(7,141)	(6,663)
Net cash flows used in financing activities		<u>(40,050)</u>	<u>(63,811)</u>
Increase (decrease) in cash and cash equivalents		32,366	(6,791)
Cash and cash equivalents, beginning of the year		37,429	44,220
Cash and cash equivalents, end of the year	14	<u>69,795</u>	<u>37,429</u>

For the purposes of preparing the consolidated cash flow statement for the year ended December 31, 2025 and December 31, 2024, amounts related to changes in accounts receivable and accounts payable have been excluded, as these amounts represent non-cash transactions.

The attached notes from 1 to 37 form part of these consolidated financial statements

Palestine Telecommunications Company P.L.C.

Notes to the Consolidated Financial Statements
December 31, 2025

1. Corporate information

Palestine Telecommunications Company P.L.C. (PALTEL) is a limited liability public shareholding company registered and incorporated in Nablus - Palestine on August 2, 1995. PALTEL commenced its operations on January 1, 1997. PALTEL operates under the Telecommunication Law No. (3) of 1996 decreed by the Palestinian National Authority (PNA), and the license granted by the Ministry of Telecommunication and Information Technology (MTIT).

PALTEL is mainly engaged in providing, managing, and selling Telecommunications services in the Palestinian territories.

The consolidated financial statements of Palestine Telecommunications Company P.L.C. for the year ended December 31, 2025, were authorized for issuance by the Board of Directors on March 25, 2026.

2. Consolidated Financial Statements

The consolidated financial statements comprise the financial statements of PALTEL and its subsidiaries (the Group) as of December 31, 2025.

PALTEL's direct and indirect ownership in its subsidiaries' capital was as follows:

	Nature of activities	Ownership		Share Capital (JD)	
		2025	2024	2025	
				Subscribed	Paid
Palestine Cellular Communications (Jawwal)	Telecommunications	100	100	25,000,000	25,000,000
Hadara for Technological Investment	Telecommunications	100	100	7,100,000	6,833,750
Palmedia for Multimedia Services	Telecommunications	100	100	1,000,000	1,000,000
Hulul for Information Technology	Telecommunications	100	100	12,500,000	12,500,000
Reach Communication Services	Telecommunications	100	100	1,000,000	1,000,000
Ayla for Consultancy and Investment Services	Telecommunications	100	100	1,000,000	1,000,000
Palvest S.P.C.	Investments	100	100	94,285	94,285
Others	Others	50	50	2,864,938	2,864,938

The Group operates in the Palestinian National Authority territories, except for Ayla company which operates in Jordan and Palvest S.P.C. company which operates in Bahrain.

The financial period of the subsidiaries is the same as the financial period of the group, and when necessary, the group makes adjustments so that the policies adopted in the subsidiaries are in line with the accounting policies of the group.

3. Material accounting policy information

Basis of preparation

The consolidated financial statements of PALTEL and all its subsidiaries have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss and currency forward contracts that have been measured at fair value at the date of the consolidated financial statements. The consolidated financial statements are presented in Jordanian Dinars, and all amounts except when otherwise indicated, are rounded to the nearest thousand (JD'000s).

Basis of consolidation

The consolidated financial statements comprise of the financial statements of PALTEL and its subsidiaries as of December 31, 2025. Control is achieved when the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control (mentioned above). Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Profit or loss and each item of other comprehensive income are attributed to the equity holders of the parent of the company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, revenues, expenses, profits, losses and cash dividends relating to transactions between members of the group are eliminated in full on consolidation.

If the group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities and carrying value of non-controlling interest while any resultant gain or loss is recognized in consolidated income statement. Any investment retained is recognized at fair value.

Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new amendments on the standards effective as of 1 January 2025 shown below:

Lack of exchangeability – Amendments to IAS 21

For accounting periods beginning on or after 1 January 2025, amendments to IFRS 21 “The Effects of Changes in Foreign Exchange Rates” were issued to specify how a Group should assess whether a currency is exchangeable and how to determine the spot exchange rate when exchangeability is lacking. The amendments also require disclosures that enable users of the consolidated financial statements to understand how the lack of convertibility of a currency into another affects, or is expected to affect, the Group’s consolidated financial performance, financial position, and cash flows.

The amendments had no material impact on the Group’s consolidated financial statements.

Standards Issued but not yet effective:

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to the Classification and Measurement of Financial Instruments–Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the ‘settlement date’ and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute ‘non-recourse features’ and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income.

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only.

The Group is in process to identify all the effects of the amendments on the consolidated financial statements and their related disclosures.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

This standard will result in new presentation of the income statement with some new required totals, in addition to the disclosure of management-defined performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21. The amendments require translation from a nonhyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

If an entity's functional currency is the currency of a nonhyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

The amendments also introduce certain additional disclosure requirements.

The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures in the consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Other disclosures, which clarify the group's risk exposures, include the following:

- Risk management objectives and policies (Note 34)
- Capital management (Note 34)

The key areas involving a higher degree of judgment or complexity done by the Group are described below:

Fair value of financial instruments

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Foreign currency contracts

Foreign currency forward contracts are recognized in the consolidated statement of financial position at fair value.

Impairment of inventories

The Group's subsidiaries estimate the net realizable value of their inventories at the date of the consolidated financial statements based on their past experience, and adjust the carrying amounts, if needed.

Impairment of Non-Financial Assets

Impairment occurs when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined based on available information from binding sale transactions or observable market prices less the costs of disposal for similar assets. The value in use is calculated using discounted cash flows.

The Israeli war on the Gaza Strip resulted in the complete or partial destruction of some properties, plant, and equipment in the Gaza Strip. Group management made several estimates and judgments based on available information and current events, including technical reports related to the operation of towers and networks, which are monitored and extracted from the group's control systems to determine the amounts of impaired assets.

Provision for expected credit losses on financial assets (Impairment of financial assets)

Financial assets are assessed for impairment on the basis described in the "Impairment of financial assets" section. When determining the impairment of financial assets, management uses certain estimates to determine the amounts and timing of future cash flows and also assesses whether the credit risk on the financial asset has increased substantially since initial recognition and includes future information in the measurement of expected credit losses.

Provision for employees' benefits

Group management uses certain estimates to determine the amount of employee benefits. Management believes that these estimates and assumptions are reasonable.

Impairment of goodwill

The determination of whether goodwill is impaired requires an estimation of the "value in use" of the cash-generating units to which the goodwill is allocated. Such estimation requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of tangible and intangible assets

The Group's management reassesses the useful lives of tangible and intangible assets, and makes adjustments if applicable, at each financial year end.

Provision for income tax

The Group's management uses certain estimates in determining the provision for income tax. The Group's management believes that the estimates and assumptions used are reasonable.

Litigations provision

The Group's subsidiaries use certain estimates in determining the provision for legal cases based on the opinion of their legal advisors.

Determining the lease term for contracts with renewal and termination option

The Group define the lease term as the irrevocable lease period, along with any periods covered by an option to extend the lease if it is reasonably certain that it will be practiced, or any periods covered by the option to terminate the lease, if it is reasonably certain not to exercise it.

The functional currency of the Group and its subsidiaries

The consolidated financial statements of the Group are presented in JOD, which is also the functional currency of the Group. Although the currencies mostly used in the country in which the Group are the JOD, ILS and USD, the Group's functional currency is determined as JOD. JOD is used to a significant extent and has a significant impact on the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group; including the policy used to retain cash receipts from operating activities in foreign currencies. Accordingly, transactions and balances not already measured in JOD have been remeasured in JOD in accordance with the relevant provisions of IAS 21 the effects of changes in foreign exchange rates.

Going concern assumption

Despite the events and circumstances described in Note (37), these consolidated financial statements have been prepared on a going concern basis. All available measures have been taken to maintain the continuity of the group and continue its operations in the current business environment and economic conditions. The group expects to maintain positive cash flows from its operating activities in Palestinian areas not directly affected by these events, especially in the West Bank region.

The group has conducted a comprehensive assessment of the implications of the Israeli war on Gaza and its impact on the Group's ability to continue as a going concern. The group manages liquidity risks as explained in Notes (34 and 37), by maintaining a balance between cash flow continuity and flexibility through obtaining loans and credit facilities and expediting the collection of receivables. Additionally, the Group's management regularly monitors liquidity to ensure there are sufficient levels of liquidity to meet expected group needs and continue its operations, especially to address the expected costs of capital expenditures necessary to fully restore service to the Gaza Strip.

Management continues to monitor this event and study its impact on the group's financial position. Management believes that there are no significant doubts about the group's ability to continue as a going concern.

Judgments related to revenues from contracts with customers:

Revenues and costs of interconnection

Group management uses certain estimates to determine the amounts of revenues, interconnection costs, receivables and related payables.

Determining the performance obligations and allocating transaction price on these obligations

The Group studies the contracts with customers to determine the performance obligation mentioned or implied in the contracts. Sometimes the contract includes several performance obligations. Group management uses specific judgments to determine performance obligations and to allocate transaction prices on these obligations, such as the determining of stand-alone selling price.

Significant Accounting Policies

Revenue recognition from contracts with customers

A. Rendering of services:

Revenue from services is recognized over time based on the number of units used, as the customer receives and uses the features and services provided by the Group simultaneously. Revenue from the sale of equipment is recognized at a specific point in time when the equipment is delivered.

B. Sale of devices:

The campaigns and services offered by the group usually include the sale of devices. The Group has concluded that revenue from the sale of the devices must be recognized at a certain point in time at which the control of the asset is transferred to the customer, when the devices are delivered.

In some cases, the Group sells devices at a reduced price without affecting the prices of other services. In such cases, the discount is directly charged to the price of the device without being allocated to other services.

When the Group sells on installments any of the devices, and the period of payment of the amounts accrued on the customer for more than one year, The Group does not adjust the fair value differences at the agreed selling price as the Group believes that there is no significant financing components in its current contracts.

C. Prepayments from the clients:

In general, the Group collects short-term payments from its customers such as prepaid cards.

Regarding short-term payments, the Group does not adjust the agreed selling price as a result of the financing of any part of the contract if the Group believes that the period between the payment of the receivable and the delivery of agreed upon goods or services to the customer will not exceed a year from the date of the contract. If the period between the payment of the receivable by the customer and the delivery of the goods or services agreed upon is more than one year, the Group adjusts the timing differences of the fair value at the agreed selling price.

Other revenues

Interest revenues

Interest revenues are recognized using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of financial asset.

Dividends revenues

Dividend revenues are recognized when the right to receive the dividend is established. Profits or losses from investment trading in financial assets are recognized upon completion of the trading process.

Deferred Revenues

The group recognize the advanced payments granted from the sale of its services as a deferred revenues. Revenues will be recognized in the consolidated income statement when the revenues are accrued.

Expenses recognition

Expenses are recognized when incurred based on the accrual basis of accounting.

Finance costs

Finance costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other finance costs are expensed in the period they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income tax

The Group provides for income taxes in accordance with the Palestinian Income Tax Law (or in accordance with the applicable tax regulations where the entity operates and generates taxable income) and IAS 12 which requires recognizing the temporary differences, at the date of financial statements between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, as deferred taxes. The group did not record some of the deferred taxes due to the uncertainty regarding the possibility of benefiting from these benefits during a specific period of time.

Income tax expense represents the accrued income tax which is calculated based on the Group's taxable income. Taxable income may differ from accounting income as the later includes non-taxable income or non-deductible expenses. Such income/ expenses might be taxable/deductible in the following years.

Current versus non-current assets and liabilities classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures most of its financial instruments and discloses some of its nonfinancial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments and non-financial assets measured at cost are disclosed in the notes to the financial statements which include:

- Disclosures for valuation methods, significant estimates and assumptions (Note 3).
- Quantitative disclosures of fair value measurement hierarchy (Note 35).
- Financial assets (Note 10 and 13).
- Financial liabilities (Note 23).

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

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

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

A fair value measurement of a non-financial asset takes into account the market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to other market participants that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

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

There have been no transfers among the levels mentioned above during 2025 and 2024.

External valuers are involved for valuation of significant assets, such as investment properties. The Group decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Cash dividends paid

The Group recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized by General Assembly. A corresponding amount is recognized directly in equity.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated income statement as incurred. Land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives (Years)
	<u> </u>
Buildings and leasehold improvements	8-20
Wireline network	4-15
Wireless network	10
Computer hardware and software	3-10
Office furniture and equipment	4-7
Motor vehicles	4-7
Heavy duty equipment	7
Right of use leases	2-10
Other equipment	4-10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition-date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. The difference between the fair value and the book value is recorded on the consolidated Income statement.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in Income statement.

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

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of the intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment on annual basis. Such intangibles are not amortized. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement.

License and lines costs

License and lines costs are amortized using the straight-line method over the license period of 20 years. Amortization expense is recognized in the consolidated income statement.

Rights of use of fiber cables

Rights of use are amortized using the straight-line method over a period of 7-15 years.

Other intangible assets

Other intangible assets are amortized using the straight-line method over a period of 7-15 years.

Projects in progress

Projects in progress comprise costs incurred to construct and expand the wireline and wireless networks and other projects as of the financial statements date. These costs include costs of direct labor, direct materials, equipment, and contractors' costs. After completion, projects in progress are transferred to property, plant and equipment or intangible assets.

The carrying values of projects in progress are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the projects are written down to their recoverable amount.

Materials and inventories

Materials are stated at cost while inventories are stated at the lower of cost and net realizable value using the weighted average method. Costs are those amounts incurred in bringing each product to its present location and condition.

The carrying values of materials are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the materials are written down to their recoverable amount.

Investment in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

When the Group acquires significant interest through steps acquisition, the Group's share is recorded at fair value as of the date the significant influence was acquired in the associate; with any resulting gain or loss recorded in the consolidated income statement.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated income statement and the statement of comprehensive income reflect the share of the results of the associate. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, impairment is measured as the difference between the recoverable amount of the associate and its carrying value, and is recognized in the consolidated income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated income statement.

Investments in financial assets

A- Initial recognition of financial assets:

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e. the date that Paltel commits to purchase or sell the asset. All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

B- Classification of financial assets

Financial assets at amortized cost

Debt instruments are measured at amortized cost if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL– see below). They are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized on an effective yield basis.

The effective interest rate is the interest rate used to discount the future cash flows over the debt instrument life (or a shorter period in certain cases), in order to match its carrying value at the date of initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial assets at FVTPL

Debt instrument financial assets that do not meet the amortized cost criteria or that meet the criteria, but Group has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL. The Group has not designated a debt instrument financial asset as at FVTPL.

Investments in equity instruments are classified as at FVTPL, unless The Group designates an investment that is not held for trading as at fair value through other comprehensive income items (FVTOCI) at initial recognition.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognized in the consolidated income statement.

Dividends income on investments in equity instruments at FVTPL is recognized in the consolidated income statement when Group's right to receive the dividends is established.

Financial assets at FVTOCI

At initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Equity instruments at FVTOCI are initially measured at fair value plus acquisition costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to the consolidated income statement, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in the consolidated income statement when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group can classify debt instruments as financial assets at FVTOCI if both of the following conditions are met:

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

C- De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Group has transferred substantially all the risks and rewards of the asset to third party. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to record its remaining interest in the asset and records the liability in the amount of the amounts expected to be paid. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to record them and also records the debt security of the amounts received.

D- Impairment of financial assets

Impairment allowances for expected credit losses (ECL) are recognized for financial instruments that are not measured at FVTPL. No impairment loss is recognized on equity investments.

An ECL provision is made at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- Debt investment securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- Other financial instruments for which the credit risk has not increased significantly since their initial recognition.

The Group has applied the simplified method of the standard to record expected credit losses (ECL) on account receivables and calculated the expected credit losses over the entire life of the receivables. To measure the ECL, account receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

- Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination. The Group recognizes an allowance based on the 12-month ECL.
- Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition, but they are not credit-impaired. The Group recognizes an allowance for the lifetime ECL.
- Stage 3: for credit-impaired financial instruments. The Group recognizes the lifetime ECL.

12-month ECL (stage 1) is the portion of ECL that results from probable default events on a financial instrument within 12 months after the reporting date.

Lifetime ECL (stage 2) is a probability-weighted estimate of credit losses and is determined based on the difference between the present value of all cash shortfalls. The cash shortfall is the difference between all contractual cash flows that are due to Group and the present value of the recoverable amount, for financial assets that are not credit-impaired at the reporting date.

For (stage 3) financial instruments, the provisions for credit-impairment are determined based on the difference between the net carrying amount and the recoverable amount of the financial asset. The recoverable amount is measured as the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted based on the interest rate at the inception of the credit facility or, for debt instruments, at the current market rate of interest for a similar financial asset.

Provisions for credit-impairment are recognized in the consolidated income statement and are reflected in an allowance account against loans and receivables and investment securities.

Financial assets are written off after all restructuring and collection activities have taken place and there is no realistic prospect of recovery. Subsequent recoveries are included in other revenues.

Financial assets that are measured at amortized cost are tested as to whether they are credit impaired. Objective evidence that a financial asset is credit-impaired may include a breach of contract, such as default or delinquency in interest or principal payments, the granting of a concession that, for economic or legal reasons relating to the borrower's financial difficulties.

Financial assets which have been re-scheduled or modified are no longer considered to be past due and are replaced on performing status when all principal and interest payments are up to date and future payments are reasonably assured. Financial assets that have been re-scheduled, are subject to on-going review to determine whether they remain impaired or can be considered due. All re-scheduled or modified facilities are classified as stage 2 or stage 3 for a minimum period of 12 months from the date of re-scheduling.

Accounts receivable

Accounts receivables are stated at original invoice amount less a provision for impaired debt. Where financial assets are assessed for impairment on the basis shown in paragraph "Impairment of financial assets". When determining the impairment on financial assets. The group uses specific estimates to determine the amounts and timing of future cash flows and also assesses whether there is a significant increase in credit risk of the financial asset since initial recognition and includes the use of future information in the measurement of expected credit losses.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Loans and borrowings

At initial recognition, loans and borrowings are recognized at fair value net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the liabilities are derecognized by the lender.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated income statement finance cost in the consolidated income statement.

Leases

The group evaluates contracts when they are initiated to determine if the contract is a lease or contains a lease agreement. That is, if the contract conveys the right to control the use of the specified asset for a period of time in exchange for the amounts paid.

The group applies a standardized approach for recognition and measurement in respect of all leases, except for short-term leases and leases for low-value assets. The Group recognizes lease liabilities for lease payments and right-of-use assets that represent the right to use the leased assets.

Right of use assets

The group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the group and payments of penalties for terminating a lease, if the lease term reflects the group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

Significant judgement in determining the lease term of contracts with renewal options

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The group has the option, under some of its leases to lease the assets for additional terms. The group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

That is, the group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The group included the renewal period as part of the lease term for some leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on production if a replacement is not readily available.

Provision for end of service indemnity

Allocating employees' end of service indemnity is made in accordance with the applicable labor law in Palestine and the Group's personnel affairs system. The Group prepares an actuarial study to ensure the consistency of the provisions made with the requirements of IAS (19).

Operating segments

The operating segments represent a set of assets and processes that jointly provide products or services subject to risks and returns different from those related to other operating segments that are measured according to reports used by the Group's Chief Executive Officer and main decision maker.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Foreign currencies

The Group consolidated financial statements are presented in JD, which is also the parent company's functional currency. The Group's subsidiaries determine their own functional currency. Items included in the financial statements of each entity are measured using subsidiaries' functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group's subsidiaries at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated income statement with the exception for financial assets designated as at FVTOCI where any foreign exchange differences are recognized in the consolidated statements of other comprehensive income.

The group subsidiaries

The assets and liabilities of the group subsidiaries with functional currency other than JD are translated into JD at the rate of exchange prevailing at the reporting date and their income statements at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statements of other comprehensive income.

4. Property, plant and equipment

	Lands JD'000s	Buildings and leasehold improvements JD'000s	Wireline network JD'000s	Wireless network JD'000s	Computer hardware and software JD'000s	Office furniture and equipment JD'000s	Motor vehicles JD'000s	Heavy duty machines and equipment JD'000s	Buildings right of use JD'000s	Cars right of use JD'000s	Other equipment JD'000s	Total JD'000s
Cost												
Balance as at January 1, 2025	15,368	43,559	320,429	204,774	146,827	28,369	734	4,782	8,891	1,756	4,197	779,686
Additions	580	2,296	9,222	15,727	4,605	1,347	-	1,603	-	629	377	36,386
Disposals	-	(213)	(1,496)	(17,886)	(577)	(1,139)	(121)	(65)	-	(525)	(62)	(22,084)
Reclassifications	-	(406)	-	-	-	(2,048)	-	3,386	-	-	(932)	-
Transfer from projects in progress (Note 6)	-	-	16,726	-	-	-	-	-	-	-	-	16,726
Balance as at December 31, 2025	15,948	45,236	344,881	202,615	150,855	26,529	613	9,706	8,891	1,860	3,580	810,714
Accumulated depreciation and impairment												
Balance as at January 1, 2025	-	32,806	215,797	176,984	135,192	25,665	548	3,380	6,392	1,476	1,594	599,834
Depreciation for the year	-	1,754	22,566	11,727	4,158	1,266	58	708	1,017	409	201	43,864
Impairment *	-	-	1,060	1,100	-	-	-	-	-	-	-	2,160
Disposals	-	(213)	(1,113)	(17,314)	(146)	(1,139)	(120)	(65)	-	(504)	(34)	(20,648)
Reclassifications	-	-	-	-	-	(2,106)	-	3,038	-	-	(932)	-
Balance as at December 31, 2025	-	34,347	238,310	172,497	139,204	23,686	486	7,061	7,409	1,381	829	625,210
Net carrying value as at December 31, 2025	15,948	10,889	106,571	30,118	11,651	2,843	127	2,645	1,482	479	2,751	185,504

* As explained in notes (3 and 37), the Israeli war on the Gaza Strip resulted in the complete or partial destruction of some properties, plant, and equipment in the Gaza Strip, which led to recording an impairment loss in the wireline communication network in the amount of JD 1,060,000 in the consolidated income statement (note 27) for the year 2025, which represents the net book value of the damaged assets as of December 31, 2025. The Group also recognized additional impairment losses on the wireless communications network item in the amount of JD 1,100,000 in the consolidated income statement (Note 27). Regarding other asset items such as the constructions, leasehold improvements, and office furniture and equipment, there were no impairment losses resulting from the damages incurred, as these assets are fully depreciated.

	Lands JD'000s	Buildings and leasehold improvements JD'000s	Wireline network JD'000s	Wireless network JD'000s	Computer hardware and software JD'000s	Office furniture and equipment JD'000s	Motor vehicles JD'000s	Heavy duty machines and equipment JD'000s	Buildings right of use JD'000s	Cars right of use JD'000s	Other equipment JD'000s	Total JD'000s
Cost												
Balance as at January 1, 2024	15,368	42,147	283,361	198,957	144,357	28,158	1,087	4,054	8,054	1,445	4,239	731,227
Additions	-	1,479	6,486	6,779	6,656	956	-	805	931	487	2	24,581
Disposals	-	(75)	(130)	(962)	(4,089)	(737)	(353)	(77)	(94)	(176)	(44)	(6,737)
Reclassifications Transfer from projects in progress (Note 6)	-	8	97	-	(97)	(8)	-	-	-	-	-	-
Balance as at December 31, 2024	15,368	43,559	320,429	204,774	146,827	28,369	734	4,782	8,891	1,756	4,197	779,686
Accumulated depreciation and impairment												
Balance as at January 1, 2024	-	31,289	196,903	167,478	133,917	25,335	843	2,931	5,269	988	1,364	566,317
Depreciation for the year	-	1,584	18,453	10,449	5,193	1,314	58	582	1,166	621	230	39,650
Impairment *	-	-	450	-	-	-	-	-	-	-	-	450
Disposals	-	(75)	(7)	(943)	(3,917)	(979)	(353)	(133)	(43)	(133)	-	(6,583)
Reclassifications	-	8	(2)	-	(1)	(5)	-	-	-	-	-	-
Balance as at December 31, 2024	-	32,806	215,797	176,984	135,192	25,665	548	3,380	6,392	1,476	1,594	599,834
Net carrying value as at December 31, 2024	15,368	10,753	104,632	27,790	11,635	2,704	186	1,402	2,499	280	2,603	179,852

* As explained in notes (3 and 37), the Israeli war on the Gaza Strip resulted in the complete or partial destruction of some properties, plant, and equipment in the Gaza Strip, which led to recording an impairment loss in the wireline communication network in the amount of JD 450,000 in the consolidated income statement (note 27) for the year 2024, which represents the net book value of the damaged assets as of December 31, 2024. Regarding other asset items such as the wireless communication network, constructions, leasehold improvements, and office furniture and equipment, there were no significant impairment losses resulting from the damages incurred, as most of these assets are fully depreciated.

5. Intangible assets

	Goodwill*	License cost**	Rights of use of fiber cables and other intangible assets	Total
	JD'000s	JD'000s	JD'000s	JD'000s
Cost				
Balance as at January 1, 2025	17,259	205,610	40,336	263,205
Additions	-	4,750	-	4,750
Balance as at December 31, 2025	<u>17,259</u>	<u>210,360</u>	<u>40,336</u>	<u>267,955</u>
Amortization				
Balance as at January 1, 2025	-	83,552	29,913	113,465
Amortization for the year	-	8,757	1,444	10,201
Adjustments	-	-	(583)	(583)
Balance as at December 31, 2025	<u>-</u>	<u>92,309</u>	<u>30,774</u>	<u>123,083</u>
Net Book Value				
As at December 31, 2025	<u>17,259</u>	<u>118,051</u>	<u>9,562</u>	<u>144,872</u>
As at December 31, 2024	<u>17,259</u>	<u>122,058</u>	<u>10,423</u>	<u>149,740</u>

* This item represents the goodwill arising from the acquisition of the Palestinian cellular communications company (Jawwal), which is the difference between the purchase price and the Group's share of the net fair value of net assets at the acquisition date.

** During the year, the Group signed an addendum to the license agreement of the Palestinian Cellular Communications Company (Jawwal) with the Palestinian Telecommunications Regulatory Authority (the Authority) and the Palestinian Ministry of Telecommunications and Information Technology (the Ministry). Under this addendum, the validity of Jawwal's current license was extended for an additional five years, until 15 November 2041. The addendum also approved the use of the frequency spectrum license for fourth generation (4G) services, for a term of fifteen years starting from the date of the trial operation of 4G services within the licensed area. The total value of the license renewal and the utilization of 4G frequencies amounted to USD 48.9 million (equivalent to JD 34.7 million). In accordance with the agreement, the Group paid USD 30 million (equivalent to JD 21.3 million), of which USD 23.3 million (equivalent to JD 16.5 million) represents an advance payment for the allocation of 4G service frequencies disclosed under 'Other Current Assets' (Note 13). The remaining amounts will be paid in several installments in accordance with the terms and conditions of the above-mentioned addendum and attachment.

Impairment testing of goodwill

The recoverable amount of the wireless segment has been determined based on the "value in use" using the cash flow projections from budgets approved by senior management covering a five-year period. The discount rate before tax applied to cash flow projections is 20.8% (16.2% in 2024). Cash flows beyond the 5-year period are extrapolated using a 3% growth rate (3% in 2024).

Key assumptions used in value in use calculations:

The calculations of value in use for the wireless segment are most sensitive to the following:

- Discount rate
- Growth rate used to extrapolate cash flows beyond the forecasted period.

Discount rate: Discount rate represents the current market assessment of the risks specific to wireless segment, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its wireless segment and is derived from its weighted average cost of capital (WACC). The WACC takes into account both the cost of equity and the cost of debt. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rate estimates: Rates are based on the value of the business segment's operations after the explicit budget period. In determining appropriate growth rates, regard has been given to the competitive forces that are expected to prevail after the explicit budget period.

With regard to the assessment of the "value in use" of the wireless business segment, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the segment to materially exceed its value in use.

6. Projects in progress

This item represents the costs incurred by the Group for the establishment and expansion of wireline and wireless communication networks and other projects. Once a project is completed, it's transferred to the property, plant and equipment or intangible assets account.

Below are the details of this item as of December 31, 2025, and December 31, 2024:

	<u>2025</u>	<u>2024</u>
	JD'000s	JD'000s
Data transmission projects	697	649
Administration and information technology systems	637	353
Telecommunications network	614	364
	<u>1,948</u>	<u>1,366</u>

Below is the movement on the projects in progress during 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>
	JD'000s	JD'000s
Balance, beginning of year	1,366	6,516
Additions	17,308	25,465
Transferred to property, plant and equipment (Note 4)	(16,726)	(30,615)
Balance, end of year	<u>1,948</u>	<u>1,366</u>

7. Materials

	<u>2025</u>	<u>2024</u>
	<u>JD'000s</u>	<u>JD'000s</u>
Wireline network materials	16,720	18,616
Electricity and air conditioning materials	729	329
Kits and tools	338	512
Disposables and other materials	54	180
	<u>17,841</u>	<u>19,637</u>
Short-term materials	<u>(16,095)</u>	<u>(18,116)</u>
	<u><u>1,746</u></u>	<u><u>1,521</u></u>

During the year, the group recorded impairment losses amounting to JD 3,760,000 and JD 1,493,000 on the wireline services network materials item during 2025 and 2024 respectively (Notes 27 and 37).

8. Investment in associate

	<u>Country of incorporation</u>	<u>% of ownership</u>		<u>Carrying amount of the investment</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
				<u>JD'000s</u>	<u>JD'000s</u>
VTel Holding and VTel MEA limited private shareholding Co. *	United Arab Emirates	32,1	30,9	<u>12,388</u>	<u>12,238</u>
				<u><u>12,388</u></u>	<u><u>12,238</u></u>

* VTel Holding Company is a holding company established during 2006 in the United Arab Emirates. VTel Holding is specialized in managing several companies in the telecommunications industry.

VTel MEA Company is a holding company established during 2011 in the United Arab Emirates. VTel MEA is specialized in managing several companies in the telecommunications industry.

The Group elected to combine information for VTel Holding and VTel MEA companies as they are managed on an aggregated level.

During the year, the group acquired additional shares in both VTel MEA and VTel Holding for an amount of JD 806,000, increasing its ownership in both companies from 30.9% to 32.1%.

Here is a summary of the movement that occurred in the investment balance in associate company during the years 2025 and 2024:

	<u>2025</u>	<u>2024</u>
	<u>JD'000s</u>	<u>JD'000s</u>
Balance, beginning of year	12,238	8,536
Additions during the year	806	2,912
Group's share of associate results	320	790
Dividends distributed	(976)	-
Balance, end of year	<u><u>12,388</u></u>	<u><u>12,238</u></u>

The following table illustrates summarized financial information of the Group's investments in its associate as of December 31, 2025 and December 31, 2024:

	VTel Holding & VTel MEA (combined)	
	2025	2024
	JD'000s	JD'000s
<u>Statement of financial position</u>		
Assets	168,047	168,759
Liabilities	(129,455)	(129,154)
Shareholder's equity attributable to the shareholder of the associate	38,592	39,605
Group's ownership	12,388	12,238
Carrying value of investment	<u>12,388</u>	<u>12,238</u>
<u>Revenues and results of operations</u>		
Revenues	<u>3,221</u>	<u>2,993</u>
Results of operations	<u>997</u>	<u>3,041</u>
Group's share of results of operations	<u>320</u>	<u>790</u>

9. Investments in financial securities

A. The financial assets at fair value through comprehensive income:

The financial assets at fair value through comprehensive income consist of shares listed on the Palestine Exchange.

The movement on the fair value reserve during 2025 and 2024 was as follows:

	2025	2024
	JD'000s	JD'000s
Balance, beginning of the year	(7,131)	(4,986)
Unrealized gains (losses) during the year	3,159	(2,145)
Balance, end of the year	<u>(3,972)</u>	<u>(7,131)</u>

B. Financial assets at FVTPL include the following:

Financial assets at fair value through profit or loss comprises the following:

	2025	2024
	JD'000s	JD'000s
Shares quoted in Palestine Stock Exchange	8	8
Unquoted shares in financial markets	177	177
	<u>185</u>	<u>185</u>

10. Other financial assets

	<u>2025</u>	<u>2024</u>
	JD'000s	JD'000s
Loans to associates	46,767	59,688
Deferred tax assets*	4,646	4,701
Prepayment on taxes and other governmental fees	2,746	3,992
	<u>54,159</u>	<u>68,381</u>
Provision for expected credit loss**	(46,767)	(59,688)
	<u>7,392</u>	<u>8,693</u>
Current portion of prepayment on taxes and other governmental fees (Note 13)	(2,221)	(1,929)
	<u>5,171</u>	<u>6,764</u>

* Movement on deferred tax assets during 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
	JD'000s	JD'000s
Balance, beginning of year	4,701	4,060
(Recoveries) additions during year	(55)	641
Balance, end of year	<u>4,646</u>	<u>4,701</u>

** Movement on the provision for expected credit losses reserve on other financial assets during 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
	JD'000s	JD'000s
Balance, beginning of year	(59,688)	(68,480)
Net recoveries	12,921	8,792
Balance, end of year	<u>(46,767)</u>	<u>(59,688)</u>

11. Inventories

	<u>2025</u>	<u>2024</u>
	JD'000s	JD'000s
SIM cards and prepaid scratch cards	551	407
Cellular phone sets	43	40
Others	996	463
	<u>1,590</u>	<u>910</u>

12. Accounts receivable

	2025	2024
	JD'000s	JD'000s
Retail and corporate subscribers	139,938	110,058
Due from Palestinian National Authority	53,791	60,395
Due from dealers	8,278	6,284
Due from telecommunication companies	6,963	5,417
Checks under collection	4,688	3,887
Accrued revenues	1,147	5,163
Others	3,821	3,502
Total Accounts receivable	218,626	194,706
Expected credit losses*	(159,897)	(131,210)
	<u>58,729</u>	<u>63,496</u>

* Movements on the expected credit losses provision for accounts receivable during the years 2025 and 2024 is as follows:

	2025	2024
	JD'000s	JD'000s
Balance, beginning of year	131,210	128,304
Additions during the year	10,377	4,043
Currency differences	18,310	(1,137)
Balance, end of year	<u>159,897</u>	<u>131,210</u>

Set out below is the information about the credit risk exposure on the Group's accounts receivable and the expected credit losses as of December 31, 2025 and 2024:

	Total	Not past due	Past due				
			<31 days	31-60 days	61-90 days	91-120 days	>120 days
	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s
2025							
Expected credit risk rate	73%	5%	26%	65%	77%	92%	100%
Accounts receivable	218,626	51,055	9,685	5,525	4,584	3,413	144,364
Expected credit loss provision	(159,897)	(2,729)	(2,513)	(3,607)	(3,551)	(3,133)	(144,364)
	Total	Not past due	<31 days	31-60 days	61-90 days	91-120 days	>120 days
	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s	JD'000s
2024							
Expected credit risk rate	%67	%5	%19	%49	%60	%83	%98
Accounts receivable	194,706	51,024	10,978	4,235	3,446	2,720	122,303
Expected credit loss provision	(131,210)	(2,382)	(2,056)	(2,064)	(2,068)	(2,258)	(120,382)

13. Other current assets

	2025	2024
	<u>JD'000s</u>	<u>JD'000s</u>
Advances on license fees (Note 5)	16,520	-
Due from an associate (Note 32) *	11,121	12,053
Advances to suppliers and contractors *	9,921	7,156
Prepaid expenses	4,516	3,293
Current portion of prepayment on taxes and other governmental fees (Note 10)	2,221	1,929
Forward contracts	-	522
Others	3,257	4,028
	<u>47,556</u>	<u>28,981</u>

* The Group recognized impairment losses totaling JOD 2,127,000 on the balances due from associates in the amount of JD 931,708 and on advance payments in the amount of JD 1,195,292 (Notes 27 and 30).

14. Cash and cash equivalents

	2025	2024
	<u>JD'000s</u>	<u>JD'000s</u>
Cash on hand	1,310	531
Cash at banks and short-term deposits	68,485	36,898
	<u>69,795</u>	<u>37,429</u>

15. Paid-in share capital

As of December 31, 2025, and 2024, PALTEL's authorized and issued share capital amounted to JD 131,625,000. Total number of subscribed ordinary shares amounted to 131,625,000 shares for the years ended in December 31, 2025 and 2024.

16. Reserves

- Statutory reserve represents appropriation of profits during prior years in accordance with the Companies' Law. The deduction from profits will continue until the balance of the accumulated statutory reserve reaches the minimum level required by the applicable legislation, at which point the deduction may be suspended.
- Special reserve and Voluntary reserve represent appropriation of profits based on the Board of Directors resolution. This reserve is available for distribution to the shareholders. No appropriation to the special or voluntary reserves was made during the years 2025 and 2024.

17. Cash dividends

The General Assembly approved in its meeting held on May 6, 2025, the declaration of a cash dividend of JD 0.30 per share totaling JD 39,487,500.

The General Assembly approved in its meeting held on April 22, 2024, the declaration of a cash dividend of JD 0.30 per share totaling JD 39,487,500.

18. Non-current interest-bearing loans

	<u>2025</u>	<u>2024</u>
	<u>JD '000s</u>	<u>JD '000s</u>
Non-current loans from regional and local banks	52,165	47,315
Current portion of long-term loans (Note 21)	<u>(17,311)</u>	<u>(27,495)</u>
	<u>34,854</u>	<u>19,820</u>

- During the year the Group repaid an amount of JD 10,393,000 from long-term loans, which obtained in previous years.
- During 2024, the Group entered into a long-term loan agreement with a regional bank for an amount of USD 25 million (equivalent to JD 17.7 million). As of December 31, 2025, the utilized portion of the loan amounted to USD 30 million (equivalent to JD 21.2 million), compared to USD 15 million (equivalent to JD 10.6 million) as of December 31, 2024. The loan is to be repaid in 12 quarterly equal installments, with the first installment due three months after the full loan withdrawal date, or the expiry of the withdrawal period, whichever is earlier.
- During the period, the Group signed a long-term loan agreement with a local bank in the amount of ILS 20 Million (equivalent to JD 4.5 million). The loan is to be repaid in a single installment on January, 2026.
- These loans were obtained with the guarantee of the legal guarantee of PALTEL.

Below is the table of loans payments schedule:

	<u>2025</u>
	<u>JD '000s</u>
Matures in 2026	17,311
Matures in 2027	31,309
Matures in 2028	<u>3,545</u>
	<u>52,165</u>

19. Other non-current liabilities

	<u>2025</u>	<u>2024</u>
	<u>JD '000s</u>	<u>JD '000s</u>
Provision for employees' indemnity and early retirement provision*	49,575	44,425
Due to Arkaan Real Estate Company (Note 23) **	11,680	-
Long term lease liability***	754	1,714
	<u>62,009</u>	<u>46,139</u>

* Movement on provision for employees' indemnity and the early retirement during the year 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Balance, beginning of year	44,425	36,953
Additions during the year	11,118	17,727
Payments during the year	(5,968)	(10,255)
Balance, end of year	<u>49,575</u>	<u>44,425</u>

Provision of employees' indemnity is recorded in accordance with the Palestinian labor force and the personnel management system of the group.

** During 2023, the Group entered into an agreement to settle the amount due to Arkaan Real Estate Company in an amount of U.S 18.5 million (equivalent to JD 13.1 million). This amount has been reclassified under other non-current liabilities following an agreement with Arkan for Real Estate Company to extend the settlement period of the amounts due from the Group (Note 23).

*** Movement on Long term lease liability during the year 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Balance, beginning of year	3,334	3,662
Additions during the year	766	1,418
Disposals	(267)	(112)
Financing lease expenses	125	182
Payments during the year	(2,367)	(1,816)
Balance, end of year	1,591	3,334
Short term portion of Lease Liability (Note 23)	(837)	(1,620)
Long term Lease Liability	<u>754</u>	<u>1,714</u>

20. Accounts payable

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Accounts payables for suppliers	21,039	14,415
Telecommunication companies' payables	10,757	11,483
Subscribers' deposits	5,667	7,615
Accrued governmental fees on revenue	2,852	3,196
	<u>40,315</u>	<u>36,709</u>

21. Credit facilities and current portion of interest-bearing loans

	2025	2024
	JD '000s	JD '000s
Banks overdrafts *	47,847	39,583
Current portion of long-term loans (Note 18)	17,311	27,495
	<u>65,158</u>	<u>67,078</u>

* This item represents the utilized balance of overdraft lines of credit granted to the Group. During the year the group renewed overdrafts ceiling agreements with local and regional banks, with a total ceiling of U.S \$ 110 million (equivalent to JD 78 million).

22. Provision for income tax

Following is the movement on the provision for income tax during 2025 and 2024:

	2025	2024
	JD '000s	JD '000s
Provision balance, beginning of year	13,382	13,434
Income tax expense for the year	12,253	8,500
Discounts on advance payments	(694)	(603)
Payments during the year	(9,118)	(8,023)
Currency differences	(954)	74
Provision balance, end of year	<u>14,869</u>	<u>13,382</u>

The taxable profit of the Group subsidiaries is subject to a tax rate ranging from 15% to 20% depending on the nature of each subsidiaries operations.

PALTEL reached a settlement with the Income Tax Department for its taxable income until the year 2021, while JAWWAL (subsidiary) reached a settlement with the Income Tax Department for its taxable income until the year 2023. The company filed its tax returns for the years for which no final settlement has yet been reached were submitted within the legal period, and the tax advisor is continuing to finalize the settlement with the tax department.

Following are the details of income tax expense during 2025 and 2024:

	2025	2024
	JD '000s	JD '000s
Income tax expense for the year	12,253	8,500
Discounts on early payments	(694)	(603)
Additions on deferred tax assets	55	(641)
	<u>11,614</u>	<u>7,256</u>

Following is a reconciliation summary between accounting income and taxable income:

	2025	2024
	JD'000s	JD'000s
Profit before income tax	63,846	49,192
Non-taxable profits	(13,437)	(14,998)
Nondeductible expenses	24,655	20,981
Taxable income	<u>75,064</u>	<u>55,175</u>
Accrued income tax	15,012	11,035
Income tax expense for the year	<u>12,253</u>	<u>8,500</u>
Effective tax rate	<u>19.19%</u>	<u>17.28%</u>

23. Other current liabilities

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Accrued expenses	77,305	70,994
Dividends payable	9,883	9,568
Unearned revenues	9,748	6,456
Customer loyalty programs	1,859	2,015
Provision for employees' vacations	1,642	1,423
Due to employees' provident fund *	971	1,015
Current portion of lease liability (Note 19)	837	1,620
Forward contracts	733	-
Due to Arkaan Real Estate Co. (Note 19)	-	11,055
Others	6,053	6,878
	<u>109,031</u>	<u>111,024</u>

* These amounts represent the Group's share and the amounts deducted from employees for the provident fund, which have not been transferred to the fund. Where the Group companies contribute an agreed upon percentage of their employee's salary and in turn deduct another percentage from the employees. Contributions are transferred to designated funds, which are run independently by management committees according to the approved by laws for each fund.

24. Revenues from contracts with customers

	<u>2025</u>	<u>2024</u>
<u>Revenue Type</u>	JD '000s	JD '000s
Wireline and wireless services	157,124	122,265
Digital services and information technology	105,132	96,522
Interconnection revenue	23,328	22,342
	<u>285,584</u>	<u>241,129</u>

Following are the details of revenues:

	<u>2025</u>	<u>2024</u>
<u>Customer type</u>	JD'000s	JD'000s
Individuals	161,356	134,858
Companies	124,228	106,271
	<u>285,584</u>	<u>241,129</u>

The Group recognizes the revenue of the services over time by the number of units used, as the customer receives and uses the features and services provided by the Group at the same time.

25. Direct cost of sales

Cost of sales includes telecommunication costs, governmental fees on revenues and other costs.

26. Operating and administrative expenses

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Payroll and related employees' benefits	48,252	46,002
Depreciation of property, plant and equipment (Note 4)	43,864	39,650
Maintenance expenses	13,758	12,976
End of service and early retirement expenses (Note 19)	11,118	17,727
Provision for expected credit losses (Note 12)	10,377	4,043
Amortization of intangible assets (Note 5)	10,201	12,121
Water, electricity and other utilities	9,369	6,953
Short-term lease	5,881	4,708
Marketing and advertising	5,749	4,034
Corporate social responsibility	5,703	5,465
Employees' and asset insurance	2,718	1,676
Travel, accommodation, transportation and fuel	2,469	1,373
Professional and consultancy fees	2,220	2,736
Security and cleaning	2,128	2,111
Conferences and hospitality	946	623
Postage, billing collection and distribution	291	361
Stationery and printings	60	107
Others	1,224	1,319
	<u>176,328</u>	<u>163,985</u>

27. Other revenues, net

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Expected credit loss recoveries (Note 10)	12,921	8,792
Gains from foreign exchange differences	2,496	23
Interest revenues	654	519
Gains on disposal of property, plant and equipment and right of use assets	329	2,385
Impairment losses on property, plant and equipment and materials (Note 4,7)	(5,920)	(1,943)
Impairment losses on other financial assets (Note 13)	(2,127)	-
Realized and unrealized gains from currency forward contracts	(4,774)	2,214
Others	1,021	762
	<u>4,600</u>	<u>12,752</u>

28. Finance costs

	<u>2025</u>	<u>2024</u>
	JD '000s	JD '000s
Finance costs	7,223	6,688
Finance cost on lease liabilities	125	182
	<u>7,348</u>	<u>6,870</u>

29. Basic and diluted earnings per share

Basic and diluted earnings per share for the years ended December 31, 2025, and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Profit of the year attributable to equity holders of the parent (JD)	<u>52,012,000</u>	<u>41,789,000</u>
Weighted average number of share capital	<u>131,625,000</u>	<u>131,625,000</u>
Basic and diluted earnings per share (JD)	<u>0,395</u>	<u>0,317</u>

30. Commitments

As of the financial statements date, the Group has outstanding contractual commitments resulting from purchases, services and construction contracts signed with suppliers and contractors. The contractual commitments represent the difference between total contract cost and the amounts of materials or services received as of the financial statements date. Following is a summary of the outstanding commitments, which are due during the following years:

	<u>2025</u>	<u>2024</u>
	<u>JD '000s</u>	<u>JD '000s</u>
Purchase orders and letters of credit	<u>40,218</u>	<u>43,693</u>
	<u>40,218</u>	<u>43,693</u>

In addition to the aforementioned, during the year, the group terminated the memorandum of understanding signed with the Jordan Commercial Bank in 2022 to purchase approximately 15% of the shares of the National Bank. This resulted in losses of JD 2,127,000, which were recognized under other revenues in the consolidated income statement (note 27).

Most of the outstanding commitments mature within one year of the date of the financial statements.

31. Contingent liabilities

The group appears as a defendant in several cases brought against it within the normal business activity of the group. The group management believes that, based on a letter from the legal advisor, the group will not have any material obligations except for what was already provisioned for.

32. Related parties

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's Board of Directors.

Following are the balances of related parties included in the consolidated statement of financial position as of December 31, 2025, and 2024:

	Nature of relationship	2025 JD '000s	2024 JD '000s
Due from associate	Associate	11,121	12,053
Loans granted to associates *	A major shareholder and an associate	46,767	59,688
Due to a related party	Company invested in by Major shareholders	11,680	11,055
Non-current Interest-bearing loans	Major shareholders - banks	17,725	10,635
Overdraft	Major shareholders - banks	26,924	24,163

Following are the transactions with related parties included in the consolidated income statement for the years 2025 and 2024:

	Nature of relationship	2025 JD '000s	2024 JD '000s
Finance cost	Major shareholders - banks	3,758	2,275
Operating and administrative expenses	Companies - major shareholders and BoD	3,241	2,860
Board of Directors compensation and expenses		378	403
Key management personnel compensation:			
Short term benefits		1,501	1,260
Termination benefits		363	134
		1,864	1,394

* During the year, the Group recognized impairment loss amounted to JOD 931,708 on the balances due from an associate (Note 13).

** The provision for expected credit losses on loans granted to associates amounted to JD 46,767,000 as at December 31, 2025 compared to JD 59,688,000 as at December 31, 2024.

33. Segment reporting

The Group's operating segments are the telecommunications, data, in addition to investing activities segment. The operating businesses are organized and managed separately according to the nature of the products and services provided, by each segment, where each segment representing a strategic business unit.

The telecommunications segment is a provider of wireline and wireless communication services and the operator of the telephone and cellular networks in Palestine.

The Digital services and information technology segment is a major provider of internet services, leased lines, and ADSL services in Palestine, in addition to programing and information technology services.

The Investments segment represents all investments activities of the Group.

The following tables present revenues and profit before tax, and other segment information regarding the Group's operating segments for the year ended in December 31, 2025:

	Digital Services					Total
	Telecommunication JD '000s	Digital Services and IT JD '000s	Investing JD '000s	Eliminations JD '000s	JD '000s	
<u>Revenues</u>						
Segment revenues from external customers	180,452	105,132	-	-	285,584	
Inter-segment revenues (eliminated)	5,098	6,984	-	(12,082)	-	
Total Revenues	185,550	112,116	-	(12,082)	285,584	
<u>Results of operations</u>						
Depreciation and amortization	(29,064)	(25,001)	-	-	(54,065)	
Group's share of associate results of operations	-	-	320	-	320	
Segment profit before tax	27,682	35,866	298	-	63,846	
<u>Other segment information</u>						
Investment in associate	-	-	12,388	-	12,388	
Capital expenditures	23,889	28,923	-	-	52,812	
The following table presents segments' assets and liabilities as of December 31, 2025:						
<u>Assets and liabilities</u>						
Segments' assets	352,808	261,165	26,054	(82,201)	557,826	
Segments' liabilities	254,056	105,616	-	(33,436)	326,236	

The following tables present revenues and profit before tax, and other segment information regarding the Group's operating segments for the year ended December 31, 2024:

	Digital Services					Total
	Telecommunication JD '000s	Digital Services and IT JD '000s	Investing JD '000s	Eliminations JD '000s	Eliminations JD '000s	
Revenues						JD '000s
Segment revenues from external customers	144,607	96,522	-	-	-	241,129
Inter-segment revenues (eliminated)	386	6,292	-	(6,678)	-	-
Total Revenues	144,993	102,814	-	(6,678)	-	241,129
Results of operations						
Depreciation and amortization	(27,467)	(24,304)	-	-	-	(51,771)
Group's share of associate results of operations	-	-	790	-	-	790
Segment profit before tax	20,131	28,279	782	-	-	49,192
Other segment information						
Investment in associate	-	-	12,238	-	-	12,238
Capital expenditures	20,925	32,884	-	-	-	53,809
The following table presents segments' assets and liabilities as of December 31, 2024:						
Assets and liabilities						
Segments' assets	289,297	282,558	21,775	(83,944)	-	509,686
Segments' liabilities	210,977	101,541	-	(18,366)	-	294,152

34. Financial risk management objectives and policies

The Group's principal financial liabilities comprise of interest-bearing loans and borrowings and accounts payable and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group has various financial assets such as accounts receivable, granted loans, cash and cash equivalents and other financial assets which arise directly from the Group's operations. The Group also holds financial assets through comprehensive income and financial assets through profit or loss.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, equity price risk, and foreign currency risk. The Group's Board of Directors reviews and approves policies for managing these risks which are summarized below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to financial assets and liabilities with floating interest rates.

The Group manages the risk of changes in interest rates by owning a balanced portfolio of loans with fixed and variable interest rates, as loans granted at fixed interest rates represent 9% of the loan balance as of December 31, 2025.

The following table shows the sensitivity of the consolidated income statement for possible changes in interest rates, with all other variables held constant:

	Change in interest rates <u>Basis points</u>	Effect on profit before tax <u>JD '000</u>
<u>2025</u>		
U.S \$	20+	(1,067)
U.S \$	20-	1,067
<u>2024</u>		
U.S \$	20+	(544)
U.S \$	20-	544

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily Accounts receivable) and from its financing and investing activities, including deposits with banks and financial institutions and other financial instruments.

Accounts receivable:

Customer credit risk is managed by each business segment unit subject to the Group's policies relating to customer credit risk management. The Group has a broad-based clientele. The credit risk associated with accounts receivable is widely distributed among a large number of individual customers, except for the risk associated with the receivable from PNA ministries and institutions which represent 25% of total accounts receivable (31% in 2024).

In addition, services are disconnected from clients who do not pay their bills within a specified period. Also, the Group has a system of following up collection of receivables through the management effort and the legal channels.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into groups and are assessed for impairment collectively. The calculation involves certain percentages derived from group of inputs, including historical collection patterns, type of customer, services provided, aging of accounts receivable reports, and default definition through the number of days past due, in addition to considering future factors. The maximum exposure is the carrying amount as disclosed in Note (12).

Other financial assets

With respect to credit risk arising from the other financial assets of the Group, including granted loans, bank deposits and other financial assets, the investment and financing decisions are made only to approved counterparties. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these financial assets.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funds and flexibility through the use of bank overdrafts and other bank loans. The Group's terms of billing require amounts to be paid by customer within 45 days of the date of billing.

The table below summarizes the maturity profile of the Group's consolidated financial liabilities based on undiscounted payments as of December 31, 2025, and 2024, based on maturity period:

	<u>On demand</u> <u>JD '000s</u>	<u>Less than 3 months</u> <u>JD '000s</u>	<u>3 to 12 months</u> <u>JD '000s</u>	<u>1 to 5 years</u> <u>JD '000s</u>	<u>Total</u> <u>JD '000s</u>
<u>As of December 31, 2025</u>					
Interest-bearing loans and credit facilities	-	20,798	48,269	36,946	106,013
Accounts payable	-	17,837	10,490	11,988	40,315
Lease liabilities and other liabilities	9,883	20,922	62,764	13,180	106,749
	<u>9,883</u>	<u>59,557</u>	<u>121,523</u>	<u>62,114</u>	<u>253,077</u>
<u>As of December 31, 2024</u>					
Interest-bearing loans and credit facilities	-	12,468	58,634	21,010	92,112
Accounts payable	-	16,601	9,384	10,724	36,709
Lease liabilities and other liabilities	9,568	19,636	69,962	1,800	100,966
	<u>9,568</u>	<u>48,705</u>	<u>137,980</u>	<u>33,534</u>	<u>229,787</u>

The table below summarizes the changes in liabilities arising from financing activities as of December 31, 2025, and 2024:

	January 1, 2025	Cash flows	Foreign exchange	Additions, net	Cash dividends	December 31, 2025
	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>
Non-current interest-bearing loans and current portion of interest-bearing loans	47,315	(10,393)	4,608	10,635	-	52,165
Credit facilities	39,583	8,264	-	-	-	47,847
lease liabilities	3,334	(2,242)	-	499	-	1,591
Dividends payable	9,568	(39,173)	-	-	39,488	9,883
Total liabilities from financing activities	<u>99,800</u>	<u>(43,544)</u>	<u>4,608</u>	<u>11,134</u>	<u>39,488</u>	<u>111,486</u>
	January 1, 2024	Cash flows	Foreign exchange	Additions, net	Dividends Declaration	December 31, 2024
	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>	<u>JD '000s</u>
Non-current interest-bearing loans and current portion of interest-bearing loans	54,412	(20,932)	(676)	14,511	-	47,315
Credit facilities	47,628	(8,045)	-	-	-	39,583
lease liabilities	3,662	(1,634)	-	1,306	-	3,334
Dividends payable	11,128	(41,048)	-	-	39,488	9,568
Total liabilities from financing activities	<u>116,830</u>	<u>(71,659)</u>	<u>(676)</u>	<u>15,817</u>	<u>39,488</u>	<u>99,800</u>

In light of the Israeli war on the Gaza Strip, which led to a decline in the operating activities and decline in revenues, especially in Gaza, resulting in decline in cash flow from operating activities, the management has reviewed the liquidity of the group. This was done by preparing an estimated budget for expected cash flows, taking into consideration cash flow from operating activities and the availability of renewable credit facilities for the group, capital expenditures, expected operating and administrative expenses, due loan payments and related interest. The review showed the group's ability to obtain cash flows from continuing its activities and conducting business in Palestinian areas not directly affected, thus meeting the group's needs and fulfilling its commitments, especially to cover the expected capital expenditures necessary for fully restoring service to the Gaza Strip.

Equity price risk

The following table demonstrates the sensitivity of the consolidated income statement and fair value reserve to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown:

	Increase in equity price	Effect on profit before tax	Effect on equity
	%	JD '000s	JD '000s
<u>2025</u>			
Shares listed on Palestine Securities Exchange	10 +	1	1,225
Other unquoted shares	10 +	18	-
<u>2024</u>			
Shares listed on Palestine Securities Exchange	10 +	1	909
Other unquoted shares	10 +	18	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument (when revenues or expenses are denominated in a different currency from the Group's presentation currency).

The Group reduces the foreign currency exchange rates fluctuation risk by entering in foreign currency forward contracts.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency rate against JD, with all other variables held constant on the consolidated financial statements. However, the Jordanian Dinar is linked to the U.S. Dollar, therefore, no effect, resulting from the fluctuations in U.S \$ rate, is expected on the consolidated financial statements:

	Increase/ decrease in ILS rate to JD	Effect on profit before tax	Effect on OCI items
	%	JD' 000s	JD' 000s
<u>2025</u>			
ILS	+10	645	101
ILS	- 10	(645)	(101)
<u>2024</u>			
ILS	+10	1,114	37
ILS	- 10	(1,114)	(37)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

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

Capital comprises share capital, retained earnings, other reserves, and non-controlling interests, and is measured at JD 231,590,000 as at December 31, 2025, and JD 215,534,000 as at December 31, 2024.

35. Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair values:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which all inputs are observable, either directly or indirectly.
- Level 3: Valuation techniques which use inputs and are not based on observable market data.

There have been no transfers among the levels mentioned above during 2025 and 2024.

The following table provides the fair value measurement hierarchy of the Group's assets as at December 31, 2025:

	Date of valuation	Total	Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		JD '000s	JD '000s	JD '000s	JD '000s
<u>Assets measured at fair value:</u>					
Financial assets at fair value through statement of comprehensive income	December 31, 2025	12,247	12,247	-	-
Financial assets at FVTPL	December 31, 2025	185	8	-	177
<u>Liabilities measured at fair value:</u>					
Forward contracts	December 31, 2025	733	-	733	-

The following table provides the fair value measurement hierarchy of the Group's assets as at December 31, 2024:

	Date of valuation	Total	Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
		JD '000s	JD '000s	JD '000s	JD '000s
<u>Assets measured at fair value:</u>					
Financial assets at fair value through statement of comprehensive income	December 31, 2024	9,088	9,088	-	-
Financial assets at FVTPL	December 31, 2024	185	8	-	177
Forward contracts	December 31, 2024	522	-	522	-

Fair values of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments carried in the financial statements:

	Carrying value		Fair Value	
	2025	2024	2025	2024
	JD '000s	JD '000s	JD '000s	JD '000s
<u>Financial assets</u>				
Financial assets at fair value				
through comprehensive income	12,247	9,088	12,247	9,088
Financial assets at FVTPL	185	185	185	185
Accounts receivable	58,729	63,496	58,729	63,496
Other financial assets	14,378	16,603	14,378	16,603
Cash and cash equivalents	69,795	37,429	69,795	37,429
	<u>155,334</u>	<u>126,801</u>	<u>155,334</u>	<u>126,801</u>
<u>Financial liabilities</u>				
Interest bearing Loans and credit facilities	100,012	86,898	100,012	86,898
Accounts payable	40,315	36,709	40,315	36,709
Other financial liabilities	108,216	102,844	108,216	102,844
	<u>248,543</u>	<u>226,451</u>	<u>248,543</u>	<u>226,451</u>

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

- The fair values of accounts receivable, other financial assets, cash and cash equivalents, credit facilities, accounts payable, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair values of the quoted financial assets at FVOCI and FVPL is based on price quotations at the reporting date.
- The fair value of the unquoted financial assets at FVOCI and FVPL is based on appropriate valuation techniques.
- The fair value of interest-bearing loans and borrowings and lease liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms and credit risk.

36. Concentration of risk in geographic area

The Group is carrying out the majority of its activities in Palestine. The political and economic situation destabilization in the area increases the risk of carrying out business and may adversely affect the performance.

37. War on the Gaza strip

The Israeli war on the Gaza Strip resulted in the destruction of many economic facilities in Gaza, in addition to the partial or complete destruction of many properties and real estate. Furthermore, various business sectors in the West Bank were affected due to restrictions and closures between cities, and the recurrent closure of external borders.

The Group's management believes that this event had an impact on the Group's operating activities, investments, revenues, financial results, and some of its assets. Several buildings of the Group and their contents suffered various damages, and the network, towers, and necessary infrastructure for providing services to subscribers were subjected to continuous and repeated damages. Additionally, the credit risks for subscribers of the Group's companies increased due to the negative effects of the Israeli war on the Palestinian economy, affecting these subscribers' ability to fulfill their obligations to the Group's companies.

Group Assets in the Gaza strip

The group owns non-financial assets in the Gaza Strip, consisting of property, plant and equipment, as well as inventory of materials. Additionally, the Group holds financial assets in the form of receivables. The details of these assets are as follows:

a- Non-Financial assets:

This item includes properties, plant, equipment, and inventory of materials. The total carrying amount of these assets as of December 31, 2025, amounted to JD 10,899,508, while the accumulated impairment losses recognized against these assets amounted to JD 10,899,508.

b- Account receivables:

The total outstanding accounts receivable from subscribers in the Gaza Strip as of December 31, 2025, amounted to JD 62,360,241. The group has booked provisions for the full amount of these receivables during the current year and previous years.

Operational Risks

The current circumstances have limited the Group's ability to conduct its activities normally in the Gaza Strip due to the recurrent and ongoing damages to many cellular transmission towers, external cabinets for the fixed-line and home internet network, and a portion of the fiber optic network necessary for completing communication between exchanges that connect Gaza to the outside world. The Group's management, with the available teams in the Gaza Strip, is working on maintaining and repairing any possible faults in these networks and towers to ensure the continuity of service provision to subscribers in the Gaza Strip within the largest possible scope.

Additionally, the group's activities in the West Bank were affected due to the negative impacts of the Israeli war on the movement between different areas in the West Bank.

Liquidity Risks:

The Group manages liquidity risks by maintaining a balance between cash flow continuity and flexibility through obtaining loans and credit facilities and expediting the collection of receivables. Additionally, the Group's management conducts regular monitoring of liquidity to ensure there are sufficient levels of liquidity to meet expected group needs and continue its operations, especially to address the expected costs of capital expenditures necessary to fully restore service to the Gaza Strip.

Management procedures:

In response to these events, the group has taken several measures to address their impacts, including:

- Forming a special emergency committee to monitor the entire operations in the Gaza Strip on a daily basis (technical, administrative, commercial and operational).
- Forming a committee and task force to monitor all network operations in the Gaza Strip and continuously monitor network repairs.
- Remote monitoring of towers, networks, and faults and assessing the possibility of their repair by available technical teams in the Gaza Strip.
- Reorganizing the work of employees in the Gaza Strip and assigning tasks previously performed by them to employees of the group who are not present in the Gaza Strip.
- Reallocating available materials in the strip and attempting to utilize them to operate the network as much as possible.
- Focusing on essential services in the strip to ensure service delivery to the largest segment of subscribers.
- Holding continuous meetings by senior management with the committees mentioned to take immediate operational and technical actions.
- Developing a comprehensive plan to control expenses and revenues after the effects of the war to ensure profitability and cash flow continuity.
- Regularly monitoring the insurance policy for the war with the insurance Group and the reinsurer to cover losses from disasters and wars, including losses from this war.

As a result, the effects of this ongoing war on the Group remain unclear, and its future impact on the consolidated financial statements of the Group cannot be accurately predicted. Management continues to monitor this event and study its impact on the Group's financial position. Additionally, management believes that there are no significant doubts about the ability of the Group to continue as a going concern.