Grameenphone Ltd.

Audit report and financial statements as at
and
for the year ended 31 December 2025

Independent Auditor's Report
To the Shareholders of Grameenphone Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grameenphone Ltd. (the Company), which comprise the financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 45(a) to the financial statements, wherein the management has explained the status of demand notice dated 02 April, 2019 for payment of BDT 125.80 billion (including BDT 40.86 billion related to National Board of Revenue), which was received from Bangladesh Telecommunication Regulatory Commission (BTRC) in relation to the information system audit conducted by BTRC, covering the period from the Company's inception in 1997 to 31 December 2014.

As disclosed in the same note, Grameenphone filed a Title Suit in the District Court challenging the demand which is fixed on 26 April 2026 for mediation. In an appeal, arising out of the Title Suit, filed by Grameenphone, the Hon'ble High Court Division (HCD) granted injunction on the demand which was later on upheld by the Hon'ble Appellate Division (AD) in a Civil Petition and in a Review Petition subject to deposit of BDT 20 billion. The AD also directed BTRC to allow Grameenphone to carry on its business without any hindrance. As per order of the AD, Grameenphone deposited BDT 20 billion which is included in 'Other non-current assets', as stated in Note 10 to the financial statements. The hearings of Review Petition and Appeal have not taken place yet at Hon'ble AD and HCD respectively which will take place as per accommodation of the courts. BTRC audit demand includes, inter alia, deductibility of VAT from BTRC payments and spectrum assignment fee regarding which a separate litigation was pending before the Hon'ble AD. Following the judgment in that litigation by the Hon'ble AD, Grameenphone has paid the entire principal amount to BTRC on 14 June 2023 (which includes BDT 3.92 billion as part of BTRC audit demand).

Main Office: Gulshan Pink City, Level: 7, Plot # 15, Road # 103, Gulshan, Dhaka-1212, Bangladesh; ☎ +880-2-8881824-6, aqasem@aqcbd.com
Chattogram Office: Faruk Mahal (3rd Floor), Plot # 93, Agrabad C/A, Chittagong-4100, Bangladesh; ☎ +880-31-715656, 718066, aqasemctg@aqcbd.com
Tax & Company Affairs Office: Ivory Krishnachura (5th Floor), 3/1-E, Purana Paltan, Dhaka-1000, Bangladesh; ☎ +880-2-9551103, 9584925, aqasemtax@aqcbd.com

Detailed disclosures about the demand notice and court cases thereto have been given in Note 45(a) to the financial statements. Detailed information regarding the NBR part of the Audit Demand (BDT 40.86 billion) is to be found in Note 45(a) to the financial statements.

Pending final outcome of the court proceedings, management has concluded that significant uncertainty exists regarding the validity of the Audit Demand and outcome of the dispute in order to enable any reliable estimation of relevant potential obligation, and no provision for these demands and consequential interest thereon has been made in the accompanying financial statements except as disclosed in Note 45(a).

Our opinion is not modified in respect of the above matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 31 December 2025. These matters were addressed in the context of the audit of the financial statements, and in forming the auditor's 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 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 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 financial statements.

- **Regulatory matters**

Referring to Note 45 to the financial statements, the Company is subject to a number of significant claims and litigations. The amounts of claims are significant and estimates of the amounts of provisions or contingent liabilities are subject to significant management judgement.

These claims and litigations matters were a key audit matter due to the amounts involved, potential consequences and the inherent difficulty in assessing the outcome. The assessment of whether a liability should be recognised involves judgment from management.

How our audit addressed the key audit matter:

We have gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls we have performed tests of controls. Moreover, we have gained an understanding of management's decision process to disclose contingent matters in the financial statements.

Our procedures also included among others:

- Discussion of material legal cases with the Company's Legal Department.
- Reviewed and analyzed responses contained in legal letters received from the Company's external legal counsel.

- Reviewed and evaluated management's detailed assessment of the likelihood of outcomes, as substantiated by the relevant legal opinions.
- Read the minutes of meetings of the Board of Directors and the Board Audit Committee.
- Reviewed and analyzed contingent liabilities and movements in provisions relating to claims and litigations.
- Assessed the circumstances contributing to significant uncertainties in management's estimates of provisions, together with the potential impact of the outcome of each matter.
- Assessed the financial statement disclosures relating to material contingencies, including their nature and measurement.

- **Revenue recognition**

Referring to Note 26 to the financial statements, Revenue of BDT 158.06 billion is recognized in the income statement of Grameenphone Ltd. This material item is subject to considerable inherent risk due to the complexity of the systems necessary for properly recording and identifying revenue and the impact of ever-changing business, price and tariff models (including tariff structures, customer loyalty rewards, and bundled subscription-based products). Against this background, the proper application of the accounting standards is considered to be complex and to a certain extent based on estimates and assumptions made by management.

How our audit addressed the key audit matter:

In light of the fact that the high degree of complexity and estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Company's processes and controls for recognizing revenue as part of our audit. Our audit approach included testing of the controls and substantive audit procedures.

- Evaluated the integrity and effectiveness of the systems supporting revenue accounting.
- Conducted testing of IT controls and procedures that support revenue recognition.
- Evaluated the accuracy of invoicing and measurement systems through to their recording in the general ledger.
- Reviewed a sample of customer contracts, invoices, and receipts to verify compliance with revenue recognition policies.
- Reviewed the revenue charging model against regulatory guidelines on a sample basis.

Additionally, we evaluated the financial impact of new business and pricing models and reviewed the related disclosures in the financial statements.

- **Uncertain tax positions**

Referring to Note 45 (b), (c) & (f) of the financial statements, The Company is periodically subject to inquiries and challenges by local tax authorities on various tax matters in the ordinary course of business, including indirect taxes and transaction-related taxes, which may ultimately result in the payment of taxes and potential additional charges. The evaluation of the uncertainty and risk of one or more adverse outcomes requires management judgment.

These uncertain tax positions were a key audit matter because of the amounts involved and because of the uncertainty in estimating the final outcome of these matters.

The Company records provisions for uncertain liabilities, including tax contingencies, when it is more likely than not that a liability has been incurred, and the amount can be reliably estimated.

How our audit addressed the key audit matter:

We considered the complexity of accounting and tax matters, as well as the internal controls, and obtained an understanding of the Company's accounting for taxes and management's process for evaluating the effectiveness of internal controls over significant income tax accounts and the related financial statement disclosures.

Our procedures also included among others:

- Obtained a comprehensive list of all ongoing tax litigations.
- Engaged with management to discuss tax matters, applicable tax jurisdictions, and related communications.
- Identified and tested key controls over tax accounts and related financial statement disclosures.
- Obtained, reviewed, and analyzed opinions from the Company's tax consultants and external legal counsel.
- Verified account reconciliations and, on a sample basis, traced demand amounts, payments made under protest, amounts considered recoverable, and amounts written off to the underlying supporting demand notices, invoices, bank payments, and the trial balance.
- Analyzed the technical merits of each demand in accordance with applicable tax provisions and considered settled tax positions in evaluating management's estimate of tax contingencies.
- Reviewed the disclosures presented in the accompanying financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The draft Annual Report is expected to be made available to us after the date of this auditor's report but before finalization of the Annual Report.

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

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information before finalization, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance so that the matter is duly addressed in the annual report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 2020 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS
AQC SINCE 1993

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 2020, we also report the following:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of these books;

iii) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and

iv) The expenditure incurred was for the purposes of the Company's business.

A. Qasem & Co.
Chartered Accountants
FRC Registration Number: CAF-001-129

Akhtar Sanjida Kasem FCA
Engagement Partner
ICAB Enrolment Number: 0643

DVC: 2602020643AS449159

Dated: Dhaka, 02 February 2026

Grameenphone Ltd.
Statement of financial position
As at 31 December 2025

	Notes	31 December 2025 BDT (000)	31 December 2024 BDT (000)
Assets			
Non-current assets			
Property, plant and equipment	4	63,895,505	68,335,441
Intangible assets	5	4,862,429	4,774,439
Right-of-use assets	6	70,572,858	77,710,892
Contract cost	8	11,533,101	10,436,997
Deferred tax assets	9	6,094,181	1,458,619
Other non-current assets	10	20,623,997	20,526,814
Total non-current assets		**177,582,071**	**183,243,202**
Current assets			
Inventories	11	323,907	407,655
Trade receivables and others	12	6,657,468	7,867,938
Cash and cash equivalents	13	6,759,495	7,334,432
Total current assets		**13,740,870**	**15,610,025**
Total assets		**191,322,941**	**198,853,227**
Equity and liabilities			
Shareholders' equity			
Share capital	15	13,503,000	13,503,000
Share premium	16	7,840,226	7,840,226
Capital reserve	17	14,446	14,446
Retained earnings		34,663,333	43,384,785
Total equity		**56,021,005**	**64,742,457**
Non-current liabilities			
Lease liabilities	6	48,301,117	48,853,886
Employee benefits	18	52,661	395,836
Other non-current liabilities	19	648,712	546,133
Total non-current liabilities		**49,002,490**	**49,795,855**
Current liabilities			
Trade payables and others	20	26,237,279	28,366,808
Provisions	21	25,428,804	24,920,485
Lease liabilities	6	11,359,473	11,112,469
Loans and borrowings	22	7,000,000	5,000,000
Current tax liabilities	23	14,128,721	12,769,919
Other current liabilities	24	2,082,931	2,077,180
Unclaimed dividend	25	62,239	68,054
Total current liabilities		**86,299,447**	**84,314,915**
Total equity and liabilities		**191,322,941**	**198,853,227**

The annexed notes 1 to 46 form an integral part of these financial statements.

Director

Director

Chief Executive Officer

Company Secretary

As per our report of same date.

A. Qasem & Co.
Chartered Accountants
FRC Registration No.: CAF-001-129

Akhtar Sanjida Kasem, FCA
Engagement Partner
ICAB Enrolment Number: 0643
DVC: 2602020643AS449159

Dated: Dhaka, 02 February 2026

Grameenphone Ltd.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

	Notes	2025 BDT (000)	2024 BDT (000)
Revenue	26	158,057,490	158,447,003
Cost of material and traffic charges	27	(9,192,776)	(9,825,692)
Salaries and personnel cost	28	(8,959,210)	(8,517,867)
Operation and maintenance	29	(8,511,666)	(6,942,686)
Sales, marketing and commissions	30	(16,369,025)	(16,247,666)
Revenue sharing and spectrum charges	31	(11,962,730)	(12,068,041)
Other operating (expenses)/income	32	(10,373,818)	(11,164,000)
Depreciation and amortisation	33	(36,289,280)	(34,551,840)
		(101,658,505)	(99,317,792)
Operating profit		**56,398,984**	**59,129,211**
Finance (expense)/income	34	(6,413,856)	(4,986,593)
Foreign exchange (loss)/gain		(767,615)	(599,394)
		(7,181,471)	(5,585,987)
Profit before tax		49,217,513	53,543,224
Income tax expense	35	(19,640,969)	(17,234,497)
Profit after tax		**29,576,544**	**36,308,727**
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan	18	(815,993)	379,566
Related taxes		326,397	(151,826)
		(489,596)	227,740
Total comprehensive income for the year		**29,086,948**	**36,536,467**
Earnings per share			
Basic earnings per share (per value BDT 10 each in BDT)	36	21.90	26.89

The annexed notes 1 to 46 form an integral part of these financial statements.

Director

Director

Chief Executive Officer

Company Secretary

As per our report of same date.

A. Qasem & Co.
Chartered Accountants
FRC Registration No.: CAF-001-129

Akhtar Sanjida Kasem, FCA
Engagement Partner
ICAB Enrolment Number: 0643
DVC: 2602020643AS449159

Dated: Dhaka, 02 February 2026

Grameenphone Ltd.

Statement of changes in equity

For the year ended 31 December 2025

	Share capital	Share premium	Capital reserve	Retained earnings	Total
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Balance as at 01 January 2024	**13,503,000**	**7,840,226**	**14,446**	**45,331,868**	**66,689,540**
Transactions with the equity holders:					
Final dividend for 2023	-	-	-	(16,878,750)	(16,878,750)
Interim dividend for 2024	-	-	-	(21,604,800)	(21,604,800)
Total comprehensive income for the year					
Profit for the year	-	-	-	36,308,727	36,308,727
Other comprehensive income/(loss)	-	-	-	227,740	227,740
Balance as at 31 December 2024	**13,503,000**	**7,840,226**	**14,446**	**43,384,785**	**64,742,457**
Balance as at 01 January 2025	**13,503,000**	**7,840,226**	**14,446**	**43,384,785**	**64,742,457**
Transactions with the equity holders:					
Final dividend for 2024	-	-	-	(22,955,100)	(22,955,100)
Interim dividend for 2025	-	-	-	(14,853,300)	(14,853,300)
Total comprehensive income for the year					
Profit for the year	-	-	-	29,576,544	29,576,544
Other comprehensive income/(loss)	-	-	-	(489,596)	(489,596)
Balance as at 31 December 2025	**13,503,000**	**7,840,226**	**14,446**	**34,663,333**	**56,021,005**



Grameenphone Ltd.

Statement of cash flows
For the year ended 31 December 2025

	2025 BDT (000)	2024 BDT (000)
Cash flows from operating activities		
Cash receipts from customers	158,173,701	159,458,233
Payroll and other payments to employees	(9,967,683)	(7,959,502)
Payments to suppliers, contractors and others	(59,595,710)	(59,721,156)
Interest received	638,179	715,732
Interest paid	(5,087,698)	(4,488,593)
Income tax paid	(22,591,332)	(26,014,069)
	(96,604,244)	(97,467,588)
Net cash generated from operating activities	**61,569,457**	**61,990,645**
Cash flows from investing activities		
Payment for acquisition of property, plant and equipment, right-of-use and intangible assets	(14,027,145)	(20,517,238)
Proceeds from sale of property, plant and equipment	285,587	255,362
Net cash used in investing activities	**(13,741,558)**	**(20,261,876)**
Cash flows from financing activities		
Proceeds from short-term bank loan	2,000,000	1,776,072
Payment of dividend	(37,775,200)	(42,317,213)
Transfer of unclaimed dividend to Capital Market Stabilisation Fund	(39,015)	(24,408)
Payment of lease liabilities	(12,655,125)	(10,864,159)
Net cash used in financing activities	**(48,469,340)**	**(51,429,708)**
Net change in cash and cash equivalents	**(641,441)**	**(9,700,939)**
Cash and cash equivalents as at 01 January	**7,334,432**	**16,718,338**
Effect of exchange rate fluctuations on cash held	**66,504**	**317,033**
Cash and cash equivalents as at 31 December (Note 13)	**6,759,495**	**7,334,432**



Grameenphone Ltd.
Notes to the financial statements
For the year ended 31 December 2025

1. Corporate information

Grameenphone Ltd. (hereinafter referred to as "Grameenphone"/"GP"/"the Company") is a public limited company incorporated in Bangladesh in 1996 under the Companies Act 1994 and has its registered address at GPHOUSE, Bashundhara, Baridhara, Dhaka 1229. Grameenphone was initially registered as a private limited company and subsequently converted into a public limited company on 25 June 2007. During November 2009, Grameenphone listed its shares with both Dhaka and Chittagong Stock Exchanges. The immediate parent of Grameenphone is Telenor Mobile Communications AS and the ultimate parent is Telenor ASA; both the companies are incorporated in Norway.

The Company is primarily involved in providing mobile telecommunication services (voice, data and other related services), along with digital services in Bangladesh. The Company also provides international roaming services through international roaming agreements with various operators of different countries across the world.

2. Basis of preparation

These financial statements are individual financial statements of Grameenphone, and have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Securities and Exchange Rules 2020, relevant guidelines issued by the Bangladesh Securities and Exchange Commission, Financial Reporting Act, 2015 and other applicable laws in Bangladesh. These individual financial statements present the financial position and performance of Grameenphone and its investment in Accenture Communications Infrastructure Solutions Ltd. (ACISL) being accounted for under the equity method in accordance with IAS 28 Investment in Associates and Joint Ventures.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 had been fully impaired and no further share of loss has been recognised in line with paragraph 39 of IAS 28 Investment in Associates and Joint Ventures. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2025. Hence, for understanding of Grameenphone's stand-alone financial performance, a separate statement of profit or loss and other comprehensive income is not necessary.

These financial statements have been prepared on going concern basis. Unless otherwise specifically mentioned, historical cost principle has been followed for the purpose of these financial statements.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 02 February 2026.

2.1 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the Company. The amounts in these financial statements have been rounded off to the nearest BDT in thousand (BDT'000) except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.



2.2 Use of estimates and judgements

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

Judgements

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

1. The Company has recognised Right-of-use assets as per IFRS 16 which required management to make important judgements in determination of lease terms. For details, please see Note 3.7 to these financial statements.

2. The Company has significant influence over Accenture Communications Infrastructure Solutions Ltd. (ACISL).

Estimates and assumptions

Key estimates and assumptions used in preparation of these financial statements are:

1. Applicable tax rate for Income Year 2025 will be declared by Finance Act 2026. For the purpose of these financial statements, management has assumed that the existing corporate tax rate (40%) will be applicable for Income Year 2025 as well.

2. Appropriate financial and demographic assumptions have been used in consultation with a certified actuary to measure defined benefit obligation as at 31 December 2025.

3. Key assumptions about the likelihood and magnitude of outflow of resources have been used to recognise and measure provisions and contingencies.

4. Recoverable amount of investment in associate.

5 Significant uncertainty exists on the validity and outcome of the dispute with regard to the demand arisen out of BTRC Audit. Note 45 (a) discusses the issue in details.

3. Significant accounting policies

Accounting policies set out below have been applied consistently to all years presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current year's presentation.

3.1 Current versus non-current classification

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

i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
ii) expected to be realised within twelve months after the reporting period, or
iii) held primarily for the purpose of trading, or
iv) 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:

i) expected to be settled in normal operating cycle, or
ii) due to be settled within twelve months after the reporting period, or
iii) held primarily for the purpose of trading, or
iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

3.2 Offsetting

The Company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

Cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity and cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short, are presented net in the statement of cash flows.

3.3 Cash dividend to the equity holders

The Company recognises a liability to pay cash dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Bangladesh, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

3.5 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. Cost also includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located and capitalised borrowing costs. The obligations for costs of dismantling and removing the item and restoring the site (generally called 'asset retirement obligation') are recognised and measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

(b) Subsequent costs

The cost of replacing or upgradation of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

No depreciation is charged on land and capital work in progress (CWIP) as the land has unlimited useful life and CWIP has not yet been placed in service.

Depreciation on other items of property, plant and equipment is recognised on a straight-line basis over the estimated useful life of each item of property, plant and equipment. The range of estimated useful lives shown below depends on sub-category of the assets under the broad category. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation method, useful lives and residual values are reviewed at each year-end and adjusted if appropriate. The estimated useful lives of the items of property, plant and equipment for the current and comparative periods are as follows:

	2025 Years	**2024 Years**
Own assets:		
Building	10 -50	10 -50
Base station - equipment	3-10	3-10
Base station - tower, fibre optic network and related assets	7- 30	7- 30
Transmission equipment	5-10	5-10
Computers and other IT equipment	3-4	3-4
Furniture and fixtures (including office equipment)	3-5	3-5
Vehicles	4	4

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Capital work in progress

Capital work in progress consists of unfinished work at sites and capital inventory. Spare parts expected to be used for more than one year are treated as capital work in progress. In case of import of components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company.

(f) Capitalisation of borrowing costs

As per the requirements of IAS 23 *Borrowing Costs*, directly attributable borrowing costs are capitalised during construction period for all qualifying assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Intangible assets

(a) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are recognised when all the conditions for recognition as per IAS 38 Intangible Assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditures, on an individual project, are recognised as an intangible asset when the Company can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(b) its intention to complete the intangible asset and use or sell it;
(c) its ability to use or sell the intangible asset;
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is placed in service. It is amortised over the period of expected future economic benefits. During the period of development, the asset is tested for impairment annually.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

(b) Subsequent costs

Subsequent costs are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other costs are recognised in profit or loss as incurred.

(c) Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

	2025 Years	2024 Years
Software and others:		
Pulse Code Modulation (PCM)	5	5
Billing software	5	5
Other operational software	3-7	3-7
Network management software	7	7

Amortisation methods, useful lives and residual values are reviewed at each year-end and adjusted, if appropriate.

(d) Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in profit or loss.

3.7 Leases

At inception of a contract, Grameenphone assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Grameenphone assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

- Grameenphone has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- Grameenphone has the right to direct the use of the asset. Grameenphone has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, Grameenphone has the right to direct the use of the asset if either:

(i) Grameenphone has the right to operate the asset; or

(ii) Grameenphone designed the asset in a way that predetermines how and for what purpose it will be used.

The policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on the reassessment of a contract that contains a lease component, Grameenphone allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. As a practical expedient, fixed non-lease components embedded in the lease contract are not separated and recognised as part of lease liabilities and right-of-use assets except for fiber optic network leases.

Telecom licence and spectrum

Grameenphone has chosen to apply IFRS 16 on telecom license and spectrum which was earlier accounted for under IAS 38 Intangible Assets.

Grameenphone as a lessee

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

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

The right of use asset is depreciated using the straight line methods from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The estimated useful lives of the items of the right of use asset for the current and comparative periods are as follows:

	2025 Years	2024 Years
Right-of-use assets:		
Fibre Optic Network (FON)	Upto 30	Upto 30
Spectrum-2008	18	18
Telecom licence and spectrum -2011	15	15
3G licence and spectrum	15	15
4G licence and spectrum	15	15

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Grameenphone's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Grameenphone is reasonably certain to exercise, lease payments in an optional renewal period if Grameenphone is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Grameenphone is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Grameenphone's estimate of the amount expected to be payable under a residual value guarantee, or if Grameenphone changes its assessment of whether it will exercise purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right to use asset, or is recorded in profit or loss if the carrying amount of the right to use asset has been reduced to zero.

Grameenphone presents right of use assets and lease liabilities as separate captions in the statement of financial position.

Short-term leases and leases of low-value assets

Grameenphone has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets for which the underlying asset is of BDT 400,000 or less. Grameenphone recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

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

Grameenphone 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.

Grameenphone applies judgement in evaluating whether it is reasonably certain to exercise an option not to terminate the lease and an option to renew a lease contract. Grameenphone considers all relevant factors before exercising any option. After the commencement date, Grameenphone 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 options (e.g. a change in business strategy).

Grameenphone considered the lease term for active leases at the date of initial application as maximum of 5 years or remaining non-cancellable period from 1 January 2019 by considering changes in technology, development in regulatory environment etc. Leases which would expire before 5 years from 1 January 2019, the lease term had been considered up to the expiry of lease. Leases which commenced on or after 1 January 2019, the lease term would be limited to either their non-cancellable period or 31 December 2023 whichever was later.

In 2020, due to the occurrence of significant event, Grameenphone reassessed its lease term as on 31 December 2020. As an outcome of this reassessment, lease term had been extended for 2 more years.

Consequently, remaining lease term for active leases as on 31 December 2020 would be as maximum of 5 years or remaining non-cancellable period from the same date. Leases which would expire before 5 years from 31 December 2020, the remaining lease term had been considered up to the expiry of lease.

Leases which commence on or after 31 December 2020, the lease term would be limited to either their non-cancellable period or 31 December 2025 whichever was later.

In 2024, due to the occurrence of significant event, Grameenphone reassessed its lease term as on 30 September 2024 and extended for 5 more years from 31 December 2025 up to 31 December 2030. Consequently, remaining lease term for the active leases will be either up to 31 December 2030 or up to the end of the non-cancellable period whichever is later.

Leases which will expire before 31 December 2030, the remaining lease term has been considered up to the expiry of those leases. Leases which commence on or after 30 September 2024, the lease term will be limited to either their non-cancellable period or 31 December 2030 whichever was later.

Grameenphone as a lessor

When Grameenphone acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Grameenphone makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Grameenphone considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, Grameenphone applies IFRS 15 to allocate the consideration in the contract.

Grameenphone recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

Sub lease

When Grameenphone is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which Grameenphone applies the exemption described in "Short-term leases and leases of low-value assets", then it classifies the sub-lease as an operating lease.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Grameenphone as an intermediate lessor accounts for the sublease as follows:

(i) if the sublease is classified as an operating lease, Grameenphone continues to account for the lease liability and right-of-use asset on the head lease like any other lease; or

(ii) if the sublease is classified as a finance lease, Grameenphone derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model. Grameenphone, as the sublessor, recognizes a net investment in the sublease.

3.8 Investment in associate

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not to exercise control or joint control over those policies. Investment in associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the investor's share of net assets of the associate since the acquisition date. The statement of profit or loss and other comprehensive income reflects the investor's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of the investee is presented as part of the investor's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the investor recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the investor and the associate are eliminated to the extent of the interest in the associate.

Share of profit/loss of associate is not recognised in Grameenphone's individual financial statements until it is realised through dividend. Dividend income is recognised when Grameenphone's right to receive payment is established.

3.9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on Grameenphone's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

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

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Trade receivables are classified as Financial assets measured at amortised cost.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. Grameenphone measures loss allowances at an amount equal to ECL from trade receivables.

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

Grameenphone considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by Grameenphone to actions such as realising security (if any is held).

Measurement of Expected Credit Losses (ECL)

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Grameenphone uses Lifetime Expected Credit Loss method for Trade receivables.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Impairment losses related to trade receivables and others, including contract assets, are presented separately in the notes to the financial statement.

3.10 Inventories

Inventories consisting of scratch cards, SIM cards, mobile handsets, data cards and other devices are valued at lower of cost and net realisable value. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Employee benefits

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds and rules. Both of the plans are funded and are recognised/approved under Income Tax Act 2023.

(a) Defined contribution plan (provident fund)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contribution to defined contribution plans are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees. Advance contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which employees render the services are discounted to the present value.

Grameenphone has a separate recognised provident fund scheme. All permanent employees of Grameenphone contribute 10% of their basic salary to the provident fund and the Company makes matching contributions.
The Company recognises contribution to defined contribution plan as an expense when an employee has rendered related services in exchange for such contribution. The legal and constructive obligation is limited to the amount Grameenphone agrees to contribute to the fund.

(b) Defined benefit plan (gratuity fund)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The employee gratuity plan is considered as defined benefit plan as it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current and former employees.

The net defined benefit liability (asset) in respect of a defined benefit plan is recognised in the statement of financial position. The net defined benefit liability (asset) is made up of:

i) the present value of defined benefit obligation; less
ii) the fair value of plan assets; adjusted for
iii) any effect of limiting a net defined benefit asset to the asset ceiling.

Present value of defined benefit obligation is determined by professional actuary. Projected Unit Credit method is used to measure the present value of defined benefit obligations and related current and past service cost by using mutually compatible actuarial assumptions about demographic and financial variables.

Current service cost, past service cost and gain/loss on settlement and net interest on the net defined benefit liability (asset) are recognised in profit or loss. Service cost and gain/loss on settlement are classified as personnel expense and net interest on the net defined benefit liability (asset) is classified as financial expense.

Remeasurements of the net defined liability (asset) are recognised in other comprehensive income, comprising:

i) actuarial gains and losses;
ii) return on plan asset, excluding amounts included in net interest on the net defined benefit liability (asset); and
iii) any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

Relevant tax impacts of such remeasurements are also recognised under other comprehensive income.

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount of annual leave encashment based on the latest basic salary.

3.12 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(a) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. The tax rates used for the reporting periods are as follows:

Year	Tax rate
2025	40%
2024	40%

(b) Deferred tax

Deferred tax is recognised in compliance with IAS 12 *Income Taxes*, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purpose. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the date of statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each year-end and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.13 Accruals, provisions and contingencies

(a) Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade payables and others.

(b) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Asset Retirement Obligations (ARO)

Asset Retirement Obligations (ARO) are recognised when there is a legal or constructive obligation as a result of past event for dismantling and removing an item of property, plant and equipment and restoring the site on which the item is located and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated expected cost of decommissioning, discounted to its present value. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The Company recognises ARO in respect of base station and office space. The periodic unwinding of the discount is recognised in profit or loss as a finance cost as it occurs.

(c) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

Contingent liabilities and assets are not recognised in the statement of financial position of the Company. Significant contingencies are disclosed in the notes to the financial statements.

3.14 Revenue from contract with customers

Under IFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over goods or services to a customer.

The Company considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

Nature of goods and services

The following is a description of the principal activities from which the Company generates its revenue

(a) Subscription and traffic fees

Revenues from subscription fees are recognised over the subscription period while revenues from voice and non-voice services are recognised upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage or when the cards expire or airtime balances are forfeited.

(b) Connection fees

A connection fee received in the beginning is not considered a separate performance obligation as the connection or SIM card is not a distinct goods or service that is delivered initially. Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognised over the periods in which the fees are expected to be earned. The earning period is the average expected lifetime of the customer i.e. four years.

(c) Commission income

The Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for other parties to provide goods or services. The Company's fee or commission might be the net amount of consideration that it retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.



(d) Customer equipment

The Company recognises revenue when it satisfies a performance obligation by transferring a promised good (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

(e) Discounts

Discounts are often provided in the form of cash discounts or free products and services delivered by the Company or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts or free products and services given as part of sales transactions are recognised as a reduction of revenue. Free products or services provided that are not related to sales transactions are recognised as expenses. Discounts are recognized when they are earned and not when they are awarded i.e. at the same time when the underlying services are delivered to which those discounts relate.

(f) Multiple element arrangement

Multiple element arrangements or bundled offers are sales arrangements that require the Company to deliver more than one product and/or perform more than one service, often over an extended period of time. The characteristics of such arrangements mean that the Company must determine if the different elements in a package can be separated from one another - i.e. can be considered distinct performance obligations. The total contract price is then to be allocated to the distinct performance obligations, and revenue is to be recognized in accordance with satisfaction of the performance obligations.

The transaction price is allocated to separate performance obligations in a contract based on relative standalone selling prices. The requirement to allocate revenue on a relative stand-alone selling price basis may result in similar goods and services (e.g. a particular customer equipment or a particular service plan) being allocated different amounts of revenue depending on how the products and service plans are bundled into the arrangement.

Stand-alone selling price for the equipment would be list-price when sold by the Company on a stand-alone basis (not in a bundle). If the Company does not sell the equipment separately, the stand-alone selling price is to be estimated.

(g) Interest and dividend income

Interest income is accrued on a time proportion basis that reflects an effective yield on the financial asset. Dividend income from an investment is recognised when the Company's rights to receive payment is established (declared by the Annual General Meeting of the investee or otherwise).

Contract Costs

Contract costs are costs that are incremental to obtaining a contract with a customer or costs that are directly related to fulfilling a specified contract with a customer (fulfilment costs). Incremental costs of obtaining a contract with a customer is recognised as an asset if the expectation is that the costs will be recoverable except for incremental costs that would have been amortised in a year or less. These may be expensed as incurred.

Contract costs is capitalised as assets and amortised in a way that is consistent with the transfer of the related goods and services. Customer acquisition costs for Grameenphone includes SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

Management expects that customer acquisition cost are recoverable. In the comparative period, such costs were capitalized but to the extent of connection revenue earned. These costs are amortized over the average expected lifetime of the customer i.e. four years.

Determination of agent and principal

The determination of whether the Company is acting as a principal or as an agent in a transaction is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services, setting prices, form of consideration and exposure to credit risk. When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for the other party to provide those goods or services (i.e. the entity is an agent). Where the Company acts as a principal, the revenues are recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts, with any related expenses charged as operating costs. Where the Company acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Licence fees payable to Bangladesh Telecommunication Regulatory Commission (BTRC) that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as operating costs because the Company is considered to be the primary obligor.

Customer loyalty programme

Nature and timing of satisfaction of performance obligations

Customers who purchase GP's products or services and fulfil certain conditions enter the Company's customer loyalty programme and earn points. The points are redeemable against any future purchases of the Company's or third party's products or services at customers' discretion. The loyalty points accumulate on cumulative basis and expire after two years where remaining days of current year will be counted as one year. Further, all the accumulated points expire when a subscriber stops using MyGP App for a consecutive period of three months. However, no loyalty point are awarded when a subscriber stops using MyGP App for a consecutive period of one month.

Revenue recognition

GP segregates the monetary value equivalent of the loyalty points as unearned revenue. At subsequent redemption of the loyalty points, nature wise revenue is recognized i.e. where such points are used by customers. Where customer chooses to avail third party goods or services then accounting is done after analysing agent principal relationship. For expired loyalty points, revenue is recognized at expiry.

3.15 Foreign currency transactions

The financial statements are presented in BDT, which is Company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss as per IAS 21 The Effects of Changes in Foreign Exchange Rates.



3.16 Earnings per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in number of shares for bonus issue, share split and reverse split. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant periods.

3.17 Events after the reporting period

Amounts recognised in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.



4 Property, plant and equipment

31 December 2025

Name of assets	Cost					Depreciation					Carrying amount
	As at 01 January 2025	Additions during the year	Transfer/ Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2025	As at 01 January 2025	Charged during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2025	As at 31 December 2025
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	1,238,980	57,726	-	-	1,296,706	-	-	-	-	-	1,296,706
Building	3,933,495	181,510	(102,349)	-	4,012,656	2,571,903	179,639	(101,327)	-	2,650,215	1,362,441
Base station	158,695,351	7,522,074	(1,507,429)	(3,162)	164,706,834	106,416,721	11,185,047	(1,348,028)	(457)	116,253,283	48,453,551
Transmission equipment	23,399,403	2,140,844	(623,366)	(93,658)	24,823,223	17,459,596	2,253,477	(623,221)	(74,377)	19,015,475	5,807,748
Computers and other IT equipment	10,697,295	1,520,801	339	7,462	12,225,897	6,986,344	1,586,871	571	2,487	8,576,273	3,649,624
Furniture and fixtures (including office equipment)	1,744,597	62,821	88,360	54	1,895,832	1,577,195	70,050	89,556	53	1,736,854	158,978
Vehicles	555,943	-	(109,066)	-	446,877	411,308	28,565	(86,979)	-	352,894	93,983
	200,265,064	11,485,776	(2,253,511)	(89,304)	209,408,025	135,423,067	15,303,649	(2,069,428)	(72,294)	148,584,994	60,823,031
Capital work in progress (Note 4.2)	3,493,444	11,020,606	(11,441,576)	-	3,072,474	-	-	-	-	-	3,072,474
	203,758,508	**22,506,382**	**(13,695,087)**	**(89,304)**	**212,480,499**	**135,423,067**	**15,303,649**	**(2,069,428)**	**(72,294)**	**148,584,994**	**63,895,505**

31 December 2024

Name of assets	Cost					Depreciation					Carrying amount
	As at 01 January 2024	Additions during the year	Transfer/ Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2024	As at 01 January 2024	Charged during the year	Disposals/ Adjustments during the year	Reclassification during the year	As at 31 December 2024	As at 31 December 2024
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Land (Note 4.1)	1,237,566	1,414	-	-	1,238,980	-	-	-	-	-	1,238,980
Building	4,116,781	10,854	(205,728)	11,588	3,933,495	2,578,466	183,072	(200,176)	10,540	2,571,903	1,361,592
Base station	156,370,250	12,949,835	(11,195,236)	570,502	158,695,351	105,543,501	11,130,443	(10,650,166)	392,943	106,416,721	52,278,630
Transmission equipment	26,393,634	2,560,142	(5,119,433)	(434,940)	23,399,403	21,220,812	1,605,242	(5,103,390)	(263,067)	17,459,596	5,939,807
Computers and other IT equipment	11,486,871	1,543,133	(2,176,784)	(155,925)	10,697,295	7,880,573	1,428,850	(2,167,990)	(155,089)	6,986,344	3,710,951
Furniture and fixtures (including office equipment)	3,015,130	6,898	(1,281,871)	4,440	1,744,597	2,758,722	86,339	(1,279,465)	11,599	1,577,195	167,403
Vehicles	571,824	3,480	(19,361)	-	555,943	361,164	63,782	(13,638)	-	411,308	144,634
	203,192,056	17,075,755	(19,998,412)	(4,335)	200,265,064	140,343,238	14,497,727	(19,414,825)	(3,073)	135,423,067	64,841,997
Capital work in progress (Note 4.2)	4,171,177	16,421,514	(17,099,247)	-	3,493,444	-	-	-	-	-	3,493,444
	207,363,233	**33,497,269**	**(37,097,659)**	**(4,335)**	**203,758,508**	**140,343,238**	**14,497,727**	**(19,414,825)**	**(3,073)**	**135,423,067**	**68,335,441**

4.1 Land

Land represents freehold land acquired for office premises and base stations.

4.2 Capital work in progress (CWIP)

This represents primarily the cost of network equipment under construction and capital inventory.

The amount of CWIP completed and transferred during the year to the corresponding items of property, plant and equipment was as follows:

Name of assets

	2025	2024
	BDT (000)	BDT (000)
Land (Note 4.1)	57,726	1,414
Building	181,510	10,854
Base station	7,522,074	12,949,835
Transmission equipment	2,140,844	2,560,142
Computers and other IT equipment	1,520,801	1,543,133
Furniture and fixtures	62,821	6,898
Vehicles	-	3,480
	11,485,776	**17,075,755**

4.2.1 Capital work in progress - components

Capital work in progress as at 31 December 2025 included capital inventory of BDT 1,246,276,531 (2024: BDT 1,559,857,771) and work-in-progress of BDT 1,826,193,454 (2024: BDT 1,933,584,299).

5 Intangible assets

31 December 2025

Name of assets	Cost					Amortisation					Carrying amount
	As at 01 January 2025	Additions during the year	Transfer/ Disposals during the year	Reclassification during the year	As at 31 December 2025	As at 01 January 2025	Charged during the year	Disposals during the year	Reclassification during the year	As at 31 December 2025	As at 31 December 2025
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	12,801,586	2,507,927	(583,326)	89,305	14,815,492	8,689,785	1,833,114	(521,077)	72,294	10,074,116	4,741,376
	12,801,586	2,507,927	(583,326)	89,305	14,815,492	8,689,785	1,833,114	(521,077)	72,294	10,074,116	4,741,376
Capital work in progress (Note 5.2)	662,637	2,055,648	(2,597,233)	-	121,052	-	-	-	-	-	121,052
	13,464,224	**4,563,575**	**(3,180,559)**	**89,305**	**14,936,545**	**8,689,785**	**1,833,114**	**(521,077)**	**72,294**	**10,074,116**	**4,862,429**

31 December 2024

Name of assets	Cost					Amortisation					Carrying amount
	As at 01 January 2024	Additions during the year	Transfer/ Disposals during the year	Reclassification during the year	As at 31 December 2024	As at 01 January 2024	Charged during the year	Disposals during the year	Reclassification during the year	As at 31 December 2024	As at 31 December 2024
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Software and others (Note 5.1)	18,128,439	1,476,403	(6,807,590)	4,335	12,801,586	13,959,933	1,530,946	(6,804,167)	3,073	8,689,785	4,111,802
	18,128,439	1,476,403	(6,807,590)	4,335	12,801,586	13,959,933	1,530,946	(6,804,167)	3,073	8,689,785	4,111,802
Capital work in progress (Note 5.2)	227,495	1,911,545	(1,476,403)	-	662,637	-	-	-	-	-	662,637
	18,355,934	**3,387,947**	**(8,283,993)**	**4,335**	**13,464,224**	**13,959,933**	**1,530,946**	**(6,804,167)**	**3,073**	**8,689,785**	**4,774,439**

5.1 Software and others

Software includes business software and network management software. Business software includes mainly billing software, oracle financial software, data mining software, campaign automation software, DNS Software, Huawei GGSN SW, Charging System Upgrade etc.

5.2 Capital work in progress (CWIP)

CWIP includes cost of software in process of installation/implementation and also software under testing phase awaiting users' acceptance.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

6 Leases

A. Leases as lessee

Grameenphone leases land, rooftop, office & residential spaces, warehouse, tower infrastructure facilities and fiber optical network. Telecom licences and spectrums have also been chosen to consider as lease after implementation of IFRS 16. Information about leases for which Grameenphone is a lessee is presented below.

(i) Right-of-use assets

31 December 2025

	Cost				Amortisation				Carrying amount
Name of assets	As at 01 January 2025	Addition during the year	Disposal/ adjustment during the year	As at 31 December 2025	As at 01 January 2025	Charged during the year	Disposal/ adjustment during the year	As at 31 December 2025	As at 31 December 2025
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network	18,720,739	1,913,700	(2,585,316)	18,049,123	12,239,910	2,572,044	(2,186,588)	12,625,366	5,423,757
Telecom licence, annual licence renewal fees and spectrum	107,301,937	4,275,655	-	111,577,592	70,072,682	10,242,178	-	80,314,860	31,262,731
Base transceiver station - Green Field	3,368,020	290,514	(64,951)	3,593,583	1,608,561	358,473	(29,394)	1,937,640	1,655,943
Base transceiver station - Roof Top	5,741,701	773,878	(117,183)	6,398,396	4,020,008	730,230	(94,337)	4,655,901	1,742,495
Infrastructure sharing site	45,966,952	5,024,633	(1,324,241)	49,667,344	15,602,737	5,023,564	(1,135,375)	19,490,926	30,176,418
Office/residential space	750,266	383,480	(308,138)	825,608	594,824	226,028	(306,758)	514,094	311,514
	181,849,614	**12,661,860**	**(4,399,829)**	**190,111,645**	**104,138,722**	**19,152,517**	**(3,752,452)**	**119,538,787**	**70,572,858**

31 December 2024

	Cost				Amortisation				Carrying amount
Name of assets	As at 01 January 2024	Addition during the year	Disposal/ adjustment during the year	As at 31 December 2024	As at 01 January 2024	Charged during the year	Disposal/ adjustment during the year	As at 31 December 2024	As at 31 December 2024
	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Fibre Optic Network	16,827,294	1,893,445	-	18,720,739	9,957,014	2,282,896	-	12,239,910	6,480,829
Telecom licence, annual licence renewal fees and spectrum	107,436,307	855,840	(990,211)	107,301,937	60,603,335	9,970,161	(500,813)	70,072,682	37,229,254
Base transceiver station - Green Field	1,886,402	1,526,025	(44,407)	3,368,020	1,227,915	410,827	(30,181)	1,608,561	1,759,459
Base transceiver station - Roof Top	4,627,713	1,246,232	(132,244)	5,741,701	3,259,953	864,110	(104,055)	4,020,008	1,721,693
Infrastructure sharing site	30,910,567	15,056,385	-	45,966,952	10,782,222	4,820,515	-	15,602,737	30,364,215
Office/residential space	651,563	116,537	(17,834)	750,266	422,684	174,659	(2,519)	594,824	155,442
	162,339,846	**20,694,464**	**(1,184,696)**	**181,849,614**	**86,253,123**	**18,523,167**	**(637,567)**	**104,138,722**	**77,710,892**

Right-of-use assets addition

Right-of-use assets addition for the year ended 31 December 2025 is BDT 12,661,860,000. BDT 852,841,330 has been paid at the time of acquisition and has been classified as part of investing activities in the Statement of Cash Flows. The remaining amount of BDT 11,809,018,670 will be paid in the future when due for payment and shall be classified as part of financing activities. .

Telecom licence, annual licence renewal fees and spectrum

The tenure of Mobile Cellular Licence and 14.6 MHz of spectrum acquired in 1996 expired on 10 November 2011. The tenure of this 2G licence and spectrum was renewed for another 15 years on 7 August 2012 effective from 11 November 2011. This 2G licence and spectrum was recognised in accordance with IAS 38 *Intangible Assets* and was measured at the cash equivalent price being the present value of the instalments. The difference between total payment and the cash equivalent price is recognised as finance cost over the period of payment.

Total cost of telecom licence and spectrum also includes cost of 7.4 MHz of spectrum acquired in 2008 for 18 years.

In 2013, Grameenphone, acquired 3G licence and related 10 MHz of spectrum for 15 years effective from 12 September 2013.

Grameenphone acquired 5 MHz spectrum in 1800 MHz band for 15 years at the spectrum auction held by Bangladesh Telecommunications Regulatory Commission (BTRC) on 19 February 2018 and an approval for converting existing 22 MHz 2G spectrum to technology neutral spectrum for 8.75 years. Grameenphone also obtained 4G/LTE Cellular Mobile Phone Services Operator License effective from 19 February 2018 from BTRC.

From 1 January 2019, Grameenphone has chosen to apply IFRS 16 on telecom license and spectrum which was earlier accounted for under IAS 38 Intangible Assets.

In 2021, Grameenphone acquired 0.4 MHz in 1800 MHz band and 10MHz in 2100 MHz band effective from 9 April 2021 to 10 November 2026.

On 31 March 2022, Bangladesh Telecommunication Regulatory Commission (BTRC) conducted a Radio Frequency Auction for 100 MHz in 2.3 GHz band comprised of 10 blocks of 10 MHz each and 120 MHz in 2.6 GHz band comprised of 12 blocks of 10 MHz each to existing telecom operators. GP participated in that auction and secured 60 MHz spectrum from 2.6 GHz band effective from 1 November 2022 to 18 February 2033.

Grameenphone has received the Unified Licenses named ‘‘Cellular Mobile Services Operator License’’ and ‘‘Radio Communications Apparatus License” for Cellular Mobile Services from Bangladesh Telecommunication Regulatory Commission (BTRC) at an event organized by BTRC at its office on 11 March 2024. These licenses have amalgamated existing licenses (2G, 3G & 4G) and included provisions/scope for 5G and beyond services.

These licenses are effective from the date of issuance and shall be valid for fifteen (15) years. However, the assignment of spectrum under 2G, 3G and 4G/LTE licenses, which was awarded in 2011, 2013 and 2018 will remain valid until the earlier date of expire of the respective licenses (2026, 2028 & 2033 respectively). Annual fees for these licences during the validity period have been capitalised from the effective date of the licences. Simultaneously remaining carrying amount of the right-of-use assets related to 2G, 3G & 4G licences have been derecognised.

Grameenphone Ltd was awarded 20MHz spectrum in 2600 MHz band by Bangladesh Telecommunication Regulatory Commission (BTRC) on 29 September 2024 which is effective from 1 July 2025 and shall be valid till 18 February 2033. This spectrum has been capitalised from the effective date at BDT 4,275,655,173.



(ii) Lease liabilities

	2025	2024
	BDT (000)	BDT (000)
Lease liabilities - non-current portion	48,301,117	48,853,886
Lease liabilities - current portion	11,359,473	11,112,469
	59,660,590	**59,966,355**

(iii) Amounts recognised in profit or loss

Interest on lease liabilities	5,864,696	4,949,207
Expense relating to variable lease payments and short term leases not included in measurement of lease liabilities:		
Revenue sharing and spectrum charges	11,962,730	12,068,041
Fuel and energy costs	2,268,088	2,090,155
Connectivity cost	378,036	396,829
Short term lease	17,171	15,191
	20,490,721	**19,519,423**

(iv) Amounts recognised in statement of cash flows

Total cash outflow for right-of-use assets	17,699,746	14,660,869
Total cash outflow for right-of-use assets (VAT portion)	430,341	691,407
Total cash outflow for variable lease payment and short term leases	14,403,120	14,813,212



7 Investment in associate

Grameenphone disposed of 51% of its stake in its only subsidiary, Grameenphone IT Ltd. now known as ACISL on 1 September 2013 and retains significant influence over ACISL with its remaining 49% stake.

In accordance with the requirements of IAS 36 Impairment of Assets, the carrying amount of investment in ACISL as at 31 October 2016 was re-assessed for impairment considering the financial performance of ACISL for the period to 31 October 2016 and estimated the recoverable amount from the investment. Based on the assessment, the carrying amount of investment in ACISL (BDT 486,828,493) has been fully impaired. The assessment of recoverable amount from investment in associate remained unchanged as at 31 December 2025 and 31 December 2024.

8 Contract cost

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Opening balance	10,436,997	7,141,432
Additions during the year	5,829,762	7,185,626
Amortisation during the year	(4,733,658)	(3,890,061)
	11,533,101	**10,436,997**

This includes deferred customer acquisition cost mainly in the form of SIM cost, different commissions and other directly attributable costs related to acquisition of customers.

9 Deferred tax assets

Deferred tax assets and liabilities have been recognised and measured in accordance with the provisions of IAS 12 Income Taxes. Related deferred tax expense/income have been disclosed in Note 35. The components of deferred tax assets and liabilities are given below:

	Carrying amount	Tax base	Taxable/(deductible) temporary difference
	BDT (000)	BDT (000)	BDT (000)
As at 31 December 2025			
Property, plant and equipment (excluding land and CWIP (Note 4))	59,526,331	55,193,984	4,332,347
Difference for vehicle (Note 9.1)	(33,791)		(33,791)
			4,298,556
Right of use assets (Note 6)	70,572,858	24,839,218	45,733,640
Trade receivables (Note 12)	(3,626,583)	-	(3,626,583)
Lease liabilities including current portion (Note 6)	(60,907,813)		(60,907,813)
Interest Payable	(109,064)	-	(109,064)
Employee benefit plans including obligation under voluntary retirement	(373,644)	-	(373,644)
Unrealised Foreign Exchange (Loss)/Gain	264,779	-	264,779
Recoverable income tax on certain aged trading liability	(515,323)	-	(515,323)
Net taxable temporary difference			(15,235,452)
Net deferred tax asset @40% tax rate (Note 3.12)			**(6,094,181)**
As at 31 December 2024			
Property, plant and equipment (excluding land and CWIP (Note 4))	63,603,019	48,511,923	15,091,096
Difference for vehicle (Note 9.1)	(45,477)	-	(45,477)
			15,045,619
Right of use assets (Note 6)	77,710,892	30,673,463	47,037,429
Trade receivables (Note 12)	(3,719,010)	-	(3,719,010)
Lease liabilities including current portion (Note 6)	(61,315,128)	-	(61,315,128)
Interest Payable	(18,958)	-	(18,958)
Employee benefit plans including obligation under voluntary retirement	(696,156)	-	(696,156)
Unrealised Foreign Exchange (Loss)/Gain	939,091	-	939,091
Recoverable income tax on certain aged trading liability	(919,435)	-	(919,435)
Net taxable temporary difference			(3,646,548)
Net deferred tax asset @40% tax rate (Note 3.12)			**(1,458,619)**

9.1 Difference for vehicle

This represents the permanent difference related to sedan cars, not plying for hire, owned by Grameenphone. As per the provisions of Income Tax Act 2023, depreciation on such cars is allowed only up to certain limit of cost (currently BDT 3 million per car) of such cars for tax purpose. Difference for vehicle represents the amount of depreciated cost exceeding such limits.



9.2 Actuarial gain/loss from re-measurement of defined benefit obligations

Deferred tax assets as at 31 December 2025 includes net deferred tax asset of BDT 21,064,236 (2024: BDT 1,961,695) for actuarial gain/loss from re-measurement of defined benefit obligations corresponding impact of which has been recognised under other comprehensive income.

10 Other non-current assets

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Appeal deposits	607,913	510,730
Deposit to BTRC (Note 10.1)	20,000,000	20,000,000
Security deposits for utility services and other investments	16,084	16,084
	20,623,997	**20,526,814**

10.1 Deposit to BTRC

Deposit of BDT 20,000,000,000 to BTRC was made pursuant to the order of Hon'ble Appellate Division of the Supreme Court of Bangladesh. The details of the dispute are discussed in Note 45 (Contingencies) to these financial statements.

11 Inventories

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Handset, data card and other devices	125,179	121,249
SIM card	187,648	273,669
Scratch card	11,080	12,737
	323,907	**407,655**

11.1 Movement of inventories

	Handset, data card and other device	SIM card	Scratch card
	BDT (000)	BDT (000)	BDT (000)
Balance as at 1 January 2024 (Gross)	95,599	561,924	56,144
Purchase	195,465	725,823	157,817
Issue	(152,466)	(957,627)	(162,195)
	138,598	330,120	51,766
Adjustment/write-off	(17,349)	(56,451)	(39,029)
Balance as at 31 December 2024 (Net)	**121,249**	**273,669**	**12,737**
Balance as at 1 January 2025 (Gross)	138,598	330,120	51,766
Purchase	195,305	497,347	159,565
Issue	(195,989)	(577,446)	(182,602)
	137,914	250,021	28,729
Adjustment/write-off	(12,735)	(62,373)	(17,649)
Balance as at 31 December 2025 (Net)	**125,179**	**187,648**	**11,080**

11.2 Number of inventories

	As at 31 December 2025	As at 31 December 2024
	Units	Units
Handset, data card and other device	58,700	60,748
SIM card	8,548,191	10,346,038
Scratch card	211,602,476	378,461,843

11.3 SIM card

SIM cards include SIMs for new connections and replacement SIMs. Both new connection and replacement SIM attract SIM tax. Value added tax (VAT) and supplementary duty (SD) imposed on SIM cards are popularly known as SIM tax.

12 Trade receivables and others

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Trade receivables		
Trade receivables, gross	8,387,270	8,324,264
Impairment loss allowance	(3,464,888)	(3,557,315)
	4,922,382	**4,766,949**
Other receivables		
Receivables from employees	33,259	34,783
Other non-interest-bearing receivables	1,146,165	2,068,401
Impairment loss allowance	(161,695)	(161,695)
	1,017,729	**1,941,489**
Other non-financial assets		
Prepaid expenses	717,357	1,159,500
	717,357	**1,159,500**
Total trade receivables and others	**6,657,468**	**7,867,938**

13 Cash and cash equivalents

Cash in hand	24,921	67,085
Cash at bank	6,734,574	7,267,347
	6,759,495	**7,334,432**

13.1 Restricted cash balance

Cash at bank as at reporting date includes BDT 45,137,219 (2024: BDT 46,176,349) equivalent to unused Mobicash points in customer wallet and is therefore treated as restricted cash balance.

Additionally, Cash at bank as at reporting date includes BDT 62,239,176 (2024: BDT 68,049,523) equivalent to dividend unclaimed amount (principal portion), BDT Nil (2024: BDT 5,225) equivalent to dividend unclaimed on IPO suspense amount (principal portion) and BDT1,663,0834 (2024: BDT 1,666,081) equivalent to unclaimed IPO subscription amount (principal portion).

14 Net asset value per share

	As at 31 December 2025 BDT	As at 31 December 2024 BDT
Net Asset (BDT)	56,021,004,774	64,742,457,000
Weighted average number of ordinary shares outstanding during the year	1,350,300,022	1,350,300,022
Net asset value per share (par value BDT 10 each) (BDT)	**41.49**	**47.95**

15 Share capital

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Authorised:		
4,000,000,000 ordinary shares of BDT 10 each	40,000,000	40,000,000
	40,000,000	**40,000,000**
Issued, subscribed, called up and paid up:		
1,350,300,022 ordinary shares of BDT 10 each	13,503,000	13,503,000
	13,503,000	**13,503,000**

The Company was initially registered with ordinary shares of BDT 43.00 each. These shares were subsequently converted into BDT 10 shares through a 43:1 split at the 16th EGM (held on 15 July 2008) and 1:10 reverse split at the 19th EGM (held on 2 July 2009).

There has been no change in share capital during the current and comparative year.

15.1 Shareholding position

a) Percentage of shareholdings

Name of shareholders	% of holding		Value of shares (BDT)		Date of issue/ Transfer of Shares
	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024	
Telenor Mobile Communications AS, Norway	55.8%	55.8%	7,534,081,540	7,534,081,540	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 21 December 2004 31 May 2007 15 July 2008 02 July 2009 31 October 2019
Grameen Telecom, Bangladesh	34.2%	34.2%	4,617,664,090	4,617,664,090	10 October 1996 24 September 1997 25 August 1998 7 December 1998 19 April 2004 21 October 2004 27 November 2004 31 May 2007 15 July 2008 02 July 2009
Grameen Kalyan, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
Grameen Shakti, Bangladesh	0.0%	0.0%	220	220	31 May 2007 15 July 2008 02 July 2009
General public, Grameenphone employees and institutional	10.0%	10.0%	1,351,254,150	1,351,254,150	28 October 2009 28 October 2019
	100%	**100%**	**13,503,000,220**	**13,503,000,220**	

215 shares of Telenor Asia Pte Ltd, Singapore are presented under institutional shareholders as per regulatory direction.



b) Classification of shareholders by range of number of shares held

	No. of shareholders		No. of shares	
Shareholding range	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024
1-500	28,528	29,048	4,494,688	4,691,100
501-5,000	6,759	7,234	11,052,614	11,924,273
5,001-10,000	660	700	4,763,660	5,058,928
10,001-20,000	362	389	5,177,986	5,554,088
20,001-30,000	124	135	3,090,337	3,402,307
30,001-40,000	69	78	2,389,112	2,721,864
40,001-50,000	41	39	1,890,723	1,791,076
50,001-100,000	106	99	7,989,930	7,325,847
100,001-1,000,000	106	112	33,208,859	34,250,752
1,000,001-1,000,000,000	20	20	1,276,242,113	1,273,579,787
	36,775	**37,854**	**1,350,300,022**	**1,350,300,022**

16 Share premium

Total amount of BDT 8,384,003,437 was received in the years 1997 and 2009 as share premium in respect of shares issued to shareholders. Net issue cost of BDT 543,777,495 was set off against share premium as per IAS 32 Financial Instruments: Presentation.

17 Capital reserve

In 1999, Grameenphone issued 5,086,779 preference shares of BDT 45.84 each, which were converted into ordinary shares of BDT 43.00 each in 2004. The balance BDT 2.84 per share was transferred to capital reserve account. The conversion was in accordance with provisions of Articles of Association of Grameenphone. This amount is not distributable as dividend as per the Companies Act 1994.

18 Employee benefits

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Amounts recognized in the statement of financial position		
Defined benefit obligation	(5,528,857)	(3,956,159)
Fair value of plan assets	5,476,196	3,560,322
Net defined benefit obligation	**(52,661)**	**(395,836)**
Change in benefit obligation		
Benefit obligation at end of prior year	(3,956,159)	(4,173,750)
Service cost	(294,663)	(289,628)
Interest expense	(479,743)	(414,688)
Benefit payments from plan assets	249,932	351,716
Remeasurements due to change in demographic assumptions	11,397	-
Remeasurements due to change in financial assumptions	(691,184)	704,412
Remeasurements due to experience adjustments	(368,437)	(134,221)
Defined benefit obligation at end of year	**(5,528,857)**	**(3,956,159)**
Change in fair value of plan assets		
Fair value of plan assets at end of prior year	3,560,322	3,789,280
Interest income	433,574	313,384
Employer contributions	1,500,000	-
Benefit payments from plan assets	(249,932)	(351,716)
Remeasurements for return on assets (excluding interest income)	232,232	(190,626)
Fair value of plan assets at end of year	**5,476,196**	**3,560,322**
Fair value of plan assets		
Cash and cash equivalents	484,019	245,839
Debt instruments	4,992,177	3,314,483
Total	**5,476,196**	**3,560,322**
Components of Defined Benefit Cost (DBO)		
Service cost	294,663	289,628
Interest expense on DBO	479,743	414,688
Interest (income) on plan assets	(433,574)	(313,384)
Defined benefit cost included in profit or loss	**340,832**	**390,932**
Remeasurements (recognized in other comprehensive income (OCI))		
Due to change in demographic assumptions	(11,397)	-
Due to change in financial assumptions	691,184	(704,412)
Due to change in experience adjustments	368,437	134,221
(Return) on plan assets (excl. interest income)	(232,232)	190,626
Total remeasurements in OCI	**815,993**	**(379,566)**
Total defined benefit cost recognized in profit or loss and OCI	**1,156,825**	**11,366**
Net defined benefit liability (asset) reconciliation		
Opening balance of net defined benefit liability (asset)	395,836	384,470
Defined benefit cost included in profit or loss	340,832	390,932
Total remeasurements included in OCI	815,993	(379,566)
Employer contributions	(1,500,000)	-
Net defined benefit liability (asset) as of end of year	**52,661**	**395,836**

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Expected cash flows for following year		
Expected employer contributions	388,335	292,068
Expected total benefit payments		
Year 1	391,774	292,068
Year 2	360,574	321,634
Year 3	383,976	364,403
Year 4	391,167	392,819
Year 5	406,404	434,288
Next 5 years	3,008,410	3,667,918

Significant actuarial assumptions

Discount rate in %	10.8%	12.5%
Future salary growth in %	8.5%	8.5%

Sensitivity analysis

A change of 50 basis points in following significant assumptions would have increased/ (decreased) defined benefit obligation of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	As at 31 December 2025		As at 31 December 2024	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Discount rate in %	(218,576)	232,796	(275,499)	34,309
Future salary growth in %	237,082	(224,345)	30,417	(273,064)

Significant characteristics of plan

Plan sponsor:	Grameenphone Ltd.
Nature of benefits:	Final salary defined benefit plan
Risks associated with the plan:	Plan sponsor bears all the risks associated with the plan
Vesting criteria:	5 year of continuous service
Applicable salary:	Last drawn monthly basic salary
Maximum limit of benefit paid:	No upper limit on benefit
Basis of gratuity:	Accrued benefit
Normal retirement age:	60 years
Benefit calculation:	- Past service of 5 years to 5.5 years: 1 month applicable basic salary for each completed years of service - Up to 10 years: 1.5 month applicable basic salary for each completed years of service - More than 10 years: 2 month applicable basic salary for each completed years of service

19 Other non-current liabilities

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Asset retirement obligations (Note 19.1)	341,696	260,469
Other non-current liabilities	307,016	285,664
	648,712	**546,133**

19.1 Asset retirement obligations (ARO)

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Opening balance	260,469	311,652
Provision made during the year	83,240	23,039
	343,709	334,691
Provision released during the year	(2,013)	(74,222)
Paid during the year	-	-
Closing balance	**341,696**	**260,469**

Grameenphone recognises Asset Retirement Obligations (ARO) in respect of base stations and office space for any constructive and/or legal obligations for dismantling, removal or restoration incurred by the Company as a consequence of installing or constructing the sites. ARO is measured at the present value of expected cash outflows required to settle such obligations. Unwinding of the discount is charged as finance expense in the profit or loss.

20 Trade payables and others

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Financial liabilities		
Trade payables including liability for capital expenditure	6,142,191	8,693,665
Accrued expenses	8,250,986	8,518,585
Indirect taxes	3,211,314	2,991,977
	17,604,491	**20,204,227**
Other non-financial liabilities		
Deferred connection revenue	1,284,595	1,133,209
Unearned revenue	7,348,193	7,029,372
	8,632,788	**8,162,581**
Total trade payables and others	**26,237,279**	**28,366,808**

21 Provisions

A provision is a liability of uncertain timing or amount. Grameenphone takes provision for those items for which it has obtained related goods or service but vendor is formally yet to bill it. The amount concerning provision is almost certain to both parties and uncertainties exist regarding the timing of billing by vendor. Provisions includes provision for regulatory disputes, BTRC revenue share, annual operating licence fee, office running, other operational expenses and capital expenditure.

Grameenphone has a number of disputes, in addition to the issues mentioned in Note 45, which have been duly evaluated and addressed in accordance with relevant International Financial Reporting Standards (IFRSs) considering the opinion of the relevant experts where applicable.

22 Loans and borrowings

This includes short-term bank loan of BDT 7,000,000,000 (2024: BDT 5,000,000,000).

23 Current tax liabilities

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Movement of current tax liabilities is shown as below:		
Opening balance	12,769,919	19,459,679
Provision made during the year including transactions for other comprehensive income	22,240,749	24,587,354
	35,010,668	44,047,033
Paid during the year (incl. tax deducted at source)	(22,591,332)	(26,014,069)
Adjustments/provision released during the year	1,709,383	(5,263,045)
Closing balance	**14,128,721**	**12,769,919**

24 Other current liabilities

Accruals for profit sharing plan	329,086	350,064
Payable for bills pay receipts	(10,585)	23,434
Security deposits from subscribers and channel partners	571,236	526,278
Others	1,193,194	1,177,404
	2,082,931	**2,077,180**

25 Unclaimed dividend

This includes dividend unclaimed amount of BDT 62,239,176 (2024: BDT 68,049,523) and dividend unclaimed on IPO suspense amount of BDT Nil (2024: BDT 4,405).

Bangladesh Securities and Exchange Commission (BSEC) issued a Directive dated 14 January 2021, official gazette of the Bangladesh Securities and Exchange Commission (Capital Market Stabilization Rules Fund) Rules dated 27 June 2021 and BSEC Notification dated 19 July 2021 whereby listed companies are instructed to transfer unclaimed/undistributed/unsettled cash dividend and non-refundable public subscription money for a period of 3 years old from the date of declaration or approval or record date, as the case may be to "Capital Market Stabilisation Fund".

In compliance with the said instruction Grameenphone transferred the principal amount of unclaimed/undistributed/unsettled cash dividend of BDT 39,015,333 (2024: BDT 24,407,600) to the fund this year.

26 Revenue

	2025 BDT (000)	2024 BDT (000)
The following is an analysis of revenue for the year:		
Revenue from contract with customers (Note 26.1)	155,744,292	156,203,021
Lease revenues	2,313,197	2,243,982
	158,057,490	**158,447,003**

26.1 Disaggregation of revenue from contract with customers

Type of goods/ services		
Revenue from mobile communication (Note 26.2)	155,198,878	155,759,617
Revenue from customer equipment (Note 26.3)	444,442	365,715
Other revenues (Note 26.4)	100,973	77,689
	155,744,292	**156,203,021**
Type of subscription		
Prepaid	145,916,062	147,257,740
Contract	9,282,816	8,501,877
Other	545,415	443,404
	155,744,292	**156,203,021**
Type of customer		
Consumer	136,896,510	138,646,940
Business	18,847,783	17,556,081
	155,744,293	**156,203,021**

26.2 Revenue from mobile communication

This includes revenue from voice and non-voice traffic, subscription and connection fee and interconnection revenue.

26.3 Revenue from customer equipment

This mainly includes revenue from sale of mobile handsets/devices and data cards.

26.4 Other revenues

This mainly includes revenue from commission and other income.

27 Cost of material and traffic charges

	2025 BDT (000)	2024 BDT (000)
Traffic charges	7,543,419	8,148,106
Cost of materials and services	1,649,358	1,677,586
	9,192,776	**9,825,692**

Traffic charges mainly include national and international interconnection cost.

Cost of materials and services includes cost of SIM card, scratch card, devices and contents.

28 Salaries and personnel cost

28.1 Salaries and personnel cost includes salaries,bonuses, different employment benefits including provident, gratuity, profit sharing (WPPF), employee share programme for employees, long term incentive programme for key personnel, training and other related costs. Additionally, gratuity expense includes BDT 48,738,227 (2024: BDT 6,877,856) for restructuring expense during the year and BDT 70,452,650 (2024: BDT 77,441,954) has been transferred during the year. The WPPF expense for the year is BDT 2,460,875,647 (2024: BDT 2,677,161,404) and BDT 2,481,853,036 (2024: BDT 2,598,716,924) has been transferred during the year.

28.2 Number of employees

Total number of employees having annual salary of BDT 36,000 or above each was 1,338 as at 31 December 2025 and 1,327 as at 31 December 2024.

29 Operation and maintenance

	2025 BDT (000)	2024 BDT (000)
Service maintenance fee	4,172,376	3,048,723
Vehicle maintenance expense	298,483	300,699
Other operation and maintenance	4,040,807	3,593,264
	8,511,666	**6,942,686**

30 Sales, marketing and commissions

	2025 BDT (000)	2024 BDT (000)
Sales, marketing and representation costs (Note 30.1)	696,588	683,998
Advertisement expenses	1,355,237	1,374,558
Promotional expenses (Note 30.2)	462,933	434,592
Commissions	13,854,267	13,754,518
	16,369,025	**16,247,666**

30.1 Sales, marketing and representation costs include costs related to trade marketing and subscriber acquisition.

30.2 Promotional expenses have been assessed as per definition of Income Tax Act 2023 and presented accordingly.

31 Revenue sharing and spectrum charges

Grameenphone shares 5.5% of its revenue as 'revenue sharing' and 1.0% of its revenue as 'contribution to social obligation fund' with BTRC as per licensing conditions. Licensing conditions also require Grameenphone to pay quarterly spectrum charges.

32 Other operating expenses/(income)

	2025 BDT (000)	2024 BDT (000)
Consultancy and professional services (Note 32.1)	714,351	773,673
Statutory audit fees	3,000	3,000
Rental expense for property, plant and equipment	225,990	261,052
Fuel and energy costs	7,642,713	7,281,421
Impairment loss on trade receivables (Note 32.2)	327,610	1,226,881
Rental and other income	(1,519)	(205)
(Gain)/loss on disposal of assets	(150,563)	331,755
Others (Note 32.3)	1,612,237	1,286,423
	10,373,818	**11,164,000**

32.1 Consultancy and professional services

This includes fees for accounting and legal services, technical and business consultancy, costs related to settlement of contract and other professional services.

32.2 Impairment loss on trade and other receivables

	2025 BDT (000)	2024 BDT (000)
Allowance for impairment of trade and other receivables during the year (Note 39.1.3)	409,410	1,306,052
Recovery of impaired trade receivables during the year	(81,800)	(79,171)
	327,610	**1,226,881**

Allowance for impairment has been made as per policy of the Company mentioned in Note 3.9

32.3 Others

This includes office supplies, printing and postage, travelling, subscriptions, meeting, insurance etc.

33 Depreciation and amortisation

	2025 BDT (000)	2024 BDT (000)
Property, plant and equipment	15,303,650	14,497,727
Intangible assets	1,833,114	1,530,946
Right-of-use assets	19,152,517	18,523,167
	36,289,280	**34,551,840**

34 Finance expense/(income)

Interest income	(638,179)	(715,732)
Interest expense	863,772	451,408
Net interest cost on defined benefit obligation	46,169	101,305
Interest expenses on lease liabilities	5,864,696	4,949,207
Other finance expenses (Note 34.1)	277,399	200,405
	6,413,856	**4,986,593**

34.1 This includes provision for regulatory disputes.

35 Income tax expense

Current tax expense		
Income tax expense for the year	22,548,044	24,587,354
Adjustments/provision released during the year	1,709,383	(5,263,045)
	24,257,427	19,324,309
Deferred tax expense/(income)		
Deferred tax income relating to origination and reversal of temporary differences	(4,616,458)	(2,089,812)
	19,640,969	**17,234,497**



35.1 Reconciliation of effective tax rate

	2025 Percentage	2025 BDT (000)	2024 Percentage	2024 BDT (000)
Profit before tax		49,217,513		53,543,224
Tax using the Company's tax rate	40.00%	19,687,005	40.00%	21,417,290
Tax effect of:				
Provision for non-deductible expenses	1.20%	589,875	1.79%	960,786
Adjustments / provision released during the year	-1.31%	(644,573)	-9.61%	(5,143,579)
Other components of tax as per Income Tax Act 2023	0.01%	3,988	0.00%	-
Permanent difference as per Income Tax Act 2023	0.01%	4,674	0.00%	-
	39.91%	**19,640,969**	**32.19%**	**17,234,497**

36 Earnings per share

	2025 BDT	2024 BDT
Profit for the year (in BDT)	29,576,543,774	36,308,727,000
Weighted average number of shares (Note 36.1)	1,350,300,022	1,350,300,022
Basic earnings per share (in BDT)	**21.90**	**26.89**

36.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year.

36.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the years presented as Grameenphone has no dilutive potential ordinary shares.



37 Reconciliation of net operating cash flow

	2025 BDT (000)	2024 BDT (000)
Profit after tax	29,576,544	36,308,727
Income tax expense	19,640,969	17,234,497
Profit before tax	49,217,513	53,543,224
Adjustment for:		
Depreciation & amortisation	36,289,280	34,551,840
(Gain)/loss on sale of fixed assets	(150,563)	331,755
Finance expense/(income), net	6,413,856	4,986,593
Other adjustments	(3,337,297)	(2,431,150)
	88,432,790	90,982,262
Changes in:		
Inventories	83,748	183,794
Trade receivables and others	415,607	921,648
Trade payables and others	(1,230,421)	(1,240,886)
Provisions	902,833	973,565
Other current liabilities	5,751	(42,808)
Cash generated from operating activities	88,610,308	91,777,575
Interest received	638,179	715,732
Interest paid	(5,087,698)	(4,488,593)
Income tax paid	(22,591,332)	(26,014,069)
Net cash generated from operating activities	**61,569,457**	**61,990,645**

38 Net operating cash flow per share

	2025 BDT	2024 BDT
Net operating cash flow (BDT)	61,569,457,000	61,990,645,000
Weighted average number of ordinary shares outstanding during the period	1,350,300,022	1,350,300,022
Net operating cash flow per share (par value BDT 10 each) (BDT)	**45.60**	**45.91**

39 Financial risk management

Company's financial risk management is governed by Treasury Policy as approved by the Board of Directors. Company's principal financial assets include trade receivables and others, cash and short-term deposits that arise directly from its operations. Company's financial liabilities mainly include trade payables and others, finance lease obligation and loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company is exposed to credit risk, liquidity risk and market risk in relation to its financial instruments.

39.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's exposure to credit risk primarily relates to trade receivables and balances with banks including short and long term deposits.

Customer credit risk, where appropriate, is assessed by using qualitative and quantitative criteria. Outstanding trade receivables are regularly monitored and appropriate impairment charge is considered as per Company's policy.

Credit risk relating to balances with banks is managed by treasury department in accordance with Company's policy. Minimizing counterparty risk is given more importance to yield on investment in making investment decisions. Counterparty limits are reviewed and approved by the Board of Directors.

39.1.1 Company's maximum exposure to credit risk for the components of the statement of financial position is represented by the carrying amounts as illustrated below:

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Trade receivables (Note 12)	4,922,382	4,766,949
Other receivables (Note 12)	1,017,729	1,941,489
Cash at bank (Note 13)	6,734,574	7,267,347
	12,674,685	**13,975,785**

39.1.2 Trade receivables, gross

This included interconnection receivables of BDT 2,943,051,217 as at 31 December 2025 (2024: BDT 2,811,534,561). The ageing of gross interconnection receivables as at the statement of financial position date was:

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Not past due	1,103,748	993,794
0-30 days past due	29,218	27,139
31-60 days past due	26,550	31,207
61-90 days past due	24,641	36,947
91-180 days past due	19,884	32,856
181-365 days past due	25,585	37,745
over 365 days past due	1,713,425	1,651,846
	2,943,051	**2,811,534**



Other trade receivables (other than receivable from interconnection) as at 31 December 2025 was BDT 5,444,218,593 (2024: BDT 5,512,729,385). The ageing of other trade receivables as at the statement of financial position date was:

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Not past due	1,207,646	1,017,327
0-30 days past due	841,719	705,993
31-60 days past due	392,680	365,686
61-90 days past due	439,774	670,709
91-180 days past due	518,229	532,083
181-365 days past due	544,142	500,538
over 365 days past due	1,500,029	1,720,393
	5,444,219	**5,512,729**

Total not past due trade receivables (gross) as at 31 December 2025 includes receivables of BDT 955,195,066 (2024: BDT 917,182,226) from customers against whom receivables of BDT 1,743,117,976 (2024: BDT 1,681,275,471) became over 365 days past due and provision for bad debt of BDT 1,725,524,055 (2024: BDT 1,714,186,703) has been taken against those customers. However, as per BTRC guidelines we are obligated to provide services to the inter connection service providers.

39.1.3 Movements in the allowance for impairment of trade and other receivables during the year was as follows:

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Opening balance	3,719,010	2,896,491
Net remeasurement of loss allowance	409,410	1,306,052
	4,128,420	4,202,543
Amounts written off	(501,837)	(483,533)
Closing balance	**3,626,583**	**3,719,010**

39.1.4 Security against trade receivables

Good and secured	571,236	526,278
Good with personal security/unsecured	4,351,146	4,240,671
Impaired	3,464,888	3,557,315
Gross trade receivables	8,387,270	8,324,264
Impairment loss allowance	(3,464,888)	(3,557,315)
Trade receivables, net	**4,922,382**	**4,766,949**

39.1.5 The maximum exposure to credit risk for trade receivables as at the statement of financial position date by geographic regions was:

	As at 31 December 2025 BDT (000)	As at 31 December 2024 BDT (000)
Domestic	4,340,274	4,140,576
Asia	50,509	33,803
Europe	527,488	589,371
Australia	460	285
America	3,585	2,843
Africa	66	71
	4,922,382	**4,766,949**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

39.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they fall due. The Company forecasts its cash flow requirements and ensures that it has sufficient cash and cash equivalents and loan facilities to cover expected needs for liquidity during the next 12 months. The Company maintains a balanced maturity profile of debt obligations and in general minimizes current excess cash.

The table below gives the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	As at 31 December 2025								
	Carrying amount	Maturity date	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	BDT (000)			BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Lease liabilities (including current portion)	59,660,590	Multiple	8.75% -15%	76,065,415	7,729,106	8,507,182	12,789,441	34,039,207	13,000,479
Loans and borrowings - short-term	7,000,000	Multiple	8.5%	7,000,000	7,000,000	-	-	-	-
Trade payables and others									
Trade payables including liability for capital expenditure	6,142,191	December 2025	N/A	6,142,192	4,247,079	1,895,113	-	-	-
Accrued expenses	8,250,986	December 2025	N/A	8,250,986	5,693,843	2,557,143	-	-	-
Other current liabilities	2,082,931	December 2025	N/A	2,082,931	119,092	1,963,839	-	-	-
Unclaimed dividend	62,239	December 2025	N/A	62,239	-	62,239	-	-	-
	83,198,937			**99,603,763**	**24,789,120**	**14,985,516**	**12,789,441**	**34,039,207**	**13,000,479**

	As at 31 December 2024								
	Carrying amount	Maturity date	Nominal Interest rate	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	BDT (000)			BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Lease liabilities (including current portion)	59,966,355	Multiple	8.5%-15%	80,278,530	9,274,271	7,646,021	13,486,775	29,136,542	20,734,922
Loans and borrowings - short-term	5,000,000	Multiple	8%-10.99%	5,000,000	5,000,000	-	-	-	-
Trade payables and others									
Trade payables including liability for capital expenditure	8,693,665	December 2024	N/A	8,693,665	5,446,850	3,246,815	-	-	-
Accrued expenses	8,518,585	December 2024	N/A	8,518,585	5,836,174	2,682,411	-	-	-
Other current liabilities	2,077,180	December 2024	N/A	2,077,180	209,793	1,867,387	-	-	-
Unclaimed dividend	68,054	December 2024	N/A	68,054	-	68,054	-	-	-
	84,323,839			**104,636,014**	**25,767,088**	**15,510,687**	**13,486,775**	**29,136,542**	**20,734,922**

39.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a) Currency risk

Foreign currency risk is the risk of changes in the fair vale or future cash flows of an exposure due to changes in foreign exchange rates. The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (consultancy, roaming revenue and expense) and financing activities (borrowing in foreign currency). The Company is mainly exposed to changes in USD and NOK rates. The Company's exposure to foreign currency changes for other currencies is not material.

i) Exposure to currency risk

The Company's exposure to monetary assets and liabilities denominated in foreign currencies was as follows (BDT in thousand):

	As at 31 December 2025					As at 31 December 2024				
	USD	NOK	EUR	SGD	JPY	USD	NOK	EUR	SGD	JPY
Foreign currency denominated assets										
Receivables from Telenor entities	726,406	-	-	-	-	911,802	-	-	-	-
Receivables	41,155	-	-	-	-	19,034	-	-	-	-
Cash at bank	3,307,356	-	-	-	-	2,698,021	-	-	-	-
	4,074,917	-	-	-	-	3,628,858	-	-	-	-
Foreign currency denominated liabilities										
Loans and borrowings	-	-	-		-	-	-	-		-
Payables to others Telenor entities*	(1,199,406)	(1,728,175)	-	(378,591)	-	(1,631,281)	(3,791,933)	-	(419,269)	-
Trade payables and others	(491,290)	-	(31,922)	-	-	(254,968)	-	(31,922)	-	(767)
	(1,690,696)	(1,728,175)	(31,922)	(378,591)	-	(1,886,248)	(3,791,933)	(31,922)	(419,269)	(767)
Net exposure	**2,384,221**	**(1,728,175)**	**(31,922)**	**(378,591)**	**-**	**1,742,610**	**(3,791,933)**	**(31,922)**	**(419,269)**	**(767)**

* Payable to other Telenor entities represents payable for business service costs, consultancy fees etc. which are included mainly in trade payables and others.

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 December 2025	31 December 2024
	BDT	BDT
US Dollar (USD)	122.18	119.50
Norwegian Kroner (NOK)	12.16	10.54
EURO (EUR)	143.54	124.34
Singaporean Dollar (SGD)	95.13	87.92
Japanese Yen (JPY)	0.78	0.76

Market risk (contd.)

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A change of 10 basis points (bp) in foreign currencies would have increased/(decreased) equity and profit or loss of the Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or (loss)		Equity	
	10 bp increase	10 bp decrease	10 bp increase	10 bp decrease
31 December 2025	BDT (000)	BDT (000)	BDT (000)	BDT (000)
Expenditures denominated in USD	238,422	(238,422)	238,422	(238,422)
Expenditures denominated in NOK	(172,818)	172,818	(172,818)	172,818
Expenditures denominated in EURO	(3,192)	3,192	(3,192)	3,192
Expenditures denominated in SGD	(37,859)	37,859	(37,859)	37,859
Expenditures denominated in JPY	-	-	-	-
Exchange rate sensitivity	**24,553**	**(24,553)**	**24,553**	**(24,553)**
31 December 2024				
Expenditures denominated in USD	174,261	(174,261)	174,261	(174,261)
Expenditures denominated in NOK	(379,193)	379,193	(379,193)	379,193
Expenditures denominated in EURO	(3,192)	3,192	(3,192)	3,192
Expenditures denominated in SGD	(41,927)	41,927	(41,927)	41,927
Expenditures denominated in JPY	(77)	77	(77)	77
Exchange rate sensitivity	**(250,128)**	**250,128**	**(250,128)**	**250,128**

b) 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 rate. Exposure to fair value movement relates to fixed rate instruments subject to fair value accounting and exposure to cash flow fluctuation relates to variable rate instruments. The Company is primarily exposed to cash flow fluctuation arising from variable rate borrowings. The objective of interest rate risk management for Grameenphone is to reduce financial cost and ensure predictability.

Profile

As at 31 December 2025, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Floating rate instruments		
Financial liabilities		
Loans and borrowings	7,000,000	5,000,000

Fair value of financial assets and liabilities of the Company together with carrying amount shown in the statement of financial position were as follows:

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Financial assets		
Financial assets at amortized cost		
Trade receivables	4,922,382	4,766,949
Other receivables	1,017,729	1,941,489
Financial liabilities		
Other financial liabilities		
Lease liabilities	59,660,590	59,966,355
Trade payables and others (except other non-financial liabilities)	17,604,491	20,204,227
Loans and borrowings - short-term	7,000,000	5,000,000
Other current liabilities	2,082,931	2,077,180
Unclaimed dividend	62,239	68,054

* The Company has not disclosed the fair values for financial instruments because their carrying amounts are a reasonable approximation of fair value.

Interest rates used to determine amortised cost

The interest rates used to discount estimated cash flows, when applicable, were as follows:

	2025	2024
Lease liabilities	10.67%	10.26%
Liability for licence and spectrum	9.90%	9.05%
Loans and borrowings	8.9%	10.37%

* Fair value of such instruments is not likely to be significantly different from the carrying amounts of such instruments.

40 Capital management

For the purpose of Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of Company's capital management is to support long-term strategic ambitions of the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend, return capital to shareholders, issue new shares or obtain long-term debt. Company has capital structure and dividend policy approved by its Board of Directors.

There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

No changes have been made in the objectives, policies or processes for managing capital during the year ended 31 December 2025.

41 Related party disclosures

During the year ended 31 December 2025, the Company entered into a number of transactions with related parties in the normal course of business. The names of the significant related parties, nature of these transactions [expenditures/(revenue)/, receivables/(payables) and dividend payments] and amounts are set out below in accordance with the provisions of IAS 24 Related Party Disclosures. Nature of relationship and significance of the amounts have been considered in providing this disclosure.

41.1 Key management personnel compensation

	2025	2024
	BDT (000)	BDT (000)
Short term employee benefits	1,352,967	1,197,797
Post employment benefits	118,077	103,459
Other long term benefits	83,261	63,241
	1,554,305	**1,364,497**

Key management personnel compensation includes benefits for employees of the rank of Deputy Director and above. No remuneration is given to the Board of Directors apart from attendance fees in connection with Board and Board Sub-Committee meetings. During the year 2025, attendance fees in connection with Board and Board Sub-Committee meetings are BDT 1,816,892 (2024: BDT 2,159,913).

41.2 Debts due from and due to key management personnel

.

BDT 8,200,000 (2024: BDT 15,700,000) was due from key management personnel of the Company.

41.3 Other related party transactions during the year

			Transaction for the year ended		Receivables/(payables) as at	
Name of related parties	Nature	Nature of transactions	2025	2024	31 December 2025	31 December 2024
				BDT (000)	BDT (000)	BDT (000)
Telenor Mobile Communications AS	Shareholder	Dividend payment	18,985,885	23,173,433	-	-
Telenor Asia Pte. Ltd.	Shareholder	Dividend payment	5	5	-	-
		Consultancy, professional and technical	-	(63,702)	-	-
		support service fee including compensation of key management personnel where relevant	-	-	569	325
Grameen Telecom	Shareholder	Commission expense	167,535	182,273	(200)	(200)
		Connection revenue	-	-	5	5
		Dividend payment	10,343,568	10,528,274	-	-
Grameen Kalyan	Shareholder	Dividend payment	0.5	0.5	-	-

Name of related parties	Nature	Nature of transactions	Transaction for the year ended 2025 BDT (000)	Transaction for the year ended 2024 BDT (000)	Receivables/(payables) as at 31 December 2025 BDT (000)	Receivables/(payables) as at 31 December 2024 BDT (000)
Grameen Shakti	Shareholder	Dividend payment	0.5	0.5	-	-
Accenture Communications Infrastructure Solutions Ltd.	Associate	Rental income and other income	-	-	5,084	5,084
		Purchase of IT service, equipments and softwares	-	-	(6,360)	(6,360)
Telenor ASA	Telenor group entity	Consultancy, professional and technical support service fee	178,667	95,404	104,414	99,851
			-	-	(1,431,336)	(1,408,259)
Telenor Linx(earlier name "Telenor Global Services AS" & Telenor Digital AS)	Telenor group entity	Consultancy, professional and technical support service fee	307,052	252,701	6,748	6,748
			-	-	(528,389)	(496,179)
		A2P Project Revenue and professional service fee	(1,476,897)	(1,533,516)	609,252	705,487
Telenor Global Shared Services AS	Telenor group entity	Consultancy, professional and technical support service fee	220,931	103,907	(596,971)	(1,839,943)
Telenor Go Pte Ltd.	Telenor group entity	Consultancy and professional service fee including compensation of key management personnel where relevant	56,083	72,720	516	93,098
			-	-	(140,123)	(198,914)
Telenor Procurement Company	Telenor group entity	Consultancy, professional and technical support service fee	421,124	569,166	-	-
		Software Support & acquisition cost	61,357	101,771	(515,415)	(1,260,749)
Telenor Norge AS	Telenor group entity	Roaming revenue net of discount	(44)	(58)	84	80
		Roaming cost net of discount	-	11	1,015	1,006
		Consultancy, professional and technical support service fee	92,647	294,802	195	195
			-	-	(174,073)	(917,033)



Name of related parties	Nature	Nature of transactions	Transaction for the year ended		Receivables/(payables) as at	
			2025	2024	31 December 2025	31 December 2024
			BDT (000)	BDT (000)	BDT (000)	BDT (000)
Telenor Sweden	Telenor group entity	Roaming revenue net of discount	134	(33)	374	301
		Roaming cost net of discount	(15)	2	(161)	(2)
		Consultancy, professional and technical support service fee	-	-	-	(511)
Telenor Denmark	Telenor group entity	Roaming revenue net of discount	(288)	(315)	218	141
		Roaming cost net of discount	(18)	(13)	78	42
		Consultancy, professional and technical support service fee	-	-	283	283
Telenor Pakistan	Telenor group entity	Roaming revenue net of discount	(1)	(1)	-	(23)
		Roaming cost net of discount	19	11	-	(53)
		Consultancy Fees	-	1,050	-	(3,072)
			-	-	-	953
True Corporation	Telenor group entity	Roaming revenue net of discount	(691)	(941)	226	243
		Roaming cost net of discount	122	(58)	664	435
		Consultancy, professional and technical support service fee	-	-	-	-
Grameen Distribution	Related to Grameen Telecom through Grameen Telecom Trust	Cost of products	-	-	-	-
		Purchase of accessories	25,513	-	-	-



Name of related parties	Nature	Nature of transactions	Transaction for the year ended		Receivables/(payables) as at	
			2025	2024	31 December 2025	31 December 2024
			BDT (000)	BDT (000)	BDT (000)	BDT (000)
Telenor Consult AS	Telenor group entity	Consultancy and professional service fee	-	-	-	(1,849)
		including compensation of key management personnel where relevant	-	-	-	-
Telenor Southeast Asia Investment Limited	Telenor group entity	Consultancy, professional and technical support service fee	-	(27,492)	(782)	(765)
		including compensation of key management personnel where relevant	-		788	
		Roaming cost net of discount	-	-	(33)	(33)
Grameen Solutions Limited	Related to Grameen Telecom	Technical support service fee	-	-	(26)	(26)
Telenor Asia (ROH) Ltd	Telenor group entity	Consultancy and professional service fee	-	-	720	720

41.4 Transactions with post-employment benefit plans, Workers' Profit Participation Fund and Workers' Welfare Fund

No other transaction incurred with defined benefit plan other than those disclosed in Note 18. During the year, BDT 752,896,907 (2024: BDT 691,270,640) was transferred to defined contribution plan, BDT 1,968,121,686 (2024: BDT 2,068,531,150) was transferred to Workers' Profit Participation Fund and BDT 246,015,210 (2024: BDT 258,566,394) was transferred to Workers' Welfare Fund.



42 Expense/expenditure and (revenue) in foreign currency during the year

	2025	2024
	BDT (000)	BDT (000)
CIF value of imports		
Telecommunication equipment	5,174,583	10,066,222
Expenditure in foreign currency		
Consultancy fee	232,574	182,367
Consultancy fee - expatriate	38,782	56,463
Online advertisement, membership and others	479,227	395,342
Technical know how	1,618,525	1,433,044
International roaming cost net of discount	93,252	46,799
Foreign earnings		
Revenue net of discount from roaming partners	(110,220)	(61,226)

43 Short-term credit facilities available as at 31 December 2025

The Company enjoys composite working capital facilities including both funded and non-funded facilities from 16 banks (2024: 15 banks). The non-funded facilities include Letters of Credit (LC), Shipping Guarantee, Letters of Guarantee and Foreign Exchange Forward Contracts. The funded facilities include overdraft facility and short-term loan. Import loans, though funded in nature, have been incorporated under non-funded facilities given that they are availed solely for the purpose of settlement of LC. The aggregate amount of arranged composite working capital facilities is BDT 59,921 million (2024: BDT 55,258 million) of which non-funded limit is BDT 30,389 million (2024: BDT 26,286 million) and funded limit is BDT 59,921 million (2024: BDT 55,258 million). The limits maintained with some banks are omnibus in nature.

As per the approval of the Board of Directors of Grameenphone, the total amount of short-term funded facilities is limited to BDT 80,000 million (2024: BDT 60,000 million).

Security against short term credit facilities

The short-term credit facilities are unsecured and backed by standard charge documents as per terms and conditions set by respective banks and financial institutions.

44 Commitments

	As at 31 December 2025	As at 31 December 2024
	BDT (000)	BDT (000)
Capital commitment (open purchase order) for Property, plant and equipment	4,546,775	5,284,478
Capital commitment (open purchase order) for intangible assets	1,319,710	1,682,530

45 Contingencies

The Company is currently involved in a number of legal proceedings, including inquiries from, or discussions with, governmental authorities that are incidental to its operations. However, save as disclosed below, the Company is not currently involved in any legal proceedings which may have a significant effect on the financial position or profitability of the Company but for which any provision has not been recognised in these financial statements.

(a) BTRC audit

During 2011, Bangladesh Telecommunication Regulatory Commission (BTRC) carried out an information system audit of Grameenphone for the period from 1997-2011 through its appointed auditor and issued a demand notice on 03 October 2011 claiming an amount of BDT 30,341,108,581. Grameenphone clarified to both BTRC and its auditors, that those observations were framed on incorrect basis and also issued letter denying the claim along with a request for withdrawal of the notice. Subsequently, Grameenphone filed a Title Suit before the learned District Court, Dhaka challenging the BTRC demand. In an Appeal arising out of the Title Suit, the Hon'ble High Court Division (HCD) passed an order of status quo on the demand, which is valid till disposal of the matter at the Hon'ble HCD. However, on 30 September 2018, BTRC filed an application for summary dismissal of the said Title Suit without going into the merit. The hearings of the application were adjourned on 03 April 2024 and subsequent dates while the next date is yet to be fixed.

However, in a separate Writ Petition filed by another audit firm challenging the auditor appointment process of BTRC, the appointment of the said auditor was declared illegal by the Hon'ble HCD in 2011 which was later on upheld by the Hon'ble Appellate Division (AD) in 2013.

In 2015, BTRC appointed a new auditor through a fresh appointment process to conduct an information system audit since inception i.e., 1997 to 2014. On 02 April 2019, Grameenphone received a demand (Audit Demand) of BDT 125,799,476,135 for payment of BDT 84,940,104,730 (including interest of BDT 61,943,079,371 till December 2017) to BTRC and BDT 40,859,371,405 to National Board of Revenue (NBR) within 10 (ten) working days. Pointing out the errors in the methodologies, procedure and substance of the audit exercise, Grameenphone disputed the whole Audit Demand and on 16 April 2019 replied requesting BTRC to withdraw the demand and to engage in discussions with a view to find an amicable resolution. Thereafter, Grameenphone served a notice of arbitration upon BTRC which BTRC did not comply with. However, as part of imposing operational hindrances, on 22 July 2019, BTRC imposed operational restrictions (Restrictions) through stopping issuance of No Objection Certificates (NOCs) and approvals on products and services and equipment import. In this context, on 30 July 2019, Grameenphone moved with Arbitration applications before the Hon'ble HCD for appointment of BTRC's arbitrator which were subsequently rejected by the Hon'ble HCD.

Meanwhile, on 26 August 2019, Grameenphone filed a Title Suit against the Audit Demand before the learned District Court along with an application for injunction which was rejected against which Grameenphone filed an appeal before the Hon'ble HCD. Thereafter, on 05 September 2019, BTRC issued a show cause notice for cancellation of Grameenphone's 2G & 3G licenses which GP replied accordingly.

In parallel, following Grameenphone's endeavor for a transparent and amicable resolution, on 18 September 2019, the then Finance Minister initiated a constructive path towards resolving the issue in alignment with relevant stakeholders but the dispute remained unresolved as BTRC did not lift operational restriction or the show cause notice.

On 17 October 2019, in the appeal filed earlier by Grameenphone, the Hon'ble HCD passed an interim order of injunction restraining BTRC to realize or enforce the Audit Demand and stayed the operation of the BTRC Restrictions against which BTRC moved to the Hon'ble AD and on 24 November 2019, the Hon'ble AD held that the injunction order of Hon'ble HCD is maintained subject to payment of BDT 20,000,000,000 to BTRC within 03 (three) months; in default the order of Hon'ble HCD shall stand vacated.

Subsequently, in compliance with the order dated 24 February 2020 of Hon'ble AD passed in a Review Petition filed by Grameenphone, Grameenphone deposited BDT 20,000,000,000 and filed a compliance application. Grameenphone booked the deposit as non-current receivables as disclosed in Note 10 to these financial statements.

The hearings of Review Petition and Appeal have not taken place yet at Hon'ble AD and HCD respectively which will take place as per accommodation of the courts. The injunction allowed by the Hon'ble AD continues to remain in force.

On 16 May 2022, BTRC submitted its reply in the Title Suit pending at the learned District Court and as per Grameenphone's assessment, BTRC has not responded to Grameenphone's arguments in substance and hence, Grameenphone's position on the Audit Demand remains unchanged. The hearing in the Title Suit was adjourned on 07 July 2025 and subsequent dates while the next date has been fixed on 26 April 2026 for mediation.



While Grameenphone will contest the Audit Demand in the Court system based on merit as a default strategy, it will also explore avenues for expeditious resolution through different modes of alternative dispute resolution including amicable solution or arbitration.

The Audit Demand includes a claim relating to deductibility of VAT from BTRC payments in connection with 2G license renewal, spectrum assignment fee and other payments. In 2012, Grameenphone and other mobile operators disputed the matter through judicial proceedings and ultimately, as per the verdict of the Hon'ble AD, Grameenphone paid the entire principal amount of the said disputed matter to BTRC on 14 June 2023 (which includes BDT 3,921,993,618 as part of BTRC Audit Demand) without prejudice to its right to pursue Review Petitions (RPs) reserving its right to adjust against its future payment obligations subject to the outcome of the RPs. Subsequently, Grameenphone filed RPs before the Hon'ble AD challenging the said judgement which are currently pending for adjudication. Grameenphone also pursued a without prejudice reconciliation exercise with BTRC. Besides, necessary provision has also been made following relevant IFRSs based on the AD judgement. In this regard necessary steps will be taken at appropriate stage in the pending Title Suit against the Audit Demand.

The NBR part of the Audit Demand (BDT 40,859,371,405) is unauthorized and erroneously claimed by BTRC and are related to already resolved matter or where NBR has no claim against Grameenphone or matters pending in ongoing formal resolution processes (sub-judice) with the NBR. In the NBR part, Grameenphone had already made the relevant provisions. Moreover, Grameenphone settled all income tax disputes till assessment years 2019-2020 through Alternative Dispute Resolution (ADR) process and accordingly, obtained a tax clearance certificate from NBR for the same period for which Grameenphone considers that the NBR part of the Audit Demand related to corporate tax has been resolved.

Grameenphone has performed a detailed assessment of the BTRC and NBR demands and obtained legal advice for each of the various matters/demands and assessed as unjustified from Grameenphone's position.

Pointing out the errors in the substance, methodologies and procedures of the audit exercise Grameenphone disputed the whole Audit Demand. The errors in the audit-findings, the unprecedented long period covered by the audit (more than 20 years backwards), the inclusion of already settled/resolved items, the erroneous claim on behalf of third parties, the inclusion of sub-judice items create significant uncertainty about the validity of the Audit Demand and outcome of the dispute. Grameenphone through its current assessment concluded that there is no such obligation against the Audit Demand towards BTRC except as disclosed herein above.

(b) SIM tax on replacement SIMs

On 16 May 2012, Large Taxpayers' Unit (LTU)-VAT issued a letter claiming BDT 15,804,391,570 including interests of BDT 5,454,810,667 for the period from July 2007 to December 2011 alleging that Grameenphone evaded SIM tax by selling new connections in the name of replacement SIMs. The said demand was based on extrapolating the outcome of only 05 (five) randomly purchased SIMs by LTU-VAT. Grameenphone challenged the demand before the Hon'ble HCD and the court directed the LTU-VAT to decide the matter within 120 days. Subsequently, a SIM Replacement Review Committee (SRRC) was constituted and LTU-VAT finalized their observations without changing their earlier position significantly.

The mobile operators expressed their dissatisfaction over the findings and the way LTU-VAT members of the SRRC disregarded the spirit of the 'Terms of Reference' and agreed methodology as endorsed by BTRC in carrying out the review.

Thereafter, the LTU-VAT finalized the demand at BDT 10,232,331,083 for the said period.

Further, for the period July 2012 to June 2015, without conducting any investigation and based on the same assumption, LTU-VAT issued another demand for BDT 3,789,537,820.

Grameenphone filed separate appeals before the Customs, Excise & VAT Appellate Tribunal (CEVT) against these two claims with the deposits of 10% of the disputed amount in each case as per statutory requirement. Thereafter, following dismissal of the appeals by the CEVT, Grameenphone filed further separate appeals before the Hon'ble HCD challenging the said dismissals and the court passed orders of stay, which are still subsisting. The appeals will be heard as per accommodation of the Hon'ble HCD.

Since the claims are not likely to be legally enforceable, said deposits are likely to be recoverable after the resolution of the issues. Grameenphone considered the deposits as contingent asset under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Subsequently, the LTU-VAT issued a separate show-cause notice for the similar issue covering the period from January 2012 to June 2012 for an amount of BDT 823,342,916 which is time barred. Grameenphone replied to the show cause notice and also appeared the hearing before the LTU-VAT Commissioner. LTU-VAT has not concluded on the demand yet although the statutory limitation to conclude such demand was 120 days from issuance of the show-cause which expired long ago.

Out of this NBR claim, BDT 10,232,331,083 are also part of BTRC audit claim dated 02 April 2019 as discussed in Note 45(a) above.

In 2025, no movement happened with regards to this dispute.

(c) Interest on SIM Tax during 24 August 2006 to 27 March 2007

National Board of Revenue (NBR) through a General Order (GO) dated 9 June 2005 fixed Tariff Value determining SIM Tax at BDT 2,172.20 per SIM Card. Challenging the imposition of SIM Tax, one subscriber filed a Writ Petition before the Hon'ble HCD and on 24 August 2006, Hon'ble HCD declared the imposition of SIM Tax as illegal and therefore, the mobile operators including Grameenphone could not collect SIM Tax from the customers. Thereafter, NBR filed an appeal before the Hon'ble AD and the Hon'ble AD initially stayed the judgment of the Hon'ble HCD on 27 March 2007 and finally on 1 August 2012, reversed the judgment of Hon'ble HCD declaring the imposition of SIM Tax as legal. NBR issued a demand notice after the judgment of the Hon'ble AD and BDT 3,480,971,703 was paid by GP on 12 September 2012 on protest. Recently, GP has filed a Review Petition before the Hon'ble AD challenging the abovementioned judgement of the Hon'ble AD holding that GP was liable to pay the SIM Tax for the disputed period disregarding that Grameenphone could not collect SIM Tax from the customers during the period from 24 August 2006 to 27 March 2007 due to the then subsisting judgment of the Hon'ble HCD.

In June 2016, LTU-VAT issued a demand to Grameenphone for interest amounting BDT 4,525,263,202 alleging delay in payment of SIM Tax related to the period from August, 2006 to March, 2007 for 65 months, i.e. the period between 1 April 2007 and the day before the date of the payment made by Grameenphone, i.e. 11 September 2012 during which the matter was pending before the Hon'ble AD for disposal. Grameenphone challenged the demand by filing an appeal before the CEVT with a deposit of 10% of the disputed amount as per statutory requirement. Thereafter, following dismissal of the appeal by the CEVT, Grameenphone filed further appeal before the Hon'ble HCD and the court passed order of stay, which is still subsisting. The appeal will be heard as per accommodation of the Hon'ble HCD.

Since the claim is not likely to be legally enforceable, said deposit is likely to be recoverable after the resolution of the issue.

In January 2019, International Financial Reporting Interpretations Committee (IFRIC) published Committee's agenda decisions addressing accounting treatment for the deposits relating to indirect taxes. After a thorough analysis, the appeal deposit of 10% has been reinstated to long term receivables by crediting profit or loss account.

(d) Interest for delayed payment of Guaranteed Annual Rent to Bangladesh Railway

There was a dispute regarding payment of VAT (whether inclusive or exclusive) on the Guaranteed Annual Rent (GAR) paid to Bangladesh Railway (BR) to use its Fiber Optic Network (FON) under the relevant Agreement. Grameenphone made payment to BR after deduction of VAT from the GAR following inclusive method. In 2008, BR requested Grameenphone to pay the amounts deducted as VAT otherwise threatened to disconnect the FON connection. Grameenphone filed a Writ Petition before the Hon'ble HCD and HCD disposed of the Writ Petition directing Grameenphone to pay VAT following exclusive method i.e. to be grossed up on top of GAR which was later on upheld by the Hon'ble AD. BR issued a demand of BDT 319,670,457 which Grameenphone paid on 10 January 2018.

On 27 February 2018, BR made an additional demand of BDT 1,316,513,243 as interest for delayed payment of deducted GAR. Pursuant to the said demand letter, Grameenphone sent a letter to BR for resolution of the dispute amicably which was refused by BR. Grameenphone believes that interest should not apply during the period when the matter was sub-judice and BR's demand for principal amount was stayed by the Order of the Court. The claim for interest and penalty is also procedurally defective. Moreover, Grameenphone's position is that it did not default in making the installment payments.

Thereafter, BR filed a Certificate Case under Public Demands Recovery Act 1913, claiming the said amount which GP is contesting following due process relying on the argument, among others, that the said demand for interest is not a public demand as it arises from a commercial contract. The hearing in the Certificate Case did not take place on 06 February 2025 and subsequent date while the next date of hearing has been fixed on 18 February 2026.

As per agreement, Grameenphone also served an Arbitration notice upon BR for Arbitration proceedings regarding the claim and accordingly requested BR to appoint arbitrator on their behalf, but BR denied. Against this backdrop, Grameenphone filed two applications before the Hon'ble HCD seeking- i) stay on the proceedings of the Certificate Case; and ii) appointment of BR's arbitrator. On 08 July 2025, the Hon'ble HCD passed judgement allowing both the Arbitration applications including stay on the proceedings of the Certificate Case and the Arbitration Tribunal has been constituted. On 26 September 2025, the first session of the arbitration proceedings took place, and the next date of hearing is yet to be fixed.

(e) Dispute on benefits related to profit participation fund

Certain individual cases have been filed by some former employees of Grameenphone at the Learned Labour Court claiming benefits related to the profit participation fund. Grameenphone has been contesting the cases on maintainability ground seeking summary dismissal of the same at the appropriate legal forums. Further steps will be taken in due course of time based on the outcome.

(f) Interest on settled VAT disputes through the Alternative Dispute Resolution (ADR) process

Grameenphone has received multiple demands totaling BDT 1,506,239,822 for interest on previously resolved VAT disputes through the Alternative Dispute Resolution (ADR) process from Large Taxpayers Unit-VAT. The disputes were related to VAT on Commercial Space Rent and Fiber Optic Network (FON) lease from Bangladesh Railway, which Grameenphone resolved through ADRs from 2019 to 2024 through a transparent process following the due process of law. Since such post ADR demands for interest are not supported by law, Grameenphone has therefore decided to contest the same in the court of law. Grameenphone filed appeals before the CEVT along with 10% of the claimed amount as statutory appeal deposits and the matter is pending for adjudication. As per GP's assessment the demands are not likely to be legally enforceable, said deposits are likely to be recoverable after the resolution of the issue, the appeal deposits have been recognised as long term receivables.

46 Other disclosures

46.1 Segment information

Grameenphone essentially provides similar products and services to customers across the country and its products and services essentially have similar risk profile. Grameenphone's business is not organised in product or geographical components and its operating result is reviewed as a whole by its management. Hence, segment information is not relevant.

46.2 Purchase of spectrum

Grameenphone Ltd has been allocated 10MHz spectrum in 700 MHz band. This spectrum shall be effective from 1 June 2026 and shall be valid till 10 March 2039. The total amount to be paid for the assigned spectrum is BDT 21,701,533,602 (including VAT). Grameenphone needs to pay the total amount in 10 equal yearly instalments of BDT 2,170,153,360 (including VAT) starting from 2026.

46.3 Events after the reporting period

The Board of Directors of Grameenphone Ltd. at its 270th meeting held on 2 February 2026 recommended a final cash dividend amounting to BDT 14,178,150,231 (i.e., BDT 10.50 per share) for the year 2025. Total cash dividend including this final cash dividend stands at BDT 21.50 per share for the year 2025. These dividends are subject to final approval by the shareholders at the forthcoming annual general meeting of the Company.

