

**Emirates Integrated Telecommunications  
Company PJSC and its subsidiaries**

**Review report and condensed consolidated financial information  
for the nine-month period ended 30 September 2023**

**Emirates Integrated Telecommunications  
Company PJSC and its subsidiaries**

**Condensed consolidated financial information**

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# Review report on condensed consolidated interim financial information to the board of directors of Emirates Integrated Telecommunications Company PJSC

## Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Emirates Integrated Telecommunications Company PJSC and its subsidiaries (the 'Group') as at 30 September 2023 and the related condensed consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting' ('IAS 34'). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers Limited Partnership Dubai Branch  
30 October 2023

Virendra Dhirajlal Lodhia  
Registered Auditor Number 5443  
Dubai, United Arab Emirates

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Jacques Fakhoury, Douglas O'Mahony, Wassim El Afchal, Murad Alnsour, Rami Sarhan and Virendra Dhirajlal Lodhia are registered as practising auditors with the UAE Ministry of Economy

**Emirates Integrated Telecommunications Company PJSC and its subsidiaries**  
**Condensed consolidated statement of financial position**  
**as at 30 September 2023**

		<b>Reviewed</b> <b>30 September</b> <b>2023</b> <b>AED 000</b>	<b>Audited</b> <b>31 December</b> <b>2022</b> <b>AED 000</b>
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	9,504,051	9,425,711
Right-of-use assets	4	1,643,095	1,415,750
Intangible assets and goodwill	5	1,011,309	962,204
Lease receivable		108,507	125,111
Investments accounted for using the equity method	6	6,447	7,863
Financial asset at fair value through other comprehensive income	7	1,929	4,517
Trade receivables, contract assets and other assets	8	251,403	239,546
Contract costs	8a	207,991	198,665
<b>Total non-current assets</b>		<u>12,734,732</u>	<u>12,379,367</u>
<b>Current assets</b>			
Inventories		89,648	95,235
Lease receivable		17,915	17,213
Trade receivables, contract assets and other assets	8	2,171,792	2,153,779
Contract costs	8a	324,682	283,752
Due from related parties	9	31,487	94,597
Term deposits		626,743	674,628
Cash and bank balances	10	451,863	871,081
<b>Total current assets</b>		<u>3,714,130</u>	<u>4,190,285</u>
<b>Total assets</b>		<u>16,448,862</u>	<u>16,569,652</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,532,906	4,532,906
Share premium		232,332	232,332
Other reserves		2,250,014	2,126,590
Retained earnings		1,845,203	1,878,324
<b>Total equity</b>		<u>8,860,455</u>	<u>8,770,152</u>
<b>Non-current liabilities</b>			
Lease liabilities	11	1,499,089	1,321,259
Contract liabilities	12	214,372	218,211
Provision for employees' end of service benefits		196,844	197,166
Other provisions		214,143	208,801
<b>Total non-current liabilities</b>		<u>2,124,448</u>	<u>1,945,437</u>
<b>Current liabilities</b>			
Trade and other payables	13	4,061,780	4,642,888
Lease liabilities	11	951,289	737,952
Contract liabilities	12	446,438	467,489
Due to a related party	9	4,452	5,734
<b>Total current liabilities</b>		<u>5,463,959</u>	<u>5,854,063</u>
<b>Total liabilities</b>		<u>7,588,407</u>	<u>7,799,500</u>
<b>Total equity and liabilities</b>		<u>16,448,862</u>	<u>16,569,652</u>

To the best of our knowledge, the financial information included in these condensed consolidated financial information fairly presents in all material respects the financial position, results of operation and cash flows of the Group as at, and for, the periods presented therein. The condensed consolidated financial information was approved by the Board of Directors on 30 October 2023 and signed on its behalf by:

.....  
**Sara Awad Issa Musallam**  
Board Member

.....  
**Kais Ben Hamida**  
Chief Financial Officer

The notes on pages 6 to 20 form an integral part of these condensed consolidated financial information.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Condensed consolidated statement of comprehensive income for the nine-month period ended 30 September 2023

	Notes	Reviewed nine-month period ended 30 September		Reviewed three-month period ended 30 September	
		2023	2022	2023	2022
		AED 000	AED 000	AED 000	AED 000
Revenue	20	10,078,239	9,439,770	3,290,934	3,174,743
Operating expenses	14	(7,175,589)	(7,032,474)	(2,301,502)	(2,343,018)
Expected credit losses (net of recoveries)		(195,279)	(115,938)	(57,080)	(48,423)
Other income		1,279	423	729	221
Federal royalty on regulated revenue <sup>(1)</sup>	15	(1,037,586)	(963,003)	(341,245)	(329,882)
Finance income	16	38,783	21,323	10,842	7,412
Finance costs	16	(79,533)	(73,615)	(23,796)	(25,882)
Share of loss of associate and joint venture	6	(1,416)	(6,007)	(255)	(1,566)
Profit before federal royalty on regulated profit		1,628,898	1,270,479	578,627	433,605
Federal royalty on regulated profit <sup>(1)</sup>	15	(357,451)	(337,147)	(74,868)	(114,263)
<b>Profit for the period</b>		<b>1,271,447</b>	<b>933,332</b>	<b>503,759</b>	<b>319,342</b>
<i>Items that will not be re-classified to profit or loss</i>					
Fair value changes on financial asset at fair value through other comprehensive income	7	(2,588)	(10,976)	(1,384)	(5,776)
<b>Other comprehensive loss for the period</b>		<b>(2,588)</b>	<b>(10,976)</b>	<b>(1,384)</b>	<b>(5,776)</b>
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>		<b>1,268,859</b>	<b>922,356</b>	<b>502,375</b>	<b>313,566</b>
Basic and diluted earnings per share (AED)	17	0.28	0.21	0.11	0.07

<sup>(1)</sup> Refer to Note 15 regarding presentation of comparatives for federal royalty.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023

	Share capital AED 000	Share premium AED 000	Other reserves AED 000	Retained earnings AED 000	Total AED 000
At 1 January 2022	4,532,906	232,332	2,018,485	1,748,164	8,531,887
Profit for the period	-	-	-	933,332	933,332
Other comprehensive loss for the period	-	-	(10,976)	-	(10,976)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	(10,976)	933,332	922,356
Transfer to other reserves	-	-	93,333	(93,333)	-
Final cash dividend paid	-	-	-	(498,620)	(498,620)
Interim cash dividend paid	-	-	-	(498,620)	(498,620)
At 30 September 2022	4,532,906	232,332	2,100,842	1,590,923	8,457,003
At 1 January 2023	4,532,906	232,332	2,126,590	1,878,324	8,770,152
Profit for the period	-	-	-	1,271,447	1,271,447
Other comprehensive loss for the period	-	-	(2,588)	-	(2,588)
<b>Total comprehensive (loss)/ income for the period</b>	-	-	(2,588)	1,271,447	1,268,859
Transfer to other reserves	-	-	126,012	(126,012)	-
Final cash dividend paid <sup>(1)</sup>	-	-	-	(589,278)	(589,278)
Interim cash dividend paid <sup>(2)</sup>	-	-	-	(589,278)	(589,278)
<b>At 30 September 2023</b>	<b>4,532,906</b>	<b>232,332</b>	<b>2,250,014</b>	<b>1,845,203</b>	<b>8,860,455</b>

<sup>(1)</sup> For the year 2022, a final cash dividend of AED 0.13 (2021: AED 0.11) per share amounting to AED 589,278 thousand was paid on 6 April 2023.

<sup>(2)</sup> For the period 2023, an interim cash dividend AED 0.13 (2022: AED 0.11) per share amounting to AED 589,278 thousand was paid on 23 August 2023.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023

	Notes	Reviewed nine-month period ended 30 September	
		2023 AED 000	2022 AED 000
<b>Cash flows from operating activities</b>			
Profit for the period		1,271,447	933,332
Adjustments for:			
Depreciation and impairment of property, plant and equipment	14	1,160,360	1,163,910
Depreciation of right-of-use assets	14	347,647	262,889
Amortisation and impairment of intangible assets	14	152,973	120,069
Loss on disposal of property, plant and equipment		134	1,093
Provision for employees' end of service benefits		14,967	16,001
Charge/(release) of allowance for inventory obsolescence		4,203	(4,554)
Loss allowances		217,759	132,981
Finance income		(38,783)	(21,323)
Finance costs		74,360	68,233
Unwinding of discount on asset retirement obligations		5,173	4,998
Share of loss of associate and joint venture	6	1,416	6,007
Changes in working capital	18	1,036,142	1,052,448
Cash generated from operations		4,247,798	3,736,084
Royalty paid		(1,687,899)	(1,412,796)
Payment of employees' end of service benefits		(21,331)	(33,658)
<b>Net cash generated from operating activities</b>		<b>2,538,568</b>	<b>2,289,630</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,398,989)	(1,729,521)
Purchase of intangible assets		(224,627)	(181,918)
Proceeds from disposal of property, plant and equipment		610	291
Interest received		41,670	17,385
Margin on guarantees released		-	157
Term deposits released - net		47,915	675,000
<b>Net cash used investing activities</b>		<b>(1,533,421)</b>	<b>(1,218,606)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(183,825)	(217,071)
Dividend paid		(1,178,556)	(997,240)
Repayment of borrowings		-	(200,000)
Interest paid on lease liabilities		(61,984)	(53,818)
Interest paid others		-	(3,122)
<b>Net cash used in financing activities</b>		<b>(1,424,365)</b>	<b>(1,471,251)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(419,218)</b>	<b>(400,227)</b>
Cash and cash equivalents at 1 January		868,735	638,877
<b>Cash and cash equivalents at 30 September</b>		<b>449,517</b>	<b>238,650</b>

Non-cash transactions are disclosed in Note 18.

The notes on pages 6 to 20 form an integral part of these condensed consolidated financial information.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023

### 1 General information

Emirates Integrated Telecommunications Company PJSC the (“Company”) is a public joint stock company with limited liability. The Company was incorporated according to Ministerial Resolution No. 479 of 2005 issued on 28 December 2005. The Company is registered in the commercial register under No. 77967. The principal address of the Company is P.O Box 502666 Dubai, United Arab Emirates (UAE). These condensed consolidated financial information for the nine-month period ended 30 September 2023 include the financial information of the Company and its subsidiaries (together the “Group”).

The Group’s principal objective is to provide fixed, mobile, wholesale, broadcasting and associated telecommunication services in the UAE.

The Company has direct or indirect ownership in the following subsidiaries:

Subsidiaries	Principal activities	Shareholding		Country of incorporation
		2023	2022	
EITC Investment Holdings Limited	Holding investments in various businesses.	100%	100%	UAE
Telco Operations FZ-LLC	Outsourcing services	100%	100%	UAE
Smart Dubai Platform Project Company LLC	Software development, IT infrastructure, IT network and computer systems housing services.	100%	100%	UAE
EITC Singapore Pte. Ltd.	Telecommunications resellers/third party telecommunications providers.	100%	100%	Singapore
EITC Solutions LLC	Computer network & infrastructure installation, project management, IT network and datacenter colocation services.	100%	100%	UAE
EITC Financial Services LLC	Financial services company hosting digital wallet, retail payment, service provision brokerage and loyalty card services.	100%	-	UAE

UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses was published on 9 December 2022. Cabinet decisions are being issued to specify the implementation of certain provisions in the corporate tax law (the Law). Current taxes will be applicable for financial years beginning on or after 1 June 2023. The Group will be subject to tax in the financial year beginning 1 January 2024.

Management has performed preliminary assessment of the Law in light of the provisions, interpretations and cabinet decisions released so far. On the basis of the current provisions of the Law, the management believes that there is no impact of deferred tax on the Group.

# **Emirates Integrated Telecommunications Company PJSC and its subsidiaries**

## **Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)**

### **2 Basis of preparation**

#### **i Statement of compliance**

These condensed consolidated financial information have been prepared in accordance with the requirements of IAS 34. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements for the year ended 31 December 2022. The condensed consolidated financial information does not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). In addition, results for the nine-month period ended 30 September 2023 may not necessarily be indicative of the results that may be expected for the financial year ending 31 December 2023.

The same accounting policies and methods of computation have been followed in these condensed consolidated financial information as compared with the Group's recent annual audited consolidated financial statements as at and for the year ended 31 December 2022.

There are no changes in the accounting policies during the nine-month period ended 30 September 2023.

#### **ii New standards, amendments and interpretations**

(a) Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2023.

- Disclosure of Accounting Policies - amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules.

(b) New standards and amendments issued but not yet effective.

- Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2024);
- Amendment to IFRS 16 Leases: Lease liability in a Sale and Leaseback (effective from 1 January 2024);
- Non-current liabilities with covenants - amendments to IAS 1 (effective from 1 January 2024); and
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective from 1 January 2024).

The above stated new standards and amendments issued but not yet effective have not been adopted by the Group. The management is in the process of assessing the impact of these new standards and amendments which will be adopted in the Group's consolidated financial statements as and when they become effective.

#### **iii Basis of consolidation**

A subsidiary is an entity controlled by the Company in accordance with IFRS 10. The financial statements of a subsidiary are included in the condensed consolidated financial information from the date that control commences until the date that control ceases.

# **Emirates Integrated Telecommunications Company PJSC and its subsidiaries**

## **Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)**

### **2 Basis of preparation (continued)**

#### **iv Basis of measurement**

These condensed consolidated financial information have been prepared under the historical cost convention except for a financial asset at fair value through other comprehensive income.

#### **v Functional and presentation currency**

These condensed consolidated financial information are presented in United Arab Emirates Dirham (“AED”) rounded to the nearest thousand except when otherwise stated. This is the Group’s functional and presentation currency.

#### **vi Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group does not have any dilutive potential ordinary shares.

#### **vii Use of estimates and judgements**

The preparation of these condensed consolidated financial information, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 31 December 2022.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 3 Property, plant and equipment

	<b>AED 000</b>
<b>Cost</b>	
At 1 January 2023	24,707,742
Additions	1,237,116
Addition: asset retirement obligations	2,327
Disposals/write-offs	(121,579)
<b>At 30 September 2023</b>	<b>25,825,606</b>
<b>Depreciation / impairment</b>	
At 1 January 2023	15,282,031
Depreciation and impairment for the period (Note 14)	1,160,360
Disposals/write-offs	(120,836)
<b>At 30 September 2023</b>	<b>16,321,555</b>
<b>Net book value</b>	
<b>At 30 September 2023</b>	<b>9,504,051</b>
At 31 December 2022	9,425,711

The carrying amount of the Group's property, plant and equipment includes a nominal amount of AED 2 (31 December 2022: AED 2) in relation to plots of land granted to the Group by the UAE Government.

The cost includes capital work in progress amounting to AED 200,953 thousand as at 30 September 2023 (31 December 2022: AED 343,115 thousand).

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 4 Right-of-use assets

	<b>AED 000</b>
<b>Cost</b>	
At 1 January 2023	2,656,541
Additions	478,046
Remeasurement	115,790
Disposals	(63,417)
<b>At 30 September 2023</b>	<u>3,186,960</u>
<b>Depreciation</b>	
At 1 January 2023	1,240,791
Charge for the period (Note 14)	347,647
Disposals	(44,573)
<b>At 30 September 2023</b>	<u>1,543,865</u>
<b>Net book value</b>	
<b>At 30 September 2023</b>	<u>1,643,095</u>
At 31 December 2022	<u>1,415,750</u>

### 5 Intangible assets and goodwill

	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
Goodwill	413,220	413,220
Intangible assets	598,089	548,984
	<u>1,011,309</u>	<u>962,204</u>

#### Goodwill

The Group acquired the business and assets of three wholly owned subsidiaries/divisions of Tecom Investments FZ LLC with effect from 31 December 2005. Goodwill represents the excess of purchase consideration paid over the fair value of net assets acquired. Carrying amount of the goodwill is allocated to fixed line business Cash Generating Unit.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 5 Intangible assets and goodwill (continued)

#### Intangible assets

The net book value of the intangible assets is as follows:

	<b>AED 000</b>
<b>Cost</b>	
At 1 January 2023	3,090,282
Additions	202,078
Disposals/write-offs	(520)
<b>At 30 September 2023</b>	<u>3,291,840</u>
<b>Amortisation</b>	
At 1 January 2023	2,541,298
Amortisation and impairment for the period (Note 14)	152,973
Disposals/write-offs	(520)
<b>At 30 September 2023</b>	<u>2,693,751</u>
<b>Net book value</b>	
<b>At 30 September 2023</b>	<u>598,089</u>
At 31 December 2022	<u>548,984</u>

The cost includes capital work in progress amounting to AED 381,023 thousand as at 30 September 2023 (31 December 2022: AED 257,526 thousand).

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 6 Investments accounted for using the equity method

Investments	Principal activities	Shareholding		Country of incorporation
		2023	2022	
Dubai Smart City Accelerator FZCO (Associate)	To run accelerator programs with the purpose of sourcing innovation and technology applicable to the Smart City Industry	23.53%	23.53%	UAE
Advanced Regional Communications Solutions Holding Limited (Joint Venture)	Provision of connectivity and data centre services	50%	50%	UAE

### Movement in investments in associate and joint venture

	2023		
	Associate AED 000	Joint venture AED 000	Total AED 000
At 1 January 2023	2,128	5,735	7,863
Share of loss for the period	(39)	(1,377)	(1,416)
<b>At 30 September 2023</b>	<b>2,089</b>	<b>4,358</b>	<b>6,447</b>

  

	2022		
	Associate AED 000	Joint venture AED 000	Total AED 000
At 31 December 2022	2,128	5,735	7,863

### 7 Financial asset at fair value through other comprehensive income

	Reviewed 30 September 2023 AED 000	Audited 31 December 2022 AED 000
<b>Listed shares</b>		
Anghami Inc.	1,929	4,517

During the period, loss of AED 2,588 thousand was recognised in other comprehensive income (30 September 2022: AED 10,976 thousand).

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 8 Trade receivables, contract assets and other assets

	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
Trade receivables	1,926,337	1,732,395
Due from other telecommunication operators <sup>(1)</sup>	250,997	293,786
Contract assets	480,706	489,874
<i>Less: provision for impairment</i>	<i>(758,895)</i>	<i>(706,965)</i>
Net amount	<u>1,899,145</u>	<u>1,809,090</u>
Prepayments <sup>(2)</sup>	256,688	149,778
Advances to suppliers	199,672	352,470
Other receivables	67,690	81,987
Total trade receivables, contract assets and other assets	<u>2,423,195</u>	<u>2,393,325</u>
Non-current <sup>(3)</sup>	251,403	239,546
Current	<u>2,171,792</u>	<u>2,153,779</u>
Total trade receivables, contract assets and other assets	<u>2,423,195</u>	<u>2,393,325</u>

<sup>(1)</sup> Due from other telecommunications operators are presented after netting off payable balances (where right to set off exists) amounting to AED 1,638,936 thousand (31 December 2022 AED 1,417,486 thousand).

<sup>(2)</sup> Prepayments include unamortised loan fees amounting to AED 12,348 thousand (31 December 2022: AED 14,264 thousand) related to the borrowings secured.

<sup>(3)</sup> Total non-current includes the non-current portion for the unamortised loan fees amounting to AED 9,760 thousand (31 December 2022: AED 11,676 thousand) and receivable amounting to AED 47,074 thousand (31 December 2022: AED 47,074 thousand) against settlement of a legal dispute which will be collected over period of two years.

### 8a Contract costs

	<b>Current</b>		<b>Non-current</b>	
	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
Contract costs	<u>324,682</u>	<u>283,752</u>	<u>207,991</u>	<u>198,665</u>

Contract costs (subscriber acquisition cost) are incurred to obtain a contract to provide goods or services to the customer, which the Group capitalises as these costs are expected to be recovered.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 9 Related party balances and transactions

Related parties comprise the shareholders of the Company, entities under common shareholding, its directors, key management personnel and entities over which they exercise control, joint control or significant influence. Transactions with related parties are in the ordinary course of business and are approved by the Group's management or by the Board of Directors.

#### Related party balances

	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
Due from related parties	<u>31,487</u>	<u>94,597</u>
Due to a related party	<u>4,452</u>	<u>5,734</u>

#### Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All transactions with related parties referred to below are in the ordinary course of business. The following table reflects the gross value of transactions with related parties.

	<b>Reviewed nine-month period ended 30 September 2023 AED 000</b>	<b>2022 AED 000</b>
Sale of goods and services	436,789	529,665
Rent and services	25,456	31,418
Recharge of operating expenses incurred on behalf of a related party	-	719

#### Key management compensation

Board of Directors fee recorded during the period was AED 7,724 thousand (30 September 2022: AED 8,316 thousand).

No loan has been provided to Directors, their spouses, children and relatives of the second degree and any corporates in which they own 20% or more.

The Group provides long-term incentives to senior management based on performance over a period of time. During the period, the Group revised the estimation of long-term incentives and released AED 4,594 thousand (net) (30 September 2022: increased by AED 2,676 thousand).

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 10 Cash and bank balances

For the purposes of the condensed consolidated statement of cash flows, cash and cash equivalents comprise of:

	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
Cash at bank <sup>(1)</sup>	451,158	870,266
Cash on hand	705	815
Cash and bank balances	451,863	871,081
Less: margin on guarantees (Note 19)	(2,346)	(2,346)
Cash and cash equivalents	449,517	868,735

<sup>(1)</sup> Cash at bank is net of loss allowance.

### 11 Lease liabilities

	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
At 1 January	2,059,211	2,224,986
Lease liabilities for the period/year	478,046	57,809
Interest expense during the period/year	61,984	70,957
Payments made during the period/year	(249,464)	(354,072)
Re-measurement during the period/year	115,790	68,259
Disposals during the period/year	(15,189)	(8,728)
Closing balance	2,450,378	2,059,211

	<b>Current</b>		<b>Non-current</b>	
	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
Lease liabilities	951,289	737,952	1,499,089	1,321,259

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 12 Contract liabilities

	Current		Non-current	
	Reviewed 30 September 2023 AED 000	Audited 31 December 2022 AED 000	Reviewed 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Contract liabilities	446,438	467,489	214,372	218,211

Revenue recognized during the period that was included in the contract liabilities balances at the beginning of 2023 was AED 303,274 thousand (30 September 2022: AED 244,751 thousand)

There was no revenue recognised in the current reporting period that is related to performance obligations that were satisfied in the prior year. The Group's contracts with customers are for periods of one year or less or are billed based on service provided. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

### 13 Trade and other payables

	Reviewed 30 September 2023 AED 000	Audited 31 December 2022 AED 000
Trade payables and accruals	1,853,343	2,087,312
Accrued federal royalty (Note 15)	1,537,559	1,830,421
Due to other telecommunications operators <sup>(1)</sup>	293,862	340,454
Other payables and accruals	339,960	359,860
Value Added Tax (VAT) payable	37,056	24,841
	4,061,780	4,642,888

<sup>(1)</sup> "Due to other telecommunications operators" are presented after netting off receivable balances (where right to set off exists) amounting to AED 1,638,936 thousand (31 December 2022: AED 1,417,486 thousand).

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 14 Operating expenses

	<b>Reviewed nine-month period ended 30 September</b>	
	<b>2023</b>	2022
	<b>AED 000</b>	AED 000
Interconnect costs	2,021,557	2,063,626
Depreciation and impairment of property, plant and equipment (Note 3)	1,160,360	1,163,910
Product costs	994,697	943,812
Staff costs	769,622	781,689
Network operation and maintenance	660,203	656,936
Commission	389,524	338,841
Depreciation of right-of-use assets (Note 4)	347,647	262,889
Telecommunication license and related fees	315,171	289,760
Amortisation and impairment of intangible assets (Note 5)	152,973	120,069
Marketing	150,799	150,840
Outsourcing and contracting	54,941	84,450
Others	158,095	175,652
	<b>7,175,589</b>	<b>7,032,474</b>

### 15 Federal royalty

The royalty rates payable to the UAE Ministry of Finance for the year 2023 are 15% on regulated revenue and 30% on regulated profit after deducting royalty on regulated revenue.

Movement in the federal royalty accruals is as follows:

	<b>Reviewed 30 September 2023 AED 000</b>	<b>Audited 31 December 2022 AED 000</b>
At 1 January	1,830,421	1,499,540
Payment made during the period/year	(1,687,899)	(1,412,797)
Charge for the period/year (net)	1,395,037	1,743,678
Closing balance	<b>1,537,559</b>	<b>1,830,421</b>

	<b>Reviewed nine-month period ended 30 September</b>	
	<b>2023</b>	2022
	<b>AED 000</b>	AED 000
Federal royalty on regulated revenue	1,037,586	963,003
Federal royalty on regulated profit	357,451	337,147
	<b>1,395,037</b>	<b>1,300,150</b>

In 2023, presentation of federal royalty was disaggregated as federal royalty on regulated revenue and federal royalty on regulated profit. The disaggregation reflects components of the royalty regime for telecommunication operators in the UAE, as applicable to the Group's operations. The comparative amounts for the period ended 30 September 2022 are disaggregated to conform with current period presentation.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 16 Finance income and costs

	<b>Reviewed nine-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>AED 000</b>	<b>AED 000</b>
<b>Finance income</b>		
Interest income	34,768	16,889
Interest income on lease receivable	4,015	4,434
	<u>38,783</u>	<u>21,323</u>
<b>Finance costs</b>		
Interest expense on lease liabilities	61,984	53,818
Interest expense others <sup>(1)</sup>	17,549	19,797
	<u>79,533</u>	<u>73,615</u>

<sup>(1)</sup> "Interest expense others" mainly include interest paid and commitment fees on borrowings, interest cost on defined benefit obligations and unwinding of discount on asset retirement obligations.

### 17 Earnings per share

	<b>Reviewed nine-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
Profit for the period (AED 000)	1,271,447	933,332
Weighted average number of shares ('000')	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	<u>0.28</u>	<u>0.21</u>

There were no potentially dilutive shares outstanding at any time during the period and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

### 18 Changes in working capital

	<b>Reviewed nine-month period ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>AED 000</b>	<b>AED 000</b>
Change in:		
Inventories	1,384	13,251
Contract costs	(50,257)	(75,272)
Trade receivables, contract assets and other assets	(242,591)	(269,457)
Trade and other payables	1,290,668	1,366,560
Contract liabilities	(24,890)	39,454
Due from related parties	63,110	(20,845)
Due to a related party	(1,282)	(1,243)
Net changes in working capital	<u>1,036,142</u>	<u>1,052,448</u>
<b>Non-cash transactions:</b>		
Accruals for property, plant and equipment	(159,714)	(292,545)
Accruals for intangible assets	(22,549)	(31,085)
Additions and remeasurement to right-of-use assets	593,836	102,140

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 19 Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 78,940 thousand (31 December 2022: AED 60,624 thousand). Bank guarantees are secured against margin of AED 2,346 thousand (31 December 2022: AED 2,346 thousand) (Note 10).

The Group is subject to litigations in the normal course of business and the management is of the view that the outcome of these court cases will not have a material impact on the Group's condensed consolidated financial information. Details of these cases are not disclosed in order not to prejudice the Group's position in these litigations.

The Group has contractual capital expenditure commitments amounting to AED 1,008,071 thousand (31 December 2022: AED 1,166,993 thousand)

### 20 Segment analysis

The Group has operations mainly in the UAE. The Group is organized into four major business segments as follows:

- Mobile segment offers mobility services to the enterprise and consumer markets. Services include mobile voice and data, mobile content and mobile broadband WiFi. Mobile handset sales, including installment sales, are also included in this segment.
- Fixed segment provides fixed services to the enterprise and consumer markets. Services include broadband, IPTV, home wireless, IP/VPN business internet and telephony.
- Wholesale segment provides voice and sms to national and international carriers and operators. Services include termination of inbound international voice traffic and international hubbing.
- Others include broadcasting services, international roaming, site sharing etc.

Segment contribution, referred to by the Group as Gross Margin, represents revenue less direct costs of sales. It is calculated before charging network operating costs, sales and general and administration expenses. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance.

#### Nine-month period ended 30 September 2023

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
<b>Segment revenue</b>					
Timing of revenue recognition					
Over time	4,529,254	2,821,577	1,296,047	775,911	9,422,789
At a point in time	624,258	3,811	-	27,381	655,450
	<u>5,153,512</u>	<u>2,825,388</u>	<u>1,296,047</u>	<u>803,292</u>	<u>10,078,239</u>
Segment contribution	<u>2,718,233</u>	<u>2,331,144</u>	<u>1,103,787</u>	<u>515,095</u>	<u>6,668,259</u>
Unallocated costs					(3,960,888)
Other income					1,279
Federal royalty					(1,395,037)
Finance income/(costs) and share of loss of associate and joint venture					<u>(42,166)</u>
Profit for the period					<u>1,271,447</u>

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the nine-month period ended 30 September 2023 (continued)

### 20 Segment analysis (continued)

Nine-month period ended 30 September 2022

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
<b>Segment revenue</b>					
Timing of revenue recognition					
Over time	4,251,796	2,559,102	1,343,176	681,594	8,835,668
At a point in time	582,128	3,250	-	18,724	604,102
	<u>4,833,924</u>	<u>2,562,352</u>	<u>1,343,176</u>	<u>700,318</u>	<u>9,439,770</u>
Segment contribution	<u>2,439,853</u>	<u>2,124,178</u>	<u>1,072,835</u>	<u>461,179</u>	<u>6,098,045</u>
Unallocated costs					(3,806,687)
Other income					423
Federal royalty					(1,300,150)
Finance income/(costs) and share of loss of associate and joint venture					<u>(58,299)</u>
Profit for the period					<u>933,332</u>

The Group's assets and liabilities have not been identified to any of the reportable segments as the majority of the operating fixed assets are fully integrated between segments. The Group believes that it is not practical to provide segment disclosure relating to total assets and liabilities since a meaningful segregation of available data is not feasible.

The Group's operations are subject to limited level of seasonality or cyclicity.

### 21 Comparatives

In order to conform with current period presentation, the comparative figures for the previous period have been re-presented, where necessary. Such re-presented figures did not affect the previously reported profit, comprehensive income or equity.