

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

**Review report and condensed consolidated financial statements
for the three-month period ended 31 March 2025**

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated financial statements for the three-month period ended 31 March 2025

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Emirates Integrated Telecommunications Company PJSC

Introduction

We have reviewed the accompanying March 31, 2025, condensed consolidated financial statements of Emirates Integrated Telecommunications Company PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated statement of financial position as at March 31, 2025;
- the condensed consolidated statement of comprehensive income for the three-month period ended March 31, 2025;
- the condensed consolidated statement of changes in equity for the three-month period ended March 31, 2025;
- the condensed consolidated statement of cash flows for the three-month period ended March 31, 2025; and
- notes to the condensed consolidated financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated financial statements 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 March 31, 2025, condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter – Comparative Information

The condensed consolidated financial statements of the Group for the three month period ended March 31, 2024, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated financial statements on 29 April 2024 and the consolidated financial statements of the Group for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 10 February 2025.

KPMG Lower Gulf Limited

Avtar Singh Jalif
Registration No.: 5413
Dubai, United Arab Emirates
Date: 05 May 2025

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of financial position as at 31 March 2025

	Note	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,783,367	9,838,448
Right-of-use assets	4	1,616,317	1,657,217
Intangible assets	5	823,893	846,932
Goodwill		413,220	413,220
Lease receivable		84,498	92,575
Investments accounted for using the equity method	6	2,768	2,716
Financial asset at fair value through other comprehensive income	7	1,886	2,334
Trade receivables and contract assets	8	178,363	162,716
Contract costs		379,157	345,227
Other non-financial assets	11	17,209	17,857
Total non-current assets		13,300,678	13,379,242
Current assets			
Inventories		156,104	175,610
Lease receivable		17,591	19,027
Trade receivables and contract assets	8	1,964,077	2,029,556
Contract costs		383,227	361,577
Due from related parties	9	33,881	21,732
Term deposits		1,099,802	1,299,283
Cash and bank balances	10	1,586,208	983,969
Other non-financial assets	11	696,419	290,254
Total current assets		5,937,309	5,181,008
Total assets		19,237,987	18,560,250
EQUITY AND LIABILITIES			
EQUITY			
Share capital		4,532,906	4,532,906
Share premium		232,332	232,332
Other reserves		2,250,066	2,250,474
Retained earnings		2,044,044	2,862,733
Total equity		9,059,348	9,878,445
LIABILITIES			
Non-current liabilities			
Lease liabilities	12	1,481,880	1,436,688
Contract liabilities		224,011	233,029
Employees' end of service benefits liabilities		212,969	208,604
Other provisions		222,556	219,120
Total non-current liabilities		2,141,416	2,097,441
Current liabilities			
Trade and other payables	13	4,475,793	3,533,016
Federal royalty and income tax	14	2,481,859	1,923,452
Lease liabilities	12	502,099	561,999
Contract liabilities		570,341	559,180
Due to related parties	9	7,131	6,717
Total current liabilities		8,037,223	6,584,364
Total liabilities		10,178,639	8,681,805
Total equity and liabilities		19,237,987	18,560,250

To the best of our knowledge, the financial information included in these condensed consolidated financial statements fairly present in all material respects the financial position, results of operation and cash flows of the Group as at, and for, the periods presented therein. These condensed consolidated financial statements were approved by the Board of Directors on 05 May 2025 and signed on its behalf by:

.....
Abdulla Mohammed Ahmad Albasti Almarri
Board Member

.....
Kais Ben Hamza
Chief Financial Officer

The notes on pages 6 to 18 form an integral part of these condensed consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2025

	Note	Reviewed three-month period ended 31 March	
		2025 AED 000	2024 AED 000
Revenue			
Mobile		1,720,855	1,601,571
Fixed		1,059,599	961,442
Wholesale		646,469	581,215
ICT and associated telecom services		421,017	437,205
Total revenue	21	3,847,940	3,581,433
Direct costs			
Interconnect cost		(714,050)	(686,987)
Commission cost		(167,252)	(138,945)
Devices and other direct services cost		(376,266)	(400,422)
Total direct costs		(1,257,568)	(1,226,354)
Net operating expenses before depreciation and amortization			
Network and other maintenance expense		(238,669)	(226,768)
Marketing expense		(57,367)	(50,231)
Staff expense		(229,739)	(239,655)
Administrative expense		(45,089)	(39,663)
Telecommunication license and related fees		(105,976)	(105,549)
Other operating expense	15	(41,956)	(45,449)
Impairment - trade, lease receivables and contract assets (net of recoveries)		(47,845)	(62,452)
Other operating income		7	904
Total net operating expenses before depreciation and amortization		(766,634)	(768,863)
Operating profit before depreciation and amortization		1,823,738	1,586,216
Depreciation and amortization	16	(548,812)	(521,434)
Operating profit		1,274,926	1,064,782
Share of profit/(loss) on equity accounted investments	6	52	(1,500)
Interest income	17	30,295	33,133
Impairment loss - deposits, cash and bank balances		(245)	(373)
Profit before financing, federal royalty and income tax		1,305,028	1,096,042
Interest expense	17	(24,082)	(27,746)
Profit before federal royalty and income tax		1,280,946	1,068,296
Federal royalty		(486,788)	(405,939)
Income tax expense		(71,659)	(59,441)
Net Profit		722,499	602,916
Other comprehensive income/(loss)			
<i>Items that will not be re-classified to profit or loss</i>			
Fair value (loss)/gain on financial asset (at FVOCI)	7	(448)	2,633
Related income tax		40	(237)
Other comprehensive (loss)/income (net of income tax)		(408)	2,396
Total comprehensive income for the period (attributable to shareholders of the Company)		722,091	605,312
Basic and diluted earnings per share (AED)	18	0.16	0.13

The notes on pages 6 to 18 form an integral part of these condensed consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of changes in equity for the three-month period ended 31 March 2025

	Share capital AED 000	Share premium AED 000	Other reserves AED 000	Retained earnings AED 000	Total AED 000
At 1 January 2024	4,532,906	232,332	2,251,031	2,226,944	9,243,213
Profit for the period	-	-	-	602,916	602,916
Other comprehensive gain for the period - net of tax	-	-	2,396	-	2,396
Total comprehensive income for the period	-	-	2,396	602,916	605,312
Final cash dividend declared ⁽¹⁾	-	-	-	(951,910)	(951,910)
At 31 March 2024	4,532,906	232,332	2,253,427	1,877,950	8,896,615
At 1 January 2025	4,532,906	232,332	2,250,474	2,862,733	9,878,445
Profit for the period	-	-	-	722,499	722,499
Other comprehensive loss for the period - net of tax	-	-	(408)	-	(408)
Total comprehensive (loss)/ income for the period	-	-	(408)	722,499	722,091
Final cash dividend declared ⁽²⁾	-	-	-	(1,541,188)	(1,541,188)
At 31 March 2025	4,532,906	232,332	2,250,066	2,044,044	9,059,348

⁽¹⁾ For the year 2023, a final cash dividend of AED 0.21 per share was paid on 18 April 2024.

⁽²⁾ For the year 2024, a final cash dividend of AED 0.34 per share was approved by the shareholders at the Annual General Meeting held on 17 March 2025.

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of cash flows for the three-month period ended 31 March 2025

	Note	Reviewed three-month period ended 31 March	
		2025 AED 000	2024 AED 000
Cash flows from operating activities			
Operating profit		1,274,926	1,064,782
Adjustments for:			
Depreciation and amortization	16	548,812	521,434
Loss on disposal of property, plant and equipment		-	808
Service cost for employees' end of service benefits		5,395	5,164
Charge of allowance for inventory obsolescence		2,981	73
Impairment – trade, lease receivables and contract assets		54,995	69,000
Changes in other operating assets and liabilities	19	(815,519)	(326,617)
Cash generated from operations		1,071,590	1,334,644
Payment of employees' end of service benefits		(3,306)	(4,520)
Net cash generated from operating activities		1,068,284	1,330,124
Cash flows from investing activities			
Purchase of property, plant and equipment		(501,503)	(327,681)
Purchase of intangible assets		(98,448)	(118,870)
Proceeds from disposal of property, plant and equipment		61	204
Interest received		19,060	11,861
Net change in term deposits matured/(placed)		199,587	(227,852)
Net cash used in investing activities		(381,243)	(662,338)
Cash flows from financing activities			
Repayment of lease liabilities		(66,400)	(168,295)
Interest paid on lease liabilities		(18,402)	(16,240)
Net cash used in financing activities		(84,802)	(184,535)
Net increase in cash and cash equivalents		602,239	483,251
Cash and cash equivalents at 1 January		981,557	607,690
Cash and cash equivalents at 31 March		1,583,796	1,090,941

Non-cash transactions are disclosed in Note 19.

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025

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 statements for the three-month period ended 31 March 2025 include the financial statements of the Company and its subsidiaries (together the “Group”).

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

2 Basis of preparation

i Statement of compliance

These condensed consolidated financial statements 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 2024. The condensed consolidated financial statements do not include all the information and disclosures required for full annual consolidated financial statements prepared in accordance with IFRS Accounting Standards. In addition, results for the three-month period ended 31 March 2025 may not necessarily be indicative of the results that may be expected for the financial year ending 31 December 2025.

The Group has adopted IFRS 18 *presentation and disclosure in financial statements*, as disclosed in Note 22, in compliance with transition requirements. Other than this change, the same accounting policies and computation methods used in the most recent annual audited consolidated financial statements for the year ended 31 December 2024 have been applied in these condensed consolidated financial statements.

ii New standards, amendments and interpretations

(a) Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2025.

- Amendments to IAS 21 – Lack of Exchangeability

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

- IFRS 18 – Presentation and Disclosure in the Financial Statements
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments
- IFRS 19 - Subsidiaries without Public Accountability Disclosures
- Amendment to IFRS 10 and IAS 28 - Sale and Contribution of Assets between an Investor and its Associates or Joint Ventures

Other than early adoption of IFRS 18, the above stated amendments issued but not yet effective have not been early adopted by the Group. The management is in the process of assessing the impact of the other amendments which will be adopted in the Group’s consolidated financial statements as and when they become effective.

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

2 Basis of preparation (continued)

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 statements from the date that control commences until the date that control ceases.

iv Basis of measurement

These condensed consolidated financial statements 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 statements 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 Use of estimates and judgements

The preparation of these condensed consolidated financial statements, 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 2024.

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

3 Property, plant and equipment

	AED 000
Cost	
At 1 January 2025	27,880,322
Additions	328,796
Addition: asset retirement obligations	1,558
Disposals/write-offs	(5,614)
At 31 March 2025	<u>28,205,062</u>
Depreciation and impairment	
At 1 January 2025	18,041,874
Depreciation and impairment for the period (Note 16)	385,374
Disposals/write-offs	(5,553)
At 31 March 2025	<u>18,421,695</u>
Net book value	
At 31 March 2025	<u>9,783,367</u>
At 31 December 2024	<u>9,838,448</u>

4 Right-of-use assets

	AED 000
Cost	
At 1 January 2025	3,528,270
Additions	16,356
Remeasurement	35,992
Disposals	(17,028)
At 31 March 2025	<u>3,563,590</u>
Depreciation	
At 1 January 2025	1,871,053
Charge for the period (Note 16)	92,494
Disposals	(16,274)
At 31 March 2025	<u>1,947,273</u>
Net book value	
At 31 March 2025	<u>1,616,317</u>
At 31 December 2024	<u>1,657,217</u>

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

5 Intangible assets

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

	AED 000
Cost	
At 1 January 2025	3,806,419
Additions	47,905
Disposals/write-offs	(38)
At 31 March 2025	<u>3,854,286</u>
Amortisation and impairment	
At 1 January 2025	2,959,487
Amortisation and impairment charge for the period (Note 16)	70,944
Disposals/write-offs	(38)
At 31 March 2025	<u>3,030,393</u>
Net book value	
At 31 March 2025	<u>823,893</u>
At 31 December 2024	<u>846,932</u>

6 Investments accounted for using the equity method

	2025		
	Associate AED 000	Joint venture AED 000	Total AED 000
At 1 January 2025	762	1,954	2,716
Share of profit / (loss) for the period	(24)	76	52
At 31 March 2025	<u>738</u>	<u>2,030</u>	<u>2,768</u>
	2024		
	Associate AED 000	Joint venture AED 000	Total AED 000
At 31 December 2024	<u>762</u>	<u>1,954</u>	<u>2,716</u>

7 Financial assets at fair value through other comprehensive income

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
Listed shares		
Anghami Inc.	<u>1,886</u>	<u>2,334</u>

During the period, loss of AED 448 thousand was recognised in other comprehensive income (31 March 2024: gain of AED 2,633 thousand).

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

8 Trade receivables and contract assets

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
Trade receivables	2,196,850	2,222,809
Due from other telecommunication operators ⁽¹⁾	176,664	211,398
Contract assets	573,571	570,132
<i>Less: provision for impairment</i>	<i>(804,645)</i>	<i>(812,067)</i>
Net amount	<u>2,142,440</u>	<u>2,192,272</u>
Non-current	178,363	162,716
Current	<u>1,964,077</u>	<u>2,029,556</u>
Total trade receivables and contract assets	<u>2,142,440</u>	<u>2,192,272</u>

⁽¹⁾ Due from other telecommunications operators are presented after netting off payable balances (where right to set off exists) amounting to AED 1,650,624 thousand (31 December 2024 AED 1,537,253 thousand).

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

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
Due from related parties	<u>33,881</u>	<u>21,732</u>
Due to related parties	<u>7,131</u>	<u>6,717</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.

	Reviewed three-month period ended 31 March	
	2025 AED 000	2024 AED 000
Sale of goods and services	79,814	119,616
Rent and services	10,239	10,446

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

9 Related party balances and transactions (continued)

Key management compensation

Board of Directors fee recorded during the period was AED 4,897 thousand (31 March 2024: AED 3,720 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 estimation of long-term incentives amounting to AED 1,469 thousand (31 March 2024: AED 1,469 thousand).

10 Cash and bank balances

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

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
Cash at bank (net of loss allowance)	1,585,645	983,386
Cash on hand	563	583
Cash and bank balances	<u>1,586,208</u>	<u>983,969</u>
Less: margin on guarantees (Note 20)	(2,412)	(2,412)
Cash and cash equivalents	<u><u>1,583,796</u></u>	<u><u>981,557</u></u>

11 Other non-financial assets

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
Prepayments ⁽¹⁾	429,824	168,251
Advances to suppliers	242,694	129,350
Other receivables	41,110	10,510
Total other non-financial assets	<u>713,628</u>	<u>308,111</u>
Non-current	17,209	17,857
Current	<u>696,419</u>	<u>290,254</u>
Total other non-financial assets	<u><u>713,628</u></u>	<u><u>308,111</u></u>

⁽¹⁾ Prepayments include unamortised loan fees amounting to AED 4,219 thousand (31 December 2024: AED 4,539 thousand) related to the revolving credit facility. The non-current portion for the unamortized loan fees amounting to AED 2,891 thousand (31 December 2024: AED 3,211 thousand).

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

12 Lease liabilities

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
At 1 January	1,998,687	2,104,959
Additions for the period/year	16,356	155,983
Interest expense during the period/year	18,402	63,671
Payments made during the period/year	(84,802)	(587,923)
Re-measurement during the period/year	35,992	282,446
Disposals during the period/year	(656)	(20,449)
Closing balance	<u>1,983,979</u>	<u>1,998,687</u>
Non-current	1,481,880	1,436,688
Current	502,099	561,999
Total lease liabilities	<u>1,983,979</u>	<u>1,998,687</u>

13 Trade and other payables

	Reviewed 31 March 2024 AED 000	Audited 31 December 2024 AED 000
Trade payables and accruals	2,003,817	2,435,421
Dividend payable	1,541,188	-
Due to other telecommunications operators ⁽¹⁾	545,927	616,097
Valued Added Tax (VAT) payable	28,829	25,187
Other payables and accruals	356,032	456,311
	<u>4,475,793</u>	<u>3,533,016</u>

⁽¹⁾ "Due to other telecommunications operators" are presented after netting off receivable balances (where right to set off exists) amounting to AED 1,650,624 thousand (31 December 2024: AED 1,537,253 thousand).

14 Federal royalty and income tax

		Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
Federal royalty	14.1	2,162,670	1,675,882
Income tax	14.2	319,189	247,570
		<u>2,481,859</u>	<u>1,923,452</u>

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

14 Federal royalty and income tax (continued)

14.1 Federal royalty

In 2023, the federal royalty was calculated as 15% on regulated revenue and 30% on regulated profit after deducting royalty on regulated revenue according to the guidelines issued for the relevant period by the UAE Ministry of Finance (“the MoF”). The amount of AED 1,928,939 thousand classified under trade and other and payables was paid in 2024.

As per Cabinet of Ministers of UAE decision no. 8/38 of 2023 and the MoF royalty guidelines, the federal royalty, effective from 2024 to 2026, is equal to 38% of yearly total regulated and non-regulated UAE profits (calculated before royalty and income tax) of the Group. The total amount of federal royalty and income tax payable by the Group shall not be lower than AED 1.8 billion per year.

Movement in the accrued federal royalty is as follows:

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
At 1 January	1,675,882	-
Payment made during the period/year	-	-
Charge for the period/year (net)	486,788	1,675,882
Closing balance	<u>2,162,670</u>	<u>1,675,882</u>

14.2 Income tax

UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses was published on 9 December 2022. Cabinet decisions are issued to specify the implementation of certain provisions in the corporate tax law (“the Law”). The Group is subject to income tax at 9% in the financial year beginning 1 January 2024.

Federal royalty and income tax expense are recognised based on management’s estimate of the weighted average effective annual tax rate expected for the full financial year. The estimated average annual tax rate is based on estimation of the amount of federal royalty and income tax expressed as a percentage of expected total annual earnings. The estimated average annual effective income tax rate used for the period is 43.6% (2024: 43.6%). Amounts accrued for tax expense in an interim period may have to be adjusted in subsequent interim period if the estimate of the annual income tax rate changes.

Pillar Two was enacted on 6 February 2025 in the United Arab Emirates, where the Group is headquartered. The Group is subject to Pillar Two tax rules effective 1 January 2025. However, based on the current effective tax rate, the rules have an immaterial impact on the group.

Movement in the accrued income tax is as follows:

	Reviewed 31 March 2025 AED 000	Audited 31 December 2024 AED 000
At 1 January	247,570	-
Payment made during the period/year	-	-
Charge for the period/year (net)	71,619	247,570
Closing balance	<u>319,189</u>	<u>247,570</u>

Emirates Integrated Telecommunications Company PJSC

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

15 Other operating expense

	Reviewed three-month period ended 31 March	
	2025	2024
	AED 000	AED 000
Outsourcing and contracting	32,559	31,907
Legal and professional	10,637	12,329
Forex (gain)/loss	(1,240)	1,213
	<u>41,956</u>	<u>45,449</u>

16 Depreciation and amortization

	Reviewed three-month period ended 31 March	
	2025	2024
	AED 000	AED 000
Depreciation and impairment of property, plant and equipment (Note 3)	385,374	381,211
Depreciation of right-of-use assets (Note 4)	92,494	91,357
Amortization and impairment on intangible assets (Note 5)	70,944	48,866
	<u>548,812</u>	<u>521,434</u>

17 Interest income and expense

	Reviewed three-month period ended 31 March	
	2025	2024
	AED 000	AED 000
Interest income		
Interest income - banks	29,006	31,427
Interest income on lease receivable	1,048	1,217
Interest income - others	241	489
	<u>30,295</u>	<u>33,133</u>
Interest expense		
Interest expense on lease liabilities	18,402	16,240
Interest expense - borrowing ⁽¹⁾	1,348	8,011
Interest expense - others ⁽²⁾	4,332	3,495
	<u>24,082</u>	<u>27,746</u>

⁽¹⁾ "Interest expense - borrowing" includes commitment fees and other transaction costs.

⁽²⁾ "Interest expense - others" mainly includes interest cost on defined benefit obligations and unwinding of discount on asset retirement obligations.

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Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

18 Earnings per share

	Reviewed three-month period ended 31 March	
	2025	2024
Profit for the period (AED 000)	722,499	602,916
Weighted average number of shares ('000')	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	<u>0.16</u>	<u>0.13</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.

19 Changes in other operating assets and liabilities

	Reviewed three-month period ended 31 March	
	2025 AED 000	2024 AED 000
Change in:		
Inventories	16,525	(149,543)
Contract costs	(55,580)	(44,248)
Trade receivables and contract assets	14,237	40,845
Other non-financial assets	(405,517)	(132,017)
Trade and other payables	(375,591)	(55,719)
Contract liabilities	2,143	(9,162)
Due from related parties	(12,149)	21,652
Due to related parties	413	1,575
Net changes in other operating assets and liabilities	<u>(815,519)</u>	<u>(326,617)</u>
Non-cash transactions:		
Accruals for property, plant and equipment	(172,707)	(43,720)
Accruals for intangible assets	(50,542)	(44,188)
Additions and remeasurement to right-of-use assets	52,348	29,282

20 Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 219,202 thousand (31 December 2024: AED 205,973 thousand). Bank guarantees are secured against margin of AED 2,412 thousand (31 December 2024: AED 2,412 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 statements. 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 1,790,433 thousand (31 December 2024: AED 1,745,064 thousand).

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Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

21 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.
- 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 and national traffic, international roaming, site sharing and international hubbing.
- ICT and associated telecom services include broadcasting services, data center co-location, multi-cloud, cybersecurity, IOT and equipment etc. The point in time includes revenue from sale of handsets and other devices.

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

Three-month period ended 31 March 2025

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	ICT and associated telecom services AED 000	Total AED 000
Segment revenue					
Timing of revenue recognition					
Over time	1,720,855	1,059,599	646,469	176,311	3,603,234
At a point in time	-	-	-	244,706	244,706
	<u>1,720,855</u>	<u>1,059,599</u>	<u>646,469</u>	<u>421,017</u>	<u>3,847,940</u>
Segment contribution	<u>1,043,619</u>	<u>899,661</u>	<u>558,750</u>	<u>88,342</u>	2,590,372
Unallocated costs					(1,315,446)
Federal royalty					(486,788)
Interest income/(expense) and share of profit on equity accounted investments					6,020
Income tax expense					<u>(71,659)</u>
Net Profit					<u>722,499</u>

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Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

21 Segment analysis (continued)

Three-month period ended 31 March 2024

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	ICT and associated telecom services AED 000	Total AED 000
Segment revenue					
Timing of revenue recognition					
Over time	1,601,571	961,442	581,215	139,501	3,283,729
At a point in time	-	-	-	297,704	297,704
	<u>1,601,571</u>	<u>961,442</u>	<u>581,215</u>	<u>437,205</u>	<u>3,581,433</u>
Segment contribution	<u>930,587</u>	<u>819,508</u>	<u>507,337</u>	<u>97,647</u>	<u>2,355,079</u>
Unallocated costs					(1,290,297)
Federal royalty					(405,939)
Interest income/(expense) and share of loss on equity accounted investments					3,514
Income tax expense					<u>(59,441)</u>
Net profit					<u><u>602,916</u></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.

22 IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, issued in April 2024, replaces IAS 1 Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after 1 January 2027. Early adoption is permitted, and the Group has elected to apply IFRS 18 from 1 January 2025, with retrospective application in accordance with the standard's requirements.

The adoption of IFRS 18 introduces a revised presentation structure, whereby income and expenses are classified into operating, investing, financing, income tax and discontinued operations categories. Also, as permitted by the standard, the Group has incorporated subtotals in addition to Operating Profit and Profit or Loss Before Financing and Income Taxes, to enhance financial statement transparency and provide a more structured summary.

To ensure consistency with current period presentation, comparative figures for the previous period have been re-presented, where necessary. Such re-presented figures did not affect the previously reported comprehensive income, total equity, total assets, total liabilities and total cash flows.

The following items have been re-presented in line with the adoption of IFRS 18:

- Goodwill presented as a separate line item in the statement of financial position.
- Other non-financial assets presented as a separate line item in the statement of financial position.

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Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2025 (continued)

22 IFRS 18 Presentation and Disclosure in Financial Statement (continued)

- Starting point for the presentation of statement of cash flows is Operating profit.
- Operating profit before depreciation and amortization is equivalent to “Earning before income tax, depreciation and amortization (EBITDA)”.

The reconciliation between IFRS 18 and IAS 1 for condensed consolidated statement of comprehensive income as follow:

IFRS 18 description classification and category	2024 AED in 000's	Previous Classification (IAS 1)
Revenue		
Mobile	1,601,571	Revenue
Fixed	961,442	Revenue
Wholesale	581,215	Revenue
ICT and associated telecom services	437,205	Revenue
Total revenue	3,581,433	
Direct costs		
Interconnect cost	(686,987)	Operating expenses
Commission cost	(138,945)	Operating expenses
Devices and other direct services cost	(400,422)	Operating expenses
Total direct costs	(1,226,354)	
Net operating expenses before depreciation and amortization		
Network and other maintenance expenses	(226,768)	Operating expenses
Marketing expense	(50,231)	Operating expenses
Staff expense	(239,655)	Operating expenses
Administrative expense	(39,663)	Operating expenses
Telecommunication license and related fees	(105,549)	Operating expenses
Other operating expense	(45,449)	Operating Expenses AED 44,236 Finance cost AED 1,213
Impairment – trade, lease receivables and contract assets (net of recoveries)	(62,452)	Expected credit losses (net of recoveries)
Other operating income	904	Other income
Total net operating expenses before depreciation and amortization	(768,863)	
Operating profit before depreciation and amortization	1,586,216	
Depreciation and amortization	(521,434)	Operating expenses
Operating profit	1,064,782	
Share of loss on equity accounted investments	(1,500)	Share of loss of associate and joint venture
Interest income	33,133	Finance income +AED 32,644 Finance costs -AED 489
Impairment loss - deposits, cash and bank balances	(373)	Finance costs
Profit before financing, federal royalty and income tax	1,096,042	
Interest expense	(27,746)	Finance costs
Profit before federal royalty and income tax	1,068,296	
Federal royalty	(405,939)	Federal royalty on profit
Income tax expense	(59,441)	Corporate income tax
Net Profit	602,916	
Other comprehensive income/(loss)		
<i>Items that will not be re-classified to profit or loss</i>		
Fair value gain on financial asset (at FVOCI)	2,633	Fair value change on financial asset (at FVOCI)
Related income tax	(237)	Corporate income tax
Other comprehensive (loss)/income (net of income tax)	2,396	
Total comprehensive income for the period (attributable to shareholders of the Company)	605,312	