Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Review report and condensed consolidated financial statements for the nine-month period ended 30 September 2025

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated financial statements
for the nine-month period ended 30 September 2025

KPMG

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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 30 September 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 30 September 2025;
- the condensed consolidated statements of comprehensive income for the three-month and nine-month period ended 30 September 2025;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2025;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 30 September 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 and nine-month periods ended September 30, 2024, excluding the retrospective re-presentations described in Note 23, were reviewed by the predecessor auditor, who expressed an unmodified conclusion on 28 October 2024. The consolidated financial statements for the year ended 31 December 2024, also excluding the retrospective re-presentations described in Note 23, were audited by the predecessor auditor, who expressed an unmodified opinion on 10 February 2025.

KPMG Lower Gulf Limited

Avtar

Avtar Singh Jalif
Registration No.: 5413
Dubai, United Arab Emirates
Date: 23 October 2025

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of financial position as at 30 September 2025

	Note	Reviewed 30 September 2025 AED 000	Audited 31 December 2024* AED 000
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,951,874	9,838,448
Right-of-use assets	4	1,530,136	1,657,217
Intangible assets	5	806,049	846,932
Goodwill		413,220	413,220
Investments accounted for using the equity method	6	732	2,716
Financial asset at fair value through other comprehensive income	7	-	2,334
Lease receivable		75,144	92,575
Trade receivables and contract assets	9	163,954	162,716
Contract costs		400,073	345,227
Other non-financial assets	12	18,133	17,857
Total non-current assets		13,359,315	13,379,242
Current assets			
Inventories		125,039	175,610
Lease receivable		18,278	19,027
Assets held for disposal	8	2,018	-
Trade receivables and contract assets	9	2,137,062	2,029,556
Contract costs		421,974	361,577
Due from related parties	10	19,642	21,732
Term deposits		589,678	1,299,283
Cash and bank balances	11	367,690	983,969
Other non-financial assets	12	509,007	290,254
Total current assets		4,190,388	5,181,008
Total assets		17,549,703	18,560,250
EQUITY AND LIABILITIES			
EQUITY			
Share capital		4,532,906	4,532,906
Share premium		232,332	232,332
Other reserves		2,250,502	2,250,474
Retained earnings		2,413,619	2,862,733
Total equity		9,429,359	9,878,445
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	1,386,964	1,436,688
Contract liabilities		215,366	233,029
Employees' end of service benefits liabilities		217,106	208,604
Other provisions		230,643	219,120
Total non-current liabilities		2,050,079	2,097,441
Current liabilities			
Trade and other payables	14	3,215,746	3,533,016
Federal royalty and income tax	15	1,725,794	1,923,452
Lease liabilities	13	549,601	561,999
Contract liabilities		573,906	559,180
Due to related parties	10	5,218	6,717
Total current liabilities		6,070,265	6,584,364
Total liabilities		8,120,344	8,681,805
Total equity and liabilities		17,549,703	18,560,250

** Refer to Note 23*

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 23 October 2025 and signed on its behalf by:

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Abdulla Mohammed Ahmad Albasti Almarri — Board Member

Kais Ben Hamida — Chief Financial Officer

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

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of comprehensive income
for the nine-month and three-month period ended 30 September 2025

	Note	Reviewed nine-month period ended 30 September*		Reviewed three-month period ended 30 September*	
		2025	2024	**2025**	2024
		AED 000	AED 000	**AED 000**	AED 000
Revenue					
Mobile		5,227,156	4,846,619	1,770,062	1,632,843
Fixed		3,243,273	2,956,473	1,103,010	1,013,078
Wholesale		1,901,948	1,758,087	618,642	591,825
ICT and associated telecom services		1,249,765	1,201,908	380,133	351,745
Total revenue	22	11,622,142	10,763,087	3,871,847	3,589,491
Direct costs					
Interconnect cost		(2,153,406)	(2,096,161)	(711,094)	(693,699)
Commission cost		(503,012)	(433,433)	(171,311)	(156,621)
Devices and other direct services cost		(1,130,131)	(964,556)	(351,863)	(188,596)
Total direct costs		(3,786,549)	(3,494,150)	(1,234,268)	(1,038,916)
Net operating expenses before depreciation and amortization					
Network and other maintenance expense		(688,173)	(681,491)	(224,344)	(224,319)
Marketing expense		(178,178)	(156,518)	(60,189)	(59,136)
Staff expense		(776,748)	(778,848)	(273,438)	(281,940)
Administrative expense		(142,184)	(126,927)	(44,654)	(44,120)
Telecommunication license and related fees		(321,986)	(316,247)	(108,619)	(106,175)
Other operating expense	16	(95,560)	(124,980)	(22,834)	(31,900)
Impairment - trade, lease receivables and contract assets (net of recoveries)		(152,232)	(195,797)	(51,089)	(67,368)
Other operating income		21,247	2,695	(820)	165
Total net operating expenses before depreciation and amortization		(2,333,814)	(2,378,113)	(785,987)	(814,793)
Operating profit before depreciation and amortization		5,501,779	4,890,824	1,851,592	1,735,782
Depreciation and amortization	17	(1,618,788)	(1,596,932)	(538,772)	(542,841)
Operating profit		3,882,991	3,293,892	1,312,820	1,192,941
Share of (loss)/gain on equity accounted investments		(735)	(1,593)	(324)	69
Interest income	18	55,504	60,114	9,398	12,533
Net impairment - deposits, cash and bank balances		646	438	(219)	(258)
Profit before financing, federal royalty and income tax		3,938,406	3,352,851	1,321,675	1,205,285
Interest expense	18	(71,126)	(69,269)	(23,806)	(20,372)
Profit before federal royalty and income tax		3,867,280	3,283,582	1,297,869	1 184,913
Federal royalty		(1,469,651)	(1,192,105)	(493,219)	(394,535)
Income tax expense		(216,269)	(188,627)	(72,557)	(71,291)
Net Profit		2,181,360	1,902,850	732,093	719,087
Other comprehensive income/(loss)					
Items that will not be re-classified to profit or loss					
Fair value loss on financial asset (at FVOCI)	7	(1,497)	(539)	(536)	(623)
Related income tax		136	49	49	57
Other comprehensive loss (net of income tax)		(1,361)	(490)	(487)	(566)
Total comprehensive income for the period attributable to shareholders of the Company		2,179,999	1,902,360	731,606	718,521
Basic and diluted earnings per share (AED)	19	0.48	0.42	0.16	0.16

**Refer to Note 23*

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

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of changes in equity for the nine-month period ended 30 September 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
Net profit for the period	-	-	-	1,902,850	1,902,850
Other comprehensive loss for the period - net of tax	-	-	(490)	-	(490)
Total comprehensive (loss)/income for the period	-	-	(490)	1,902,850	1,902,360
Final cash dividend paid	-	-	-	(951,910)	(951,910)
Interim cash dividend paid	-	-	-	(906,581)	(906,581)
Reviewed as at 30 September 2024	4,532,906	232,332	2,250,541	2,271,303	9,287,082
At 1 January 2025	4,532,906	232,332	2,250,474	2,862,733	9,878,445
Net profit for the period	-	-	-	2,181,360	2,181,360
Other comprehensive loss for the period - net of tax	-	-	(1,361)	-	(1,361)
Total comprehensive (loss)/ income for the period	-	-	(1,361)	2,181,360	2,179,999
Transfer of realized loss on sale of FVOCI financial asset shares	-	-	1,389	(1,389)	-
Final cash dividend paid (1)	-	-	-	(1,541,188)	(1,541,188)
Interim cash dividend paid (2)	-	-	-	(1,087,897)	(1,087,897)
Reviewed as at 30 September 2025	4,532,906	232,332	2,250,502	2,413,619	9,429,359

(1) For the year 2024, a final cash dividend of AED 0.34 per share was paid on 15 April 2025.

(2) For the period 2025, an interim cash dividend of AED 0.24 per share was paid on 21 August 2025.

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

Emirates Integrated Telecommunications Company PJSC

Condensed consolidated statement of cash flows
for the nine-month period ended 30 September 2025

	Note	**Reviewed nine-month period ended 30 September 2025**	Reviewed nine-month period ended 30 September 2024*
		AED 000	AED 000
Cash flows from operating activities			
Operating profit		3,882,991	3,293,892
Adjustments for:			
Depreciation and amortization	17	1,618,788	1,596,932
Loss on disposal of property, plant and equipment		-	1,230
Service cost for employees' end of service benefits		16,101	15,638
Charge of allowance for inventory obsolescence		2,057	18,029
Impairment – trade, lease receivables and contract asset		180,115	217,890
Unrealized foreign exchange gain		(2,362)	(45)
Changes in other operating assets and liabilities	20	(457,535)	(355,271)
Cash generated from operations		5,240,155	4,788,295
Federal royalty paid	15.1	(1,636,274)	(1,928,939)
Income tax paid	15.2	(247,168)	-
Payment of employees' end of service benefits		(14,426)	(16,673)
Net cash generated from operating activities		3,342,287	2,842,683
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,620,364)	(1,132,319)
Purchase of intangible assets		(227,592)	(321,992)
Proceeds from disposal of property, plant and equipment		888	669
Proceeds from financial asset (at FVOCI)		68	-
Interest received		69,188	72,802
Margin on guarantees placed		-	(66)
Net change in term deposits matured		710,000	602,319
Net cash used in investing activities		(1,067,812)	(778,587)
Cash flows from financing activities			
Dividend paid		(2,629,085)	(1,858,491)
Repayment of lease liabilities		(208,453)	(381,767)
Interest paid on lease liabilities		(53,216)	(46,946)
Interest paid others		-	(313)
Net cash used in financing activities		(2,890,754)	(2,287,517)
Net decrease in cash and cash equivalents		(616,279)	(223,421)
Cash and cash equivalents at 1 January		981,557	607,690
Cash and cash equivalents at 30 September		365,278	384,269

**Refer to Note 23*

Non-cash transactions are disclosed in Note 20.

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

Notes to the condensed consolidated financial statements for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 23, in compliance with transition requirements. In addition, the Group has reclassified certain non-current assets held for disposal according to the accounting policy in Note 2 (vii). Other than these changes, 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 new standard and 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.

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 Company's functional and the Group's 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.

vii Assets held for disposal

Assets held for disposal refers collectively to non-current assets classified as either held for sale or held for distribution to owners in accordance with IFRS 5. An asset is classified as held for sale when its carrying amount will be recovered principally through a sale transaction rather than continued use. Similarly, it is classified as held for distribution to owners when the entity is committed to distribute the asset to its owners.

The assets held for disposal are available for immediate sale or distribution in the present condition and actions have been initiated to finalize the disposal within one year from the date of classification. These actions taken are unlikely to change or be withdrawn.

Comparative amounts in the statement of financial position are not re-presented to reflect this classification.

Assets held for sale or distribution to owners are measured at the lower of their carrying amount and fair value less costs to sell or distribute, except for investments measured at fair value through other comprehensive income.

3 Property, plant and equipment

	AED 000
Cost	
At 1 January 2025	27,880,322
Additions	1,271,987
Addition: asset retirement obligations	5,362
Disposals/write-offs	(113,802)
At 30 September 2025	29,043,869
Depreciation and impairment	
At 1 January 2025	18,041,874
Depreciation and impairment for the period (Note 17)	1,163,035
Disposals/write-offs	(112,914)
At 30 September 2025	19,091,995
Net book value	
At 30 September 2025	9,951,874
At 31 December 2024	9,838,448

4 Right-of-use assets

	AED 000
Cost	
At 1 January 2025	3,528,270
Additions	76,511
Remeasurement	72,440
Disposals	(23,423)
At 30 September 2025	3,653,798
Depreciation	
At 1 January 2025	1,871,053
Charge for the period (Note 17)	273,425
Disposals	(20,816)
At 30 September 2025	2,123,662
Net book value	
At 30 September 2025	1,530,136
At 31 December 2024	1,657,217

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	141,445
Disposals/write-offs	(72)
At 30 September 2025	3,947,792
Amortization and impairment	
At 1 January 2025	2,959,487
Amortization and impairment charge for the period (Note 17)	182,328
Disposals/write-offs	(72)
At 30 September 2025	3,141,743
Net book value	
At 30 September 2025	806,049
At 31 December 2024	846,932

6 Investments accounted for using the equity method

	2025		
	Associate AED 000	**Joint venture* AED 000**	**Total AED 000**
At 1 January 2025	762	-	762
Share of loss for the period	(30)	-	(30)
At 30 September 2025	732	-	732

	2024		
	Associate AED 000	Joint venture AED 000	Total AED 000
At 31 December 2024	762	1,954	2,716

*****During the period, the investment in Joint venture has been approved for disposal and reclassified to "Assets held for disposal" in accordance with IFRS 5 (refer to Note 8).

7 Financial assets at fair value through other comprehensive income

	30 September 2025 AED 000	31 December 2024 AED 000
Listed shares		
Anghami Inc.	-	2,334

During the period, loss of AED 1,497 thousand was recognised in other comprehensive income (30 September 2024: loss of AED 539 thousand).

A portion of the investment was sold for AED 68 thousand. The remaining amount has been reclassified to "Assets held for disposal" in accordance with IFRS 5 (refer to Note 8).

8 Assets held for disposal

	30 September 2025 AED 000	31 December 2024 AED 000
Financial assets at fair value through other comprehensive income	769	-
Investments accounted for using the equity method (Joint venture) *	1,249	-
Total	2,018	-

	Joint venture* AED 000
At 1 January 2025	1,954
Share of loss for the period	(705)
At 30 September 2025	1,249

9 Trade receivables and contract assets

	30 September 2025 AED 000	31 December 2024 AED 000
Trade receivables	2,130,610	2,222,809
Due from other telecommunication operators [1]	440,670	211,398
Contract assets	542,148	570,132
Less: provision for impairment	(812,412)	(812,067)
Net amount	2,301,016	2,192,272
Non-current	163,954	162,716
Current	2,137,062	2,029,556
Total trade receivables and contract assets	2,301,016	2,192,272

[1] Due from other telecommunication operators are presented after netting off payable balances (where right to set off exists) amounting to AED 1,508,454 thousand (31 December 2024 AED 1,537,253 thousand).

10 Related party balances and transactions

Related parties comprise the founding 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

	30 September 2025 AED 000	31 December 2024 AED 000
Due from related parties	19,642	21,732
Due to related parties	5,218	6,717

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.

	Nine-month period ended 30 September	
	2025 AED 000	2024 AED 000
Sale of goods and services	248,086	322,083
Rent and services	16,852	24,917

Key management compensation

Board of Directors fee recorded during the period was AED 11,234 thousand (30 September 2024: AED 9,610 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 estimated long-term incentives of AED 4,406 thousand (30 September 2024: AED 4,406 thousand).

11 Cash and bank balances

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

	30 September 2025 AED 000	31 December 2024 AED 000
Cash at bank (net of loss allowance)	367,128	983,386
Cash on hand	562	583
Cash and bank balances	367,690	983,969
Less: margin on guarantees (Note 21)	(2,412)	(2,412)
Cash and cash equivalents	365,278	981,557

12 Other non-financial assets

	30 September 2025 AED 000	31 December 2024 AED 000
Prepayments [(1)]	252,206	168,251
Advances to suppliers	228,487	129,350
Other receivables	46,447	10,510
Total other non-financial assets	527,140	308,111
Non-current	18,133	17,857
Current	509,007	290,254
Total other non-financial assets	527,140	308,111

[(1)] Prepayments include unamortized loan fees amounting to AED 3,578 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 2,297 thousand (31 December 2024: AED 3,211 thousand).

13 Lease liabilities

	30 September 2025 AED 000	31 December 2024 AED 000
At 1 January	1,998,687	2,104,959
Additions for the period/year	76,511	155,983
Interest expense during the period/year	53,216	63,671
Payments made during the period/year	(261,669)	(587,923)
Re-measurement during the period/year	72,440	282,446
Disposals during the period/year	(2,620)	(20,449)
Closing balance	1,936,565	1,998,687
Non-current	1,386,964	1,436,688
Current	549,601	561,999
Total lease liabilities	1,936,565	1,998,687

14 Trade and other payables

	30 September 2025 AED 000	31 December 2024 AED 000
Trade payables and accruals	2,008,850	2,435,421
Due to other telecommunication operators [1]	705,719	616,097
Valued Added Tax (VAT) payable	31,342	25,187
Other payables and accruals	469,835	456,311
	3,215,746	3,533,016

[1] "Due to other telecommunication operators" are presented after netting off receivable balances (where right to set off exists) amounting to AED 1,508,454 thousand (31 December 2024: AED 1,537,253 thousand).

15 Federal royalty and income tax

		30 September 2025 AED 000	31 December 2024 AED 000
Federal royalty	15.1	1,509,259	1,675,882
Income tax	15.2	216,535	247,570
		1,725,794	1,923,452

15.1 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 related to 2023 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 as per latest royalty regime is as follows:

	30 September 2025 AED 000	31 December 2024 AED 000
At 1 January	1,675,882	-
Payment made during the period/year	(1,636,274)	-
Charge for the period/year (net)	1,469,651	1,675,882
Closing balance	1,509,259	1,675,882

15 Federal royalty and income tax (continued)

15.2 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:

	30 September 2025 AED 000	31 December 2024 AED 000
At 1 January	247,570	-
Payment made during the period/year	(247,168)	-
Charge for the period/year (net)	216,133	247,570
Closing balance	216,535	247,570

16 Other operating expense

	Nine-month period ended 30 September	
	2025 AED 000	2024 AED 000
Outsourcing and contracting	64,132	95,997
Legal and professional	35,756	28,563
Net foreign exchange (gain)/loss	(4,328)	420
	95,560	124,980

17 Depreciation and amortization

	Nine-month period ended 30 September	
	2025	2024
	AED 000	AED 000
Depreciation and impairment of property, plant and equipment (Note 3)	1,163,035	1,166,152
Depreciation of right-of-use assets (Note 4)	273,425	281,219
Amortization and impairment on intangible assets (Note 5)	182,328	149,561
	1,618,788	1,596,932

18 Interest income and expense

	Nine-month period ended 30 September	
	2025	2024
	AED 000	AED 000
Interest income		
Interest income - banks	51,713	55,084
Interest income on lease receivable	3,064	3,562
Interest income - others	727	1,468
	55,504	60,114
Interest expense		
Interest expense on lease liabilities	53,216	46,946
Interest expense - borrowing (1)	4,377	11,064
Interest expense - others (2)	13,533	11,259
	71,126	69,269

(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.

19 Earnings per share

	Nine-month period ended 30 September	
	2025	2024
Net profit for the period (AED 000)	2,181,360	1,902,850
Weighted average number of shares ('000')	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	0.48	0.42

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.

20 Changes in other operating assets and liabilities

	Nine-month period ended 30 September 2025 AED 000	2024 AED 000
Change in:		
Inventories	48,514	(40,096)
Contract costs	(115,243)	(106,064)
Trade receivables and contract assets	(266,889)	(155,957)
Other non-financial assets	(91,646)	33,319
Trade and other payables	(29,925)	(121,426)
Contract liabilities	(2,937)	5,718
Due from related parties	2,090	24,898
Due to related parties	(1,499)	4,337
Net changes in other operating assets and liabilities	(457,535)	(355,271)
Non-cash transactions:		
Additions and remeasurement to right-of-use assets	148,951	137,424

21 Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 108,651 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 11).

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 2,134,496 thousand (31 December 2024: AED 1,745,064 thousand).

22 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.

22 Segment analysis (continued)

Nine-month period ended 30 September 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	5,227,156	3,243,273	1,901,948	565,336	10,937,713
At a point in time	-	-	-	684,429	684,429
	5,227,156	3,243,273	1,901,948	1,249,765	11,622,142
Segment contribution	3,190,725	2,771,932	1,642,915	230,021	7,835,593
Unallocated costs					(3,952,602)
Federal royalty					(1,469,651)
Interest income, interest expense, net impairment - deposits, cash bank balances and share of loss on equity accounted investments					(15,711)
Income tax expense					(216,269)
Net Profit					2,181,360

Nine-month period ended 30 September 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	4,846,619	2,956,473	1,758,087	500,266	10,061,445
At a point in time	-	-	-	701,642	701,642
	4,846,619	2,956,473	1,758,087	1,201,908	10,763,087
Segment contribution	2,977,220	2,510,396	1,536,738	244,583	7,268,937
Unallocated costs					(3,975,045)
Federal royalty					(1,192,105)
Interest income, interest expense, net impairment - deposits, cash bank balances and share of loss on equity accounted investments					(10,310)
Income tax expense					(188,627)
Net profit					1,902,850

22 Segment analysis (continued)

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 cyclicality.

23 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 comparative financial information has been re-presented to reflect the early adoption of IFRS 18. The underlying statement of financial position as at December 31, 2024, was audited by the predecessor auditor prior to these re-presentations. The predecessor auditor also reviewed, prior to these re-presentations, the comparative statements of comprehensive income for the three-month and nine-month periods ended September 30, 2024, as well as the statement of cash flows for the nine-month period ended September 30, 2024.

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

23 IFRS 18 Presentation and Disclosure in Financial Statements (continued)

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

Nine-month period ended 30 September 2024

IFRS 18 description classification and category	2024 AED in 000's	Previous Classification (IAS 1)
Revenue		
Mobile	4,846,619	Revenue
Fixed	2,956,473	Revenue
Wholesale	1,758,087	Revenue
ICT and associated telecom services	1,201,908	Revenue
Total revenue	10,763,087	
Direct costs		
Interconnect cost	(2,096,161)	Operating expenses
Commission cost	(433,433)	Operating expenses
Devices and other direct services cost	(964,556)	Operating expenses
Total direct costs	(3,494,150)	
Net operating expenses before depreciation and amortization		
Network and other maintenance expenses	(681,491)	Operating expenses
Marketing expense	(156,518)	Operating expenses
Staff expense	(778,848)	Operating expenses
Administrative expense	(126,927)	Operating expenses
Telecommunication license and related fees	(316,247)	Operating expenses
Other operating expense	(124,980)	Operating expenses AED 124,560 Finance cost AED 420
Impairment – trade, lease receivables and contract assets (net of recoveries)	(195,797)	Expected credit losses (net of recoveries)
Other operating income	2,695	Other income
Total net operating expenses before depreciation and amortization	(2,378,113)	
Operating profit before depreciation and amortization	4,890,824	
Depreciation and amortization	(1,596,932)	Operating expenses
Operating profit	3,293,892	
Share of loss on equity accounted investments	(1,593)	Share of loss of associate and joint venture
Interest income	60,114	Finance income AED 58,646 Finance costs -AED 1,468
Net impairment - deposits, cash and bank balances	438	Finance costs
Profit before financing, federal royalty and income tax	3,352,851	
Interest expense	(69,269)	Finance costs
Profit before federal royalty and income tax	3,283,582	
Federal royalty	(1,192,105)	Federal royalty on profit
Income tax expense	(188,627)	Corporate income tax
Net Profit	1,902,850	
Other comprehensive income/(loss)		
Items that will not be re-classified to profit or loss		
Fair value loss on financial asset (at FVOCI)	(539)	Fair value change on financial asset (at FVOCI)
Related income tax	49	Corporate income tax
Other comprehensive loss (net of income tax)	(490)	
Total comprehensive income for the period attributable to shareholders of the Company	**1,902,360**	

23 IFRS 18 Presentation and Disclosure in Financial Statements (continued)

Three-month period ended 30 September 2024

IFRS 18 description classification and category	2024 AED in 000's	Previous Classification (IAS 1)
Revenue		
Mobile	1,632,843	Revenue
Fixed	1,013,078	Revenue
Wholesale	591,825	Revenue
ICT and associated telecom services	351,745	Revenue
Total revenue	3,589,491	
Direct costs		
Interconnect cost	(693,699)	Operating expenses
Commission cost	(156,621)	Operating expenses
Devices and other direct services cost	(188,596)	Operating expenses
Total direct costs	(1,038,916)	
Net operating expenses before depreciation and amortization		
Network and other maintenance expenses	(224,319)	Operating expenses
Marketing expense	(59,136)	Operating expenses
Staff expense	(281,940)	Operating expenses
Administrative expense	(44,120)	Operating expenses
Telecommunication license and related fees	(106,175)	Operating expenses
Other operating expense	(31,900)	Operating expenses AED 33,444 Finance cost -AED 1,544
Impairment – trade, lease receivables and contract assets (net of recoveries)	(67,368)	Expected credit losses (net of recoveries)
Other operating income	165	Other income
Total net operating expenses before depreciation and amortization	(814,793)	
Operating profit before depreciation and amortization	1,735,782	
Depreciation and amortization	(542,841)	Operating expenses
Operating profit	1,192,941	
Share of gain on equity accounted investments	69	Share of loss of associate and joint venture
Interest income	12,533	Finance income AED 12,043 Finance costs -AED 490
Net impairment - deposits, cash and bank balances	(258)	Finance costs
Profit before financing, federal royalty and income tax	1,205,285	
Interest expense	(20,372)	Finance costs
Profit before federal royalty and income tax	1,184,913	
Federal royalty	(394,535)	Federal royalty on profit
Income tax expense	(71,291)	Corporate income tax
Net Profit	719,087	
Other comprehensive income/(loss)		
Items that will not be re-classified to profit or loss		
Fair value loss on financial asset (at FVOCI)	(623)	Fair value change on financial asset (at FVOCI)
Related income tax	57	Corporate income tax
Other comprehensive loss (net of income tax)	(566)	
Total comprehensive income for the period attributable to shareholders of the Company	**718,521**	