

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

**Review report and condensed consolidated financial information  
for the three-month period ended 31 March 2021**

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

**Condensed consolidated financial information**

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## **REPORT ON REVIEW OF CONDENSED CONSOLIDATED 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 (“the Company”) and its subsidiaries (collectively referred to as “the Group”) as of 31 March 2021 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with International Accounting Standards 34, ‘Interim Financial Reporting’ (‘IAS 34’) as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated financial information 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 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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)




Rama Padmanabha Acharya  
Registration number 701  
26 April 2021  
Dubai  
United Arab Emirates

**Emirates Integrated Telecommunications Company PJSC and its subsidiaries**  
**Condensed consolidated statement of financial position**  
**For the three-month period ended 31 March 2021**

	Notes	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	8,256,180	8,063,422
Right-of-use assets	5	1,765,289	1,851,429
Intangible assets and goodwill	6	892,817	900,215
Lease receivable	7	141,491	149,963
Investments accounted for using the equity method	8	29,020	29,835
Financial asset at fair value through other comprehensive income		18,368	18,368
Contract assets	9	264,740	211,216
<b>Total non-current assets</b>		11,367,905	11,224,448
<b>Current assets</b>			
Inventories		117,675	61,513
Lease receivable	7	19,052	18,213
Contract assets	9	516,049	454,101
Trade and other receivables	10	1,795,139	1,726,401
Due from related parties	11	90,228	139,869
Term deposits	12	2,028,984	2,029,327
Cash and bank balances	13	555,420	213,375
<b>Total current assets</b>		5,122,547	4,642,799
<b>Total assets</b>		16,490,452	15,867,247
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,532,906	4,532,906
Share premium		232,332	232,332
Other reserves	17	1,934,126	1,908,411
Retained earnings		1,447,261	1,895,763
<b>Total equity</b>		8,146,625	8,569,412
<b>Non-current liabilities</b>			
Lease liabilities	14	1,635,562	1,691,727
Contract liabilities	9	188,828	195,149
Provision for employees' end of service benefits		256,250	254,037
Other provisions	15	186,257	184,581
<b>Total non-current liabilities</b>		2,266,897	2,325,494
<b>Current liabilities</b>			
Trade and other payables	16	5,085,988	3,991,797
Lease liabilities	14	636,469	616,896
Contract liabilities	9	347,365	358,538
Due to related parties	11	7,108	5,110
<b>Total current liabilities</b>		6,076,930	4,972,341
<b>Total liabilities</b>		8,343,827	7,297,835
<b>Total equity and liabilities</b>		16,490,452	15,867,247

To the best of our knowledge, the financial information included in these condensed consolidated interim financial information fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented therein. The condensed consolidated financial information was approved by the Board of Directors on 26<sup>th</sup> April 2021 and signed on its behalf by:

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

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

**Emirates Integrated Telecommunications Company PJSC and its subsidiaries**  
**Condensed consolidated statement of comprehensive income**  
**For the three-month period ended 31 March 2021**

	Notes	<b>Reviewed three-month period ended 31 March</b>	
		<b>2021 AED 000</b>	2020 AED 000
Revenue	24	2,883,294	2,988,048
Operating expenses	18	(2,190,042)	(2,107,477)
Expected credit losses on contract assets, trade receivables and due from related parties (net of recoveries)		(48,114)	(73,011)
Other income		67	3,183
Federal royalty	19	(372,159)	(461,200)
Finance income	20	11,048	28,256
Finance costs	20	(26,130)	(29,455)
Share of (loss)/profit of investments accounted for using equity method	8	(815)	6,773
<b>Profit for the period</b>		<b>257,149</b>	<b>355,117</b>
<b>Other comprehensive loss</b>			
<i>Items that may be re-classified subsequently to profit or loss</i>			
Fair value changes on cash flow hedge	17	-	(520)
<b>Other comprehensive loss for the period</b>		-	(520)
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>		<b>257,149</b>	<b>354,597</b>
Basic and diluted earnings per share (AED)	21	0.06	0.08

**Emirates Integrated Telecommunications Company PJSC and its subsidiaries**  
**Condensed consolidated statement of changes in equity**  
**For the three-month period ended 31 March 2021**

	Share capital AED 000	Share premium AED 000	Other reserves (Note 17) AED 000	Retained earnings AED 000	Total AED 000
At 1 January 2020	<u>4,532,906</u>	<u>232,332</u>	<u>1,764,640</u>	<u>2,118,877</u>	<u>8,648,755</u>
Profit for the period	-	-	-	355,117	355,117
Other comprehensive loss	-	-	(520)	-	(520)
<b>Total comprehensive income for the period</b>	-	-	(520)	355,117	354,597
Transfer to statutory reserve	-	-	35,512	(35,512)	-
<b>At 31 March 2020</b>	<u>4,532,906</u>	<u>232,332</u>	<u>1,799,632</u>	<u>2,438,482</u>	<u>9,003,352</u>
At 1 January 2021	<u>4,532,906</u>	<u>232,332</u>	<u>1,908,411</u>	<u>1,895,763</u>	<u>8,569,412</u>
Profit for the period	-	-	-	257,149	257,149
Other comprehensive loss	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	257,149	257,149
Transfer to statutory reserve	-	-	25,715	(25,715)	-
Final cash dividend declared*	-	-	-	(679,936)	(679,936)
<b>At 31 March 2021</b>	<u>4,532,906</u>	<u>232,332</u>	<u>1,934,126</u>	<u>1,447,261</u>	<u>8,146,625</u>

\*For the year 2020, a final cash dividend of AED 0.15 per share amounting to AED 679,936 thousand was approved by the shareholders at the Annual General Meeting held on 25 March 2021 and paid on 21 April 2021.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Condensed consolidated statement of cash flows For the three-month period ended 31 March 2021

	Note	Reviewed three-month period ended 31 March	
		2021 AED 000	2020 AED 000
<b>Cash flows from operating activities</b>			
Profit for the period		257,149	355,117
Adjustments for:			
Depreciation and impairment of property, plant and equipment		341,492	319,669
Depreciation of right-of-use assets		91,303	81,104
Amortisation and impairment of intangible assets		42,028	54,211
Gain on disposal of property, plant and equipment		(85)	-
Provision for employees' end of service benefits		7,513	8,280
(Release)/loss allowance for inventory obsolescence		(281)	7,507
Loss allowance on contract assets		7,213	4,796
Loss allowance on trade receivables		39,473	53,179
Loss allowance on due from related parties		5,861	17,560
Loss allowance on term deposits		343	36
Finance income		(11,048)	(28,256)
Finance costs		26,130	29,455
Unwinding of discount on asset retirement obligations		1,976	1,741
Share of loss/(profit) of investments accounted for using equity method		815	(6,773)
Changes in working capital	22	239,111	91,675
Cash generated from operations		1,048,993	989,301
Payment of employees' end of service benefits		(6,721)	(4,027)
<b>Net cash generated from operating activities</b>		<b>1,042,272</b>	<b>985,274</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(595,640)	(391,257)
Purchase of intangible assets		(38,852)	(47,498)
Proceeds from disposal of property, plant and equipment		26	-
Interest received		1,879	28,705
Margin on guarantees released		-	1,375
Term deposits released		-	400,000
<b>Net cash used in investing activities</b>		<b>(632,587)</b>	<b>(8,675)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(42,931)	(53,537)
Repayment of borrowings		-	(716,332)
Interest paid on lease liabilities		(21,718)	(18,574)
Interest paid others		(2,991)	(8,780)
<b>Net cash used in financing activities</b>		<b>(67,640)</b>	<b>(797,223)</b>
<b>Net increase in cash and cash equivalents</b>		<b>342,045</b>	<b>179,376</b>
Cash and cash equivalents at 1 January		210,872	264,657
<b>Cash and cash equivalents at 31 March</b>		<b>552,917</b>	<b>444,033</b>

Non-cash transactions are disclosed in Note 22.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021

### 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 three-month period ended 31 March 2021 include the financial information of the Company and its subsidiaries (together the “Group”).

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

The Company has either directly or indirectly the following subsidiaries:

Subsidiaries	Principal activities	Shareholding		Country of incorporation
		2021	2020	
EITC Investment Holdings Limited	Holding investments in new business i.e. content, media, data and value-added services for telecommunications	100%	100%	UAE
Telco Operations FZ-LLC	Outsourcing services	100%	100%	UAE
Smart Dubai Platform Project Company LLC	Software development, IT infrastructure, public networking and computer systems housing services	100%	100%	UAE
EITC Singapore PTE. LTD.	Telecommunications resellers/third party telecommunications providers (including value added network services)	100%	100%	Singapore

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of UAE Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and became effective on 2 January 2021. It requires companies to adjust their status in accordance with the provisions by 2 January 2022. The Group is in the process to assess the impact wherever applicable to ensure compliance with the changes in the law.

### 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 2020. 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 three-month period ended 31 March 2021 may not necessarily be indicative of the results that may be expected for the financial year ending 31 December 2021.



# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 2 Basis of preparation (continued)

#### ii New standards, amendments and interpretations

(a) Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2021.

- *Interest Rate Benchmark Reform –Phase 2*

The amendments in Interest Rate Benchmark Reform- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

(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 2023)*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current;

- *Reference to the Conceptual Framework - Amendments to IFRS 3 (effective from 1 January 2022)*. The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard;

- *Property, Plant and Equipment - Proceeds before Intended Use - amendments to IAS 16 (effective from 1 January 2022)*. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss;

- *Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37 (effective from 1 January 2022)*. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract);

- *IFRS 17: Insurance Contracts (effective from 1 January 2023)*. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2023;

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 2 Basis of preparation (continued)

#### ii New standards, amendments and interpretations (continued)

- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted).
- *Annual Improvements to IFRS Standards 2018–2020 (effective from 1 January 2022)*. The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023)*. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.
- *Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023)*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The above stated new standards and amendments are not expected to have any significant impact on condensed consolidated financial information of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed consolidated financial information of the Group.

#### iii Basis of consolidation

A subsidiary is an entity controlled by the Company. 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.

#### 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 (FVOCI).

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

## **Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)**

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

#### **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 2020 except as given below.

#### **COVID-19 Updates**

In January 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19”). In March 2020, the WHO classified COVID-19 as a pandemic based on the rapid increase in exposure and infections across the world. The pandemic nature of this virus resulted in global travel restrictions and total lockdown in most countries of the world between March and May 2020. Due to the unprecedented adverse effect of the lockdown on the global economy and some success in the efforts to flatten the infection curve, many countries started easing the lock down restrictions at the end of Q2 2020.

In Q3-2020, the UAE government started re-opening the economy with gradual resumption of international flights, re-opening of offices, malls, etc. with some additional safety measures around social distancing, use of masks, increased COVID-19 testing (including tests at airport arrivals), etc. These measures allowed first signs of the start of recovery in several business activities.

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

## **Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021** (continued)

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

#### **COVID-19 Updates** (continued)

In Q4-2020, the economic activity continued to improve and further releases of restrictions on mobility were introduced allowing an important increase in the tourist activity. The approval of few vaccines and the start of their deployment boosted the general sentiment about a close exit to the crisis.

In Q1-2021 the country experienced an increase in the number of cases that required a more careful approach to the management of the pandemic. The massive deployment of vaccines in the country led to a containment of this increase and allowed to bring down the number of daily cases. However, globally, the situation remains uncertain and volatile with many countries going through a second or a third wave and weighing therefore on the global recovery.

Although the Group has been able to gradually improve its assessment of the COVID-19 impact on the business, the surge in the number of infections during Q1-2021 introduced a new element of volatility. Also, the complete impact of the pandemic on the UAE population and economy in general requires further data, time and analysis. The Group will continue monitoring the evolution of the situation and adjust its operations in a dynamic manner to cope with an acceleration or a deceleration of the recovery.

From accounting perspective, the Group continued to assess the Expected Credit Loss (ECL) from trade receivables and contract assets and accounted for such in the consolidated financial statements in accordance with the requirements of IFRS 9. The Group also assessed the potential impacts of the current situation across all relevant areas of the business including the ones related to going concern, impairment of assets and inventory, onerous contract assessment, impairment of goodwill and subsidiary accounting, with no material impact noted in Q1-2021.

### **3 Significant accounting policies**

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 2020.

There are no changes in the accounting policies during the three-month period ended 31 March 2021.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 4 Property, plant and equipment

	<b>AED 000</b>
<b>Cost</b>	
At 1 January 2021	20,929,948
Additions	534,085
Addition: asset retirement obligations	372
Disposals/write-offs	<u>(51,750)</u>
<b>At 31 March 2021</b>	<u>21,412,655</u>
<b>Depreciation / impairment</b>	
At 1 January 2021	12,866,526
Depreciation charge for the period	331,639
Impairment charge for the period	9,853
Disposals/write-offs	<u>(51,543)</u>
<b>At 31 March 2021</b>	<u>13,156,475</u>
<b>Net book value</b>	
At 31 March 2021	<u>8,256,180</u>
At 31 December 2020	<u>8,063,422</u>

The carrying amount of the Group's property, plant and equipment includes a nominal amount of AED 2 (31 December 2020: 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 681,693 thousand, as of 31 March 2021 (31 December 2020: AED 610,990 thousand).

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 5 Right-of-use assets

	<b>AED 000</b>
<b>Cost</b>	
At 1 January 2021	2,486,499
Additions	2,859
Remeasurement	5,584
Disposals	(10,098)
	<hr/>
<b>At 31 March 2021</b>	<b>2,484,844</b>
<b>Depreciation</b>	
At 1 January 2021	635,070
Charge for the period	91,303
Disposals	(6,818)
	<hr/>
<b>At 31 March 2021</b>	<b>719,555</b>
<b>Net book value</b>	
At 31 March 2021	<hr/> <b>1,765,289</b>
At 31 December 2020	<hr/> <b>1,851,429</b>

### 6 Intangible assets and goodwill

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Goodwill	413,220	413,220
Intangible assets	479,597	486,995
	<hr/>	<hr/>
	<b>892,817</b>	<b>900,215</b>

#### 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 goodwill allocated to below Cash Generating Unit (“CGU”):

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Fixed line business	<hr/> <b>413,220</b>	<hr/> <b>413,220</b>

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 6 Intangible assets and goodwill (continued)

The Group performs its annual impairment test at the end of every financial year (December) and when circumstance indicates that the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the generating unit was disclosed in the annual consolidated financial statements for the year ended 31 December 2020. During the period, the Group's management has not noted any indicators of impairment and accordingly, no separate impairment assessment was carried out as of 31 March 2021.

#### Intangible assets

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

	<b>AED 000</b>
<b>Cost</b>	
At 1 January 2021	2,959,833
Additions	<u>34,630</u>
<b>At 31 March 2021</b>	<u>2,994,463</u>
<b>Amortisation</b>	
At 1 January 2021	2,472,838
Charge for the period	<u>42,028</u>
<b>At 31 March 2021</b>	<u>2,514,866</u>
<b>Net book value</b>	
At 31 March 2021	<u><u>479,597</u></u>
At 31 December 2020	<u><u>486,995</u></u>

The cost includes capital work in progress balance amounting to AED 185,861 thousand as of 31 March 2021 (31 December 2020: AED 183,895 thousand).

### 7 Lease receivable

	<u>Current</u>		<u>Non-current</u>	
	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Lease receivable	<u>19,052</u>	<u>18,213</u>	<u>141,491</u>	<u>149,963</u>

In 2020, the Group signed a sub-lease agreement to lease its data centre with a customer for a period of 10 years.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 8 Investments accounted for using the equity method

#### Dubai Smart City Accelerator FZCO

During the year 2017, the Group acquired 23.53% shares in Dubai Smart City Accelerator FZCO (“the Associate”), a Free Zone Company with limited liability established in Dubai Silicon Oasis Free Zone, in the Emirate of Dubai. The business of the Associate is to run accelerator programs with the purpose of sourcing innovation and technology applicable to the Smart City Industry.

#### Advanced Regional Communication Solutions Holding Limited

In 2019, the Group signed a Shareholder Agreement (“SHA”) with Bahrain Telecommunications Company (B.S.C.) to form a limited liability private company (“the Joint Venture”). The joint venture has been incorporated with the name of Advanced Regional Communication Solutions Holding Limited (ARC Limited) in UAE. The Group has 50% ownership in shares of ARC Limited. The principal activity of the joint venture is provision of connectivity and data centre services.

#### Movement in investments in associates and joint venture

	<b>2021</b>		
	<b>Associates AED 000</b>	<b>Joint venture AED 000</b>	<b>Total AED 000</b>
At 1 January 2021	1,356	28,479	29,835
Investments during the period	-	-	-
Share of loss for the period	-	(815)	(815)
<b>At 31 March 2021</b>	<b>1,356</b>	<b>27,664</b>	<b>29,020</b>
	<b>2020</b>		
	<b>Associates AED 000</b>	<b>Joint venture AED 000</b>	<b>Total AED 000</b>
At 1 January 2020	268,948	-	268,948
Investments during the year	-	31,000	31,000
Share of profit/(loss) for the year	12,620	(2,521)	10,099
Disposal of investment during the year*	(280,212)	-	(280,212)
<b>At 31 December 2020</b>	<b>1,356</b>	<b>28,479</b>	<b>29,835</b>

\*In 2020, EITC Investment Holding, a fully owned subsidiary of EITC Group, signed with Technology Holding Company, a fully owned subsidiary of Mubadala, a sale and purchase agreement to sell its 26% shareholding (including its interest in shareholder loans) in Khazna Data Center Limited for a consideration of AED 800 million against carrying value of investment amounting to AED 280 million.



# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 9 Contract assets and contract liabilities

	Current		Non-current	
	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Contract assets*	555,845	493,153	286,611	226,618
Less: loss allowance	(39,796)	(39,052)	(21,871)	(15,402)
	<u>516,049</u>	<u>454,101</u>	<u>264,740</u>	<u>211,216</u>

\*Contract assets include unamortised subscriber acquisition costs (contract costs) amounting to AED 323,990 thousands (31 December 2020: AED 314,288 thousands).

9.1 The movement in loss allowance for contract assets is as follows:

	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Opening balance	54,454	45,355
Charge during the period/year	<u>7,213</u>	<u>9,099</u>
Closing balance	<u>61,667</u>	<u>54,454</u>

	Current		Non-current	
	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Contract liabilities	<u>347,365</u>	<u>358,538</u>	<u>188,828</u>	<u>195,149</u>

## Emirates Integrated Telecommunications Company PJSC and its subsidiaries

### Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

#### 10 Trade and other receivables

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Trade receivables	1,649,007	1,761,251
Due from other telecommunications operators*	101,097	103,472
Less: provision for impairment of trade receivables and due from other telecommunications operators	(639,731)	(646,099)
Trade receivables, net	1,110,373	1,218,624
Prepayments	356,214	124,726
Advances to suppliers	250,851	240,829
Other receivables	77,701	142,222
Total trade and other receivables	1,795,139	1,726,401

\*Due from other telecommunications operators are presented after netting of payable balances (where right to set off exists) amounting to AED 1,004,106 thousand (31 December 2020: AED 862,534 thousand).

The movement in loss allowances for trade receivables and due from other telecommunications operators is as follows:

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
At 1 January	646,099	662,358
Expected credit losses during the period/year	39,473	219,996
Write-off during the period/year	(45,841)	(227,571)
Reclassified to due from related parties	-	(8,684)
Closing balance	639,731	646,099

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 11 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. The founding shareholders are Emirates Investment Authority, Mamoura Diversified Global Holding PJSC & Emirates International Telecommunications Company L.L.C. 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 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Due from related parties	129,780	173,560
Less: Loss allowance	<u>(39,552)</u>	<u>(33,691)</u>
	<u>90,228</u>	<u>139,869</u>
Due to related parties	<u>7,108</u>	<u>5,110</u>

The movement in loss allowances for due from related parties is as follows:

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
As at 1 <sup>st</sup> January	33,691	-
Reclassified from trade and other receivables	-	8,684
Expected credit losses during the period/year	<u>5,861</u>	<u>25,007</u>
Closing balance	<u>39,552</u>	<u>33,691</u>

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 11 Related party balances and transactions (continued)

#### 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	
	2021 AED 000	2020 AED 000
Net revenue	163,491	283,354
Rent and services	34,566	38,245
Recharge of operating expenses incurred on behalf of a related party	831	-
<b>Key management compensation</b>		
Short term employee benefits	10,065	9,969
Employees' end of service benefits	69	151
Post-employment benefits	289	311
Long term incentives	2,000	2,000
	<u>12,423</u>	<u>12,431</u>

Board of Directors fee recorded during the period was AED 2,982 thousand (31 March 2020: AED 2,500 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.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 12 Term deposits

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Term deposits	2,028,984	2,029,327

Term deposits are presented net off loss allowance.

Term deposits represent bank deposits with maturity periods exceeding 3 months from the date of acquisition. These term deposits denominated primarily in UAE Dirham, with banks. Interest is earned on these term deposits at prevailing market rates. The carrying amount of these term deposits approximates to their fair value.

### 13 Cash and bank balances

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

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Cash at bank (on deposit and call accounts)	554,640	212,591
Cash on hand	780	784
	<u>555,420</u>	<u>213,375</u>
Less: margin on guarantees (Note 23)	(2,503)	(2,503)
Cash and cash equivalents	<u>552,917</u>	<u>210,872</u>

Cash at bank represented net off loss allowance.

### 14 Lease liabilities

	<b>Reviewed 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Opening balance	2,308,623	1,856,805
Lease liabilities for the period/year	2,859	696,817
Interest expense during the period/year	21,718	86,454
Payments made during the period/year	(64,649)	(327,371)
Re-measurement during the period/year	5,584	14,778
Disposals during the period/year	(2,104)	(18,860)
	<u>2,272,031</u>	<u>2,308,623</u>

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 14 Lease liabilities (continued)

	Current		Non-current	
	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Lease liabilities	636,469	616,896	1,635,562	1,691,727

### 15 Other provisions

#### Asset retirement obligations

In the course of the Group's activities a number of sites and other commercial premises are utilised which are expected to have costs associated with exiting and ceasing their use. The associated cash outflows are expected to occur at the dates of exit of the assets to which they relate. These assets are long-term in nature, primarily in period up to 10 years from when the asset is brought into use.

	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Opening balance	184,581	169,832
Additions during the period/year	372	9,343
Disposals during the period/year	(672)	(2,786)
Adjustment for change in discount/inflation rates	-	1,239
Unwinding of discount	1,976	6,953
Closing balance	186,257	184,581

### 16 Trade and other payables

	Reviewed 31 March 2021 AED 000	Audited 31 December 2020 AED 000
Trade payables and accruals	1,547,810	1,438,164
Dividend payable	679,936	-
Due to other telecommunications operators*	566,968	593,085
Federal royalty payables and accruals (Note 19)	1,996,991	1,624,832
Value Added Tax (VAT) payable	16,611	4,829
Other payables and accruals	277,672	330,887
	5,085,988	3,991,797

\*Due to other telecommunications operators are presented after netting of receivable balances (where right to set off exists) amounting to AED 1,004,106 thousand (31 December 2020: AED 862,534 thousand).

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 17 Other reserves

	Statutory reserve (Note 17.1) AED 000	Hedge reserve (Note 17.2) AED 000	Total AED 000
At 1 January 2020	1,764,120	520	1,764,640
Transfer to statutory reserve	35,512	-	35,512
Fair value changes on cash flow hedge	-	(520)	(520)
At 31 March 2020	<u>1,799,632</u>	<u>-</u>	<u>1,799,632</u>
At 1 January 2021	1,908,411	-	1,908,411
Transfer to statutory reserve	25,715	-	25,715
<b>At 31 March 2021</b>	<u><u>1,934,126</u></u>	<u><u>-</u></u>	<u><u>1,934,126</u></u>

17.1 In accordance with the UAE Federal Law No. 2 of 2015 ("Companies Law") as amended as per the Federal Decree-Law No. 26 of 2020 and the Company's Articles of Association, 10% of the net profit is required to be transferred annually to a non-distributable statutory reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid up share capital.

17.2 Hedge reserve was related to derivative financial instrument. In 2020 borrowings were fully repaid and related derivative financial instrument is also settled.

### 18 Operating expenses

	Reviewed three-month period ended 31 March	
	2021 AED 000	2020 AED 000
Interconnect costs	696,452	665,841
Depreciation and impairment on property, plant and equipment (Note 4)	341,492	319,669
Product costs	285,204	231,819
Staff costs	258,090	248,950
Network operation and maintenance	190,382	161,126
Commission	96,196	95,759
Depreciation on right-of-use assets (Note 5)	91,303	81,104
Telecommunication license and related fees	92,150	106,146
Amortisation and impairment on intangible assets (Note 6)	42,028	54,211
Marketing	33,542	48,332
Outsourcing and contracting	11,951	43,881
Others	51,252	50,639
	<u><u>2,190,042</u></u>	<u><u>2,107,477</u></u>

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 19 Federal royalty

The royalty rates payable to the UAE Ministry of Finance for the period from 2017 to 2021 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 31 March 2021 AED 000</b>	Audited 31 December 2020 AED 000
Opening balance	1,624,832	2,062,972
Payment made during the period/year	-	(1,950,078)
Charge for the period/year	<u>372,159</u>	<u>1,511,938</u>
Closing balance	<u>1,996,991</u>	<u>1,624,832</u>

### 20 Finance income and costs

	<b>Reviewed three-month period ended 31 March</b>	
	<b>2021 AED 000</b>	2020 AED 000
<b>Finance income</b>		
Interest income	9,433	28,256
Finance income on lease receivable	<u>1,615</u>	<u>-</u>
	<u>11,048</u>	<u>28,256</u>
<b>Finance costs</b>		
Interest expense on lease liabilities	21,718	18,574
Interest expense others*	<u>4,412</u>	<u>10,881</u>
	<u>26,130</u>	<u>29,455</u>

\*Interest expense others includes interest cost on defined benefit obligations amounted to AED 1,421 thousand (31 March 2020: AED 2,101 thousand).

### 21 Earnings per share

	<b>Reviewed three-month period ended 31 March</b>	
	<b>2021</b>	2020
Profit for the period (AED 000)	257,149	355,117
Weighted average number of shares ('000')	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	<u>0.06</u>	<u>0.08</u>

Diluted earnings per share have not been presented separately as the Group has no commitments that would dilute earnings per share.



# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 22 Changes in working capital

	Reviewed three-month period ended 31 March	
	2021 AED 000	2020 AED 000
Change in:		
Inventories	(55,881)	13,749
Contract assets	(122,685)	36,236
Trade and other receivables	(99,042)	(464,113)
Trade and other payables	488,435	512,349
Contract liabilities	(17,494)	(12,556)
Due from related parties	43,780	2,044
Due to related parties	1,998	3,966
Net changes in working capital	<u>239,111</u>	<u>91,675</u>
<b>Non-cash transactions:</b>		
Accruals for property, plant and equipment	(61,149)	(137,001)
Accruals for intangible assets	(4,222)	8,205
Additions to right-of-use assets	2,859	24,586
Dividend payable	(679,936)	-

### 23 Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 102,272 thousand (31 December 2020: AED 82,647 thousand). Bank guarantees are secured against margin of AED 2,503 thousand (31 December 2020: AED 2,503 thousand) (Note 13).

The Group is subject to litigation with a party and expecting a reasonable prospect of success. If successful, this is going to have a favourable impact on the Group's condensed consolidated financial information. Other than above, there are 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 outstanding capital commitments amounting to AED 1,197,191 thousand (31 December 2020: AED 1,282,735 thousand).

### 24 Segment analysis

The Group has operations mainly in the UAE. The Group is organised 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 instalment sales, are also included in this segment.
- Fixed segment provides wire line services to the enterprise and consumer markets. Services include broadband, IPTV, 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. Others include broadcasting services, international roaming, site sharing etc.

# Emirates Integrated Telecommunications Company PJSC and its subsidiaries

## Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

### 24 Segment analysis (continued)

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.

#### 31 March 2021

	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	1,312,008	662,160	476,516	215,769	2,666,453
At a point in time	210,412	1,314	-	5,115	216,841
	<u>1,522,420</u>	<u>663,474</u>	<u>476,516</u>	<u>220,884</u>	<u>2,883,294</u>
Segment contribution	<u>770,696</u>	<u>563,507</u>	<u>341,671</u>	<u>129,847</u>	1,805,721
Unallocated costs					(1,160,583)
Other income					67
Federal royalty					(372,159)
Finance income/costs and share of profit of investments accounted for using equity method (net)					(15,897)
Profit for the period					<u>257,149</u>

## Emirates Integrated Telecommunications Company PJSC and its subsidiaries

### Notes to the condensed consolidated financial information for the three-month period ended 31 March 2021 (continued)

#### 24 Segment analysis (continued)

##### 31 March 2020

	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	1,502,765	639,618	482,708	221,630	2,846,721
At a point in time	134,533	1,855	-	4,939	141,327
	<u>1,637,298</u>	<u>641,473</u>	<u>482,708</u>	<u>226,569</u>	<u>2,988,048</u>
Segment contribution	<u>985,984</u>	<u>557,966</u>	<u>325,055</u>	<u>118,116</u>	1,987,121
Unallocated costs					(1,179,561)
Other income					3,183
Federal royalty					(461,200)
Finance income/costs and share of profit of investments accounted for using equity method (net)					<u>5,574</u>
Profit for the period					<u><u>355,117</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.