

**Bahrain Telecommunications
Company BSC**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

30 September 2023

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2023

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FINANCIAL HIGHLIGHTS (presented for information purposes only)
for the nine months ended 30 September 2023

| Nine months ended 30 September | Unit | 2023 | 2022 | Variation % |
|--|-------------|-------------|-------------|------------------------|
| Gross revenue | BD million | 315.4 | 298.3 | 5.8% |
| Expenses | BD million | 235.9 | 228.6 | 3.2% |
| Profit attributable to Beyon shareholders | BD million | 55.5 | 54.1 | 2.7% |
| Return on net worth (Annualized) | % | 14.5 | 14.3* | 1.4% |
| Weighted average number of shares outstanding during the period | Million | 1,652 | 1,652* | 0.0% |
| Basic and diluted earnings per share for the period | Fils | 33.6 | 32.8 | 2.4% |

**Based on actual figures for the year ended 31 December 2022*

Independent auditors' report on review of the condensed consolidated interim financial statements

To the Board of Directors of
Bahrain Telecommunications Company BSC
Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial statements of Bahrain Telecommunications Company BSC (the "Company") and its subsidiaries (together the "Group"), which comprise:

- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Company is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim 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 interim 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 2023 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

31 October 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2023

BD'000

| | Note | 30 September 2023 (reviewed) | 31 December 2022 (audited) |
|---|------|------------------------------------|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | | 339,379 | 304,210 |
| Right-of-use assets | | 55,328 | 56,845 |
| Goodwill | | 134,956 | 134,738 |
| Other intangible assets | | 156,913 | 147,646 |
| Equity accounted investees | | 8,047 | 7,160 |
| Deferred tax assets | | 7,034 | 6,671 |
| Investments | | 29,718 | 17,063 |
| Other non-current assets | | 7,621 | 5,076 |
| Total non-current assets | | 738,996 | 679,409 |
| Current assets | | | |
| Inventories | | 8,431 | 5,582 |
| Trade and other receivables | | 179,350 | 158,789 |
| Investments | | 291 | 3,537 |
| Cash and bank balances | 3 | 215,114 | 253,844 |
| Total current assets | | 403,186 | 421,752 |
| Total assets | | 1,142,182 | 1,101,161 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Trade and other payables | | 62,074 | 45,051 |
| Lease liabilities | | 45,796 | 47,815 |
| Loans and borrowings | 4 | 243,495 | 228,899 |
| Deferred tax liabilities | | 5,542 | 6,141 |
| Total non-current liabilities | | 356,907 | 327,906 |
| Current liabilities | | | |
| Trade and other payables | | 210,548 | 218,272 |
| Lease liabilities | | 9,610 | 8,066 |
| Loans and borrowings | 4 | 10,562 | 4,595 |
| Total current liabilities | | 230,720 | 230,933 |
| Total liabilities | | 587,627 | 558,839 |
| Net assets | | 554,555 | 542,322 |
| EQUITY | | | |
| Share capital | | 166,320 | 166,320 |
| Statutory reserve | | 86,188 | 84,060 |
| General reserve | | 44,000 | 44,000 |
| Other reserves | | (36,549) | (47,602) |
| Treasury shares | | (4,346) | (4,932) |
| Retained earnings | | 251,791 | 254,521 |
| Total equity attributable to equity holders of the Company | | 507,404 | 496,367 |
| Non-controlling interest | | 47,151 | 45,955 |
| Total equity (Page 6 - 7) | | 554,555 | 542,322 |

The condensed consolidated interim financial statements were approved by the Board of Directors on 31 October 2023 and signed on its behalf by:

Abdulla bin Khalifa Al Khalifa
Chairman

Ali bin Khalifa Al Khalifa
Deputy Chairman

Mikkel Vinter
Chief Executive Officer

The accompanying notes 1 to 12 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the nine months ended 30 September 2023

BD'000

| | Note | Nine months ended 30 September | | Three months ended 30 September | |
|--|------|-----------------------------------|--------------------|------------------------------------|--------------------|
| | | 2023 (reviewed) | 2022 (reviewed) | 2023 (reviewed) | 2022 (reviewed) |
| REVENUE | 5 | 315,424 | 298,257 | 106,504 | 100,595 |
| EXPENSES | | | | | |
| Network operating expenses | | (108,330) | (95,660) | (36,999) | (34,296) |
| Staff costs | | (41,341) | (39,837) | (14,234) | (12,946) |
| Depreciation, amortisation and tangible assets impairment | | (51,139) | (53,907) | (17,168) | (17,249) |
| Impairment loss on trade receivables and contract assets | | (1,190) | (1,857) | (872) | (455) |
| Other operating expenses | | (33,860) | (37,357) | (11,219) | (12,848) |
| Total expenses | | (235,860) | (228,618) | (80,492) | (77,794) |
| Results from operating activities | | 79,564 | 69,639 | 26,012 | 22,801 |
| Finance and related income | | 6,047 | 3,419 | 2,145 | 1,279 |
| Finance and related expenses | | (17,422) | (10,585) | (6,151) | (4,079) |
| Other income | | 898 | 4,780 | 225 | 296 |
| Share of profit / (loss) from equity accounted investees (net) | | 888 | (81) | 280 | 51 |
| Profit before taxation | | 69,975 | 67,172 | 22,511 | 20,348 |
| Income tax expense | | (7,148) | (5,826) | (2,391) | (1,887) |
| Profit for the period | | 62,827 | 61,346 | 20,120 | 18,461 |
| Other comprehensive income: | | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | | | |
| Foreign currency translation differences – foreign operations | | 587 | (13,740) | (2,611) | (5,550) |
| Investment fair value changes (debt securities) | | 28 | (155) | - | 13 |
| | | 615 | (13,895) | (2,611) | (5,537) |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | | |
| Investment fair value changes (equity securities) | | 10,658 | (4,049) | 6,161 | (223) |
| | | 10,658 | (4,049) | 6,161 | (223) |
| Other comprehensive income, net of tax | | 11,273 | (17,944) | 3,550 | (5,760) |
| Total comprehensive income for the period | | 74,100 | 43,402 | 23,670 | 12,701 |
| Profit for the period attributable to: | | | | | |
| Equity holders of the Company | | 55,544 | 54,105 | 17,610 | 16,252 |
| Non-controlling interest | | 7,283 | 7,241 | 2,510 | 2,209 |
| | | 62,827 | 61,346 | 20,120 | 18,461 |
| Total comprehensive income for the period attributable to: | | | | | |
| Equity holders of the Company | | 66,817 | 36,161 | 21,160 | 10,492 |
| Non-controlling interest | | 7,283 | 7,241 | 2,510 | 2,209 |
| | | 74,100 | 43,402 | 23,670 | 12,701 |
| Basic and diluted earnings per share (Fils) | 6 | 33.6 | 32.8 | 10.7 | 9.8 |

Abdulla bin Khalifa Al Khalifa
Chairman

Ali bin Khalifa Al Khalifa
Deputy Chairman

Mikkel Vinter
Chief Executive Officer

The accompanying notes 1 to 12 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine months ended 30 September 2023

BD'000

| | Note | Nine months ended 30 September | |
|--|------|-----------------------------------|--------------------|
| | | 2023 (reviewed) | 2022 (reviewed) |
| OPERATING ACTIVITIES | | | |
| Profit for the period | | 62,827 | 61,346 |
| Adjustment for: | | | |
| Non-operating items, including tax | | 17,625 | 8,212 |
| Share of (profit) / loss from equity accounted investees (net) | | (888) | 81 |
| Depreciation, amortization and tangible assets impairment | | 51,139 | 53,907 |
| Impairment loss on trade receivables and contract assets | | 1,190 | 1,857 |
| | | 131,893 | 125,403 |
| Working capital changes: | | | |
| Increase in trade and other receivables | | (16,235) | (20,485) |
| (Increase) / decrease in inventories | | (2,835) | 2,139 |
| (Decrease) / increase in trade and other payables | | (2,536) | 1,954 |
| Cash generated from operating activities | | 110,287 | 109,011 |
| Taxes paid | | (8,117) | (6,900) |
| Payment to charities | | (2,048) | (1,108) |
| Net cash from operating activities | | 100,122 | 101,003 |
| INVESTING ACTIVITIES | | | |
| Acquisition of property, equipment and intangibles, net of disposal | | (90,248) | (40,423) |
| Acquisition of business, net of cash acquired | | (880) | - |
| Net cash from sale of other investments | | 8,270 | 12,224 |
| Interest and investment income received | | 6,712 | 6,492 |
| Net cash used in investing activities | | (76,146) | (21,707) |
| FINANCING ACTIVITIES | | | |
| Dividend paid | | (57,324) | (56,441) |
| Payment of lease liabilities | | (9,165) | (8,981) |
| Interest paid | | (13,183) | (6,778) |
| Borrowings drawn, net | | 20,903 | 499 |
| Grant / (purchase) of share- based payment treasury shares, net | | 312 | (280) |
| Sale of market making shares, net | | 274 | 114 |
| Net cash used in financing activities | | (58,183) | (71,867) |
| (Decrease)/ increase in cash and cash equivalents during the period | | (34,207) | 7,429 |
| Cash and cash equivalents at 1 January | | 208,903 | 138,727 |
| Cash and cash equivalents at 30 September | 3 | 174,696 | 146,156 |

The accompanying notes 1 to 12 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2023

BD'000

| 2023 | Equity attributable to equity holders of the Company | | | | | | | | | | Non - controlling Interest | Total equity |
|---|--|----------------------|--------------------|---|-------------------------------------|-----------------------------------|----------------------------|--|----------------------|----------|----------------------------------|-----------------|
| | Share capital | Statutory reserve | General reserve | Other Reserves | | | Treasury shares | | Retained earnings | Total | | |
| | | | | Foreign currency translation reserve | Investment fair value reserve | Share based payment reserve | Market making shares | Share based payment treasury shares | | | | |
| At 1 January 2023 | 166,320 | 84,060 | 44,000 | (23,636) | (24,670) | 704 | (3,791) | (1,141) | 254,521 | 496,367 | 45,955 | 542,322 |
| Profit for the period | - | - | - | - | - | - | - | - | 55,544 | 55,544 | 7,283 | 62,827 |
| Other comprehensive income | | | | | | | | | | | | |
| Foreign currency translation differences | - | - | - | 587 | - | - | - | - | - | 587 | - | 587 |
| Investment fair value changes | - | - | - | - | 10,686 | - | - | - | - | 10,686 | - | 10,686 |
| Total other comprehensive income | - | - | - | 587 | 10,686 | - | - | - | - | 11,273 | - | 11,273 |
| Total comprehensive income for the period | - | - | - | 587 | 10,686 | - | - | - | 55,544 | 66,817 | 7,283 | 74,100 |
| Contributions and distributions | | | | | | | | | | | | |
| Final dividends declared for 2022 | - | - | - | - | - | - | - | - | (31,447) | (31,447) | - | (31,447) |
| Interim dividend declared for 2023 | - | - | - | - | - | - | - | - | (22,453) | (22,453) | - | (22,453) |
| Donations approved for 2022 | - | - | - | - | - | - | - | - | (2,246) | (2,246) | - | (2,246) |
| Sale of market making shares | - | - | - | - | - | - | 274 | - | - | 274 | - | 274 |
| Acquisition of treasury shares | - | - | - | - | - | - | - | (453) | - | (453) | - | (453) |
| Equity-settled share-based payment | - | - | - | - | - | (220) | - | 765 | - | 545 | - | 545 |
| Transfer to statutory reserve | - | 2,128 | - | - | - | - | - | - | (2,128) | - | - | - |
| Non-controlling interest recognised on acquisition | - | - | - | - | - | - | - | - | - | - | 451 | 451 |
| Dividends to non-controlling interest | - | - | - | - | - | - | - | - | - | - | (6,538) | (6,538) |
| Total contributions and distributions | - | 2,128 | - | - | - | (220) | 274 | 312 | (58,274) | (55,780) | (6,087) | (61,867) |
| At 30 September 2023 (reviewed) | 166,320 | 86,188 | 44,000 | (23,049) | (13,984) | 484 | (3,517) | (829) | 251,791 | 507,404 | 47,151 | 554,555 |

The accompanying notes 1 to 12 are integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2023 (continued)

BD'000

| 2022 | Equity attributable to equity holders of the Company | | | | | | | | | | Non - controlling Interest | Total equity |
|--|--|----------------------|--------------------|---|-------------------------------------|-----------------------------------|----------------------------|---|----------------------|----------|----------------------------------|-----------------|
| | Share capital | Statutory reserve | General reserve | Other Reserves | | | Treasury shares | | Retained earnings | Total | | |
| | | | | Foreign currency translation reserve | Investment fair value reserve | Share based payment reserve | Market making shares | Share based payment treasury shares | | | | |
| At 1 January 2022 | 166,320 | 83,285 | 44,001 | (14,873) | (21,328) | 533 | (3,697) | (881) | 236,236 | 489,596 | 41,087 | 530,683 |
| Profit for the period | - | - | - | - | - | - | - | - | 54,105 | 54,105 | 7,241 | 61,346 |
| Other comprehensive income | | | | | | | | | | | | |
| Foreign currency translation differences | - | - | - | (13,740) | - | - | - | - | - | (13,740) | - | (13,740) |
| Investment fair value changes | - | - | - | - | (4,204) | - | - | - | - | (4,204) | - | (4,204) |
| Total other comprehensive income | - | - | - | (13,740) | (4,204) | - | - | - | - | (17,944) | - | (17,944) |
| Total comprehensive income for the period | - | - | - | (13,740) | (4,204) | - | - | - | 54,105 | 36,161 | 7,241 | 43,402 |
| Contributions and distributions | | | | | | | | | | | | |
| Final dividends declared for 2021 | - | - | - | - | - | - | - | - | (27,443) | (27,443) | - | (27,443) |
| Interim dividend declared for 2022 | - | - | - | - | - | - | - | - | (22,175) | (22,175) | - | (22,175) |
| Donations approved for 2021 | - | - | - | - | - | - | - | - | (1,647) | (1,647) | - | (1,647) |
| Purchase of market making shares | - | - | - | - | - | - | 114 | - | - | 114 | - | 114 |
| Acquisition of treasury shares | - | - | - | - | - | - | - | (361) | - | (361) | - | (361) |
| Equity-settled share-based payment | - | - | - | - | - | 87 | - | 81 | - | 168 | - | 168 |
| Transfer to general reserve | - | 1 | (1) | - | - | - | - | - | - | - | - | - |
| Transfer to statutory reserve | - | 774 | - | - | - | - | - | - | (774) | - | - | - |
| Dividends to non-controlling interest | - | - | - | - | - | - | - | - | - | - | (5,166) | (5,166) |
| Total contributions and distributions | - | 775 | (1) | - | - | 87 | 114 | (280) | (52,039) | (51,344) | (5,166) | (56,510) |
| At 30 September 2022 (reviewed) | 166,320 | 84,060 | 44,000 | (28,613) | (25,532) | 620 | (3,583) | (1,161) | 238,302 | 474,413 | 43,162 | 517,575 |

The accompanying notes 1 to 12 are integral part of the condensed consolidated interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2023**

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1 REPORTING ENTITY

Bahrain Telecommunications Company BSC (the "Company") is a Bahraini incorporated company listed on the Bahrain Bourse. The condensed consolidated interim financial statements as at and for the nine months period ended 30 September 2023 comprise the condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group", "Beyon" and individually as "Beyon entity") and the Beyon's interests in equity accounted investees. The Group is principally engaged in the provision of public telecommunications and associated products and services.

2 BASIS OF PREPARATION**a) Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - 'Interim Financial Reporting'. These do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

The condensed consolidated interim financial statements are reviewed, not audited.

b) Significant accounting policies

The accounting policies and risk management framework applied by the Group in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's last audited consolidated financial statements as at and for the year ended 31 December 2022, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning on or after 1 January 2023. The impact of adoption of these new standards / amendments did not have a significant impact on the condensed consolidated interim financial statements.

c) Seasonality

Due to the effect of seasonal variations, the results reported in the condensed consolidated interim financial statements may not represent a proportionate share of the overall annual result. There is no significant effect from seasonal variations.

d) Judgements and estimates

In preparing these condensed consolidated interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2022.

3 CASH AND BANK BALANCES

Cash and bank balances include BD 40,418 (Dec 2022: BD 44,941) of short-term bank deposits with maturities exceeding three months, restricted cash and unclaimed dividends. These have been excluded from cash and cash equivalent in the condensed consolidated statement of cash flows.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2023**

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4 LOANS AND BORROWINGS

Terms financing and overdraft facilities from banks include:

- (i) Long term loan facility with a total available amount of BD 58.5 million (2022: BD 58.5 million) has been utilised by a Beyon entity to fund the company's working capital and license fees and is due to be settled by 2031. As at 30 September 2023, a total amount of BD 24.4 million (2022: BD 24.4 million) is outstanding against this facility out of which BD 2.6 (2022: BD nil) is classified under current liabilities being due within the next 12 months;
- (ii) Long term loan facility with a total available amount of BD 8.0 million (2022: BD 8.0 million) has been obtained by a Beyon entity to fund the company's infrastructure and network requirements and is due to be settled by 2031. As at 30 September 2023, a total amount of BD 6.8 million (2022: BD 6.8 million) is outstanding against this facility out of which BD 0.7 million (2022: BD nil) is classified under current liabilities being due within the next 12 months;
- (iii) Long term loan facility with a total available amount of BD 12.8 million (2022: BD 12.8 million) has been obtained by a Beyon entity to fund the company's license fees and is due to be settled by 2031. As at 30 September 2023, a total amount of BD 12.7 million (2022: BD 12.7 million) is outstanding against this facility of which BD 1.4 million (2022: BD nil) is classified under current liabilities being due within the next 12 months;
- (iv) Long term loan facility with a total available amount of BD 8.0 million (2022: BD 8.0 million) has been obtained by a Beyon entity to fund the company's share in a joint venture and is due to be settled by 2031. As at 30 September 2023, a total amount of BD 8.0 million (2022: BD 8.0 million) is outstanding against this facility of which BD 0.9 million (2022: BD nil) is classified under current liabilities being due within the next 12 months;
- (v) Long term loan facility with a total available amount of BD 3.0 million (2022: BD 3.0 million) has been obtained by a Beyon entity in 2021 to finance the deferred capital payments and is due to be settled by May 2024. As at 30 September 2023, a total amount of BD 0.8 million (2022: BD 1.6 million) is outstanding against this facility of which BD 0.8 million (2022: BD 1.6 million) is classified under current liabilities being due within the next 12 months;
- (vi) Long term loan facility with a total available amount of BD 6.0 million (2022: BD 6.0 million) has been obtained by a Beyon entity in 2022 to finance the working capital. As at 30 September 2023, a total amount of BD 6.0 million (2022: BD 5.0 million) is outstanding against this facility of which full amount is classified under non-current liabilities being due from April 2025;
- (vii) Long term loan facility with a total available amount of BD 3.4 million (2022: BD 3.4 million) has been obtained by a Beyon entity in 2022 to finance the working capital. As at 30 September 2023, a total amount of BD 3.4 million (2022: BD 2.1 million) is outstanding against this facility of which full amount is classified under non-current liabilities being due from April 2025;
- (viii) Long term loan facilities with a total available amount of BD 11.3 million (2022: Nil) has been obtained by a Beyon entity in 2023 to finance the capital expenditure. As at 30 September 2023, a total amount of BD 5.9 million (2022: Nil) is outstanding against this facility of which full amount is classified under non-current liabilities being due from April 2025;
- (ix) The import loan facility with a total available amount of BD 4.5 million (2022: BD 4.5 million) is obtained by a Beyon entity to support its capital expenditure requirements and is due to be settled within 365 days from the amounts drawn down. The amount drawn at the balance sheet date amounted to BD 4.3 million (2022: BD 3.4 million) and is classified under current liabilities;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2023

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4 Loans and borrowings (continued)

- (x) Long term loan facility with a total available amount of BD 169.7 million (2022: 169.7 million), of which BD 169.7 million is outstanding as of 30 September 2023 (2022: BD 169.7 million) was obtained by the Company to fund its bond repayment in May 2020. and is due to be settled by one bullet payment in 2025; and
- (xi) Long term loan facility with a total available amount of BD 75.4 million (2022: Nil), of which BD 12.8 million is outstanding as of 30 September 2023 (2022: Nil) was obtained by the Company to fund its project for regional connectivity starting from May 2023. 55% of the principal amount is to be repaid on quarterly basis starting from end of the Grace period of 3 years and 45% of the principal amount is to be settled by bullet payment in 2033.

The above facilities carry interest rate at SOFR or relevant benchmarks plus margins. The interest rates ranged from 7.2% to 11.8% at 30 September 2023 (2022: 6.2% to 11.2%).

5 REVENUE

a) Disaggregation of revenue

| Revenue by major products | Nine months ended 30 September | | Three months ended 30 September | |
|---------------------------------------|-----------------------------------|--------------------|------------------------------------|--------------------|
| | 2023 (reviewed) | 2022 (reviewed) | 2023 (reviewed) | 2022 (reviewed) |
| Mobile telecommunication services | 148,341 | 139,628 | 49,396 | 46,893 |
| Data communication circuits | 49,378 | 47,984 | 16,905 | 15,663 |
| Fixed broadband | 58,205 | 58,185 | 19,499 | 19,611 |
| Fixed line telecommunication services | 13,767 | 14,734 | 4,530 | 4,800 |
| Wholesale services | 23,526 | 19,595 | 7,380 | 7,335 |
| Others | 22,207 | 18,131 | 8,794 | 6,293 |
| | 315,424 | 298,257 | 106,504 | 100,595 |

| Revenue by timing of recognition | Nine months ended 30 September | | Three months ended 30 September | |
|--|-----------------------------------|--------------------|------------------------------------|--------------------|
| | 2023 (reviewed) | 2022 (reviewed) | 2023 (reviewed) | 2022 (reviewed) |
| Products transferred at a point in time (Equipment revenue) | 23,811 | 21,599 | 7,082 | 7,470 |
| Products and services transferred over time (Revenue from provision of services) | 291,613 | 276,658 | 99,422 | 93,125 |
| | 315,424 | 298,257 | 106,504 | 100,595 |

For a further break down of total revenue by the Group's key geographical segments, please refer to note 12.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the nine months ended 30 September 2023

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5 Revenue (continued)

b) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

| | 30 September 2023 (reviewed) | 31 December 2022 (audited) |
|--|---|---|
| Receivables and contract assets (<i>included in trade and other receivables</i>) | 132,087 | 117,339 |
| Contract liabilities (included in Trade and other payables) | 18,164 | 16,859 |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time as the related performance obligations are fulfilled within 1 year.

6 EARNINGS PER SHARE

| | Nine months ended 30 September | | Three months ended 30 September | |
|---|---|----------------------------|--|----------------------------|
| | 2023 (Reviewed) | 2022 (reviewed) | 2023 (reviewed) | 2022 (reviewed) |
| Profit for the period attributable to equity holders of the Company | 55,544 | 54,105 | 17,610 | 16,252 |
| Weighted average number of shares outstanding during the period (million) | 1,652 | 1,652 | 1,652 | 1,652 |
| Basic and diluted earnings per share (Fils) | 33.6 | 32.8 | 10.7 | 9.8 |

7 COMMITMENTS AND CONTINGENCIES

a) Capital commitments

The Group has capital commitments as at 30 September 2023 amounting to BD 20.9 million (31 December 2022: BD 27.3 million).

b) Guarantees

- (i) As at 30 September 2023, the Group's banks have issued guarantees, amounting to BD 7.9 million (31 December 2022 BD 6.7 million) and letters of credit amounting to BD 22.8 million (31 December 2022: BD 16.5 million).
- (ii) The Group has furnished a comfort letter for BD 1.9 million (31 December 2022: BD 1.9 million) to Telecommunications Regulatory Commission, Jordan for providing a financial guarantee for the subsidiary companies operating in Jordan.

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*7 Commitments and Contingencies (continued)***c) Staff housing loans**

The Company offers loan assistance to its Bahraini employees for the acquisition of residential properties. The loans are funded through a local bank and secured by a guarantee issued by the Company. The policy of providing staff housing loan guarantees was discontinued in 2007. The Company bears 75% (2022: 75%) of the loan interest. At 30 September 2023, the Company had an outstanding guarantee of BD 0.2 million (31 December 2022: BD 0.2 million) towards housing loans to staff.

d) Other contingencies

In the normal course of business, legal cases are filed by staff and counterparties against the Group and also by the Group against their suppliers/ vendors. The Group's legal department engages with in-house legal counsel and external legal counsel depending on the nature of the cases. A periodic assessment is carried out to determine the likely outcome of these legal cases and is reported to the senior management and the Board of Directors. In addition to this, due to the complexity of operations, the Group also received notification for penalty, deemed breach of relevant telecommunication regulations and other relevant legislations in the given jurisdiction where the Group operates.

As at 30 September 2023, the Group is defending these legal cases including penalties. Based on the advice of the Group's legal counsel including external legal counsel, as applicable, sufficient appropriate provisions have been recorded. No further detailed disclosures regarding contingent liabilities arising from any such claims are being made by the Group as the Directors believe that such disclosures may be prejudicial to the Group's legal position.

8 FAIR VALUE

The Group's financial assets and financial liabilities are measured at amortised cost except for certain investments, which are carried at fair value. Fair value is the price that would be received to sell our asset or paid to transfer a liability in an ordinary transaction between market participants and the measurement date.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

- (i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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8 Fair Value (continued)

The table below analyses financial instruments measured as at 30 September 2023, by the level in the fair value hierarchy into which the fair value measurement is categorized:

30 September 2023

Financial assets at fair value through profit and loss (FVTPL)

Investments – equity securities

Financial assets at fair value through OCI (FVOCI)

Investments – debt and equity securities

| Fair value | | | | Total carrying amount |
|------------|---------|---------|------------------|-----------------------|
| Level 1 | Level 2 | Level 3 | Total fair value | |
| - | | 1,896 | 1,896 | 1,896 |
| 17,315 | 295 | 5,252 | 22,862 | 22,862 |

31 December 2022

Financial assets at fair value through Profit and Loss (FVTPL)

Investments - equity securities

Financial assets at fair value through OCI

Investments - debt and equity securities

| Fair value | | | | Total carrying amount |
|------------|---------|---------|------------------|-----------------------|
| Level 1 | Level 2 | Level 3 | Total fair value | |
| - | - | 11 | 11 | 11 |
| 9,729 | 148 | 5,465 | 15,342 | 15,342 |

The bonds have been fair valued using its quoted prices. Other loans and borrowings are repriced at frequent intervals and hence the carrying value is a reasonable approximation of its fair value. The Group has not disclosed the fair value for financial instruments such as short-term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values.

9 RELATED PARTIES

a) Transactions with related parties

The Company qualifies as a government related entity under the definitions provided in the Revised IAS 24. The Group provides telecommunication services to various Government and semi government organisation and companies in the Kingdom of Bahrain. The Group also avails various services from Government and semi government organisation and companies in the Kingdom of Bahrain. Such transactions are in the normal course of business and are not considered to be individually significant in terms of size.

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9 Related Parties (continued)

b) Transactions with key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. During the period, the Group paid the following compensation to the key management personnel.

| | Nine months ended 30 September | |
|---|---|----------------------------|
| | 2023 (reviewed) | 2022 (reviewed) |
| Short-term employee benefits | 947 | 964 |
| Post-employment benefits | 12 | 11 |
| Total key management personnel compensation | 959 | 975 |
| Directors' remuneration (including sitting fees) | 509 | 483 |

10 APPROPRIATIONS

The shareholders of the Company in their meeting held in March 2023 approved a final cash dividend of BD 31.45 million and donations of BD 1.98 million in respect of 2022, which were affected during the period.

The Board of Directors approved on 25 July 2023 an interim dividend of 13.5 fils per share amounting to BD 22.45 million.

11 COMPARATIVES

The comparative figures have been regrouped, where necessary, in order to conform to the current period's presentation. Such regrouping did not affect the previously reported profit, comprehensive income for the period or total equity.

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12 SEGMENT INFORMATION*Operating segments*

The Group's operations are segregated between Bahrain, Jordan, Maldives, Sure Group and others. Others include Yemen and other group operations. Segment information disclosed for the nine months ended 30 September 2023 is as follows:

| Segment revenue and profit | For the nine months ended September 2023 (reviewed) | | | | | | |
|----------------------------|---|--------|----------|------------|--------|-----------------------------|---------|
| | Bahrain | Jordan | Maldives | Sure Group | Others | Inter - segment elimination | Total |
| | 151,205 | 74,672 | 47,627 | 41,920 | - | - | 315,424 |
| | 448 | 718 | - | - | - | (1,166) | - |
| | 32,669 | 7,413 | 14,510 | 8,245 | (10) | - | 62,827 |

| For the nine months ended 30 September 2022 (reviewed) | | | | | | |
|--|--------|----------|------------|--------|-----------------------------|---------|
| Bahrain | Jordan | Maldives | Sure Group | Others | Inter - segment elimination | Total |
| 140,582 | 71,042 | 46,145 | 40,475 | 13 | - | 298,257 |
| 22 | 305 | - | - | - | (327) | - |
| 35,059 | 4,912 | 14,674 | 6,721 | (20) | - | 61,346 |

| Segment assets & liabilities | As at 30 September 2023 (reviewed) | | | | | | |
| Bahrain | Jordan | Maldives | Sure Group | Others | Inter - segment elimination | Total |
| 264,562 | 311,985 | 99,427 | 70,996 | 6,585 | (14,559) | 738,996 |
| 233,202 | 71,860 | 81,201 | 27,215 | 1,161 | (11,453) | 403,186 |
| 497,764 | 383,845 | 180,628 | 98,211 | 7,746 | (26,012) | 1,142,182 |
| Non-current liabilities | 203,964 | 151,229 | 28,174 | 13,470 | - | (39,930) | 356,907 |
| Current liabilities | 117,276 | 78,760 | 36,595 | 13,881 | 122 | (15,914) | 230,720 |
| Total liabilities | 321,240 | 229,989 | 64,769 | 27,351 | 122 | (55,844) | 587,627 |
| Net assets | 176,524 | 153,856 | 115,859 | 70,860 | 7,624 | 29,832 | 554,555 |
| Segment assets & liabilities | As at 31 December 2022 (audited) | | | | | | |
| Bahrain | Jordan | Maldives | Sure Group | Others | Inter - segment elimination | Total |
| 230,024 | 286,005 | 99,894 | 67,628 | 6,726 | (10,868) | 679,409 |
| 271,765 | 62,222 | 75,117 | 25,135 | 1,165 | (13,652) | 421,752 |
| 501,789 | 348,227 | 175,011 | 92,763 | 7,891 | (24,520) | 1,101,161 |
| Non-current liabilities | 181,358 | 138,324 | 21,154 | 12,295 | - | (25,225) | 327,906 |
| Current liabilities | 132,646 | 63,085 | 41,054 | 14,688 | 112 | (20,652) | 230,933 |
| Total liabilities | 314,004 | 201,409 | 62,208 | 26,983 | 112 | (45,877) | 558,839 |
| Net assets | 187,785 | 146,818 | 112,803 | 65,780 | 7,779 | 21,357 | 542,322 |