

***National Mobile Telecommunications Company
K.S.C.P.***

Condensed consolidated interim financial information (unaudited)
and independent auditor's review report
for the three-month period ended 31 March 2023

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information (unaudited)
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

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**National Mobile Telecommunication Company K.S.C.P.
State of Kuwait**

Report on review of interim financial information

The Board of Directors

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of National Mobile Telecommunication Company K.S.C.P. (the “Parent Company”) and its subsidiaries (the “Group”) as at 31 March 2023, and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

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

Conclusion

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

Report on review of other legal and regulatory requirements

Furthermore, based on our review, the condensed consolidated interim financial information is in agreement with the books of account of the Parent Company. We further report that nothing has come to our attention indicating any violations of the Companies Law No. 1 of 2016, and its Executive Regulations nor of the Parent Company’s Memorandum of Incorporation and Articles of Association, have occurred during the three-month period ended 31 March 2023, that might have had a material effect on the business of the Parent Company or its financial position.

We further report that, during the course of our review, we have not become aware of any material violations during the three-month period ended 31 March 2023 of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations, during the three-month period ended 31 March 2023 that might have had a material effect on the business of the Parent Company or on its financial position.

Khalid Ebrahim Al-Shatti
License No.175
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17 April 2023
Kuwait

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National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information

for the three-month period ended 31 March 2023

(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

| | Note | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|--|------|---|--|---|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 5 | 412,816 | 419,306 | 416,826 |
| Intangible assets and goodwill | 6 | 261,915 | 259,500 | 275,873 |
| Right-of-use assets | 7 | 123,841 | 120,167 | 112,868 |
| Financial assets – equity instruments | | 1,156 | 1,211 | 1,600 |
| Other non-current assets | | 7,820 | 7,583 | 8,032 |
| Deferred tax assets | | 26,425 | 26,561 | 22,972 |
| Contract costs | | 1,760 | 1,846 | 1,669 |
| Total non-current assets | | 835,733 | 836,174 | 839,840 |
| Current assets | | | | |
| Inventories | | 16,425 | 15,146 | 16,477 |
| Contract costs | | 6,460 | 5,861 | 4,716 |
| Trade and other receivables | | 182,017 | 174,757 | 173,364 |
| Bank balances and cash | 8 | 208,674 | 158,508 | 122,407 |
| Total current assets | | 413,576 | 354,272 | 316,964 |
| Total assets | | 1,249,309 | 1,190,446 | 1,156,804 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | | 50,403 | 50,403 | 50,403 |
| Treasury shares | | (3,598) | (3,598) | (3,598) |
| Translation reserve | | (323,368) | (329,672) | (322,912) |
| Other reserves | 9 | 248,356 | 248,411 | 244,656 |
| Retained earnings | | 598,889 | 580,929 | 554,153 |
| Equity attributable to shareholders of the parent | | 570,682 | 546,473 | 522,702 |
| Non-controlling interests | | 92,059 | 89,002 | 94,194 |
| Total equity | | 662,741 | 635,475 | 616,896 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Loans and borrowings | 10 | 6,742 | 7,873 | 10,446 |
| Employees' benefits | | 12,114 | 12,064 | 12,685 |
| Lease liabilities | 11 | 103,007 | 102,968 | 97,577 |
| Other non-current liabilities | | 25,674 | 25,652 | 21,423 |
| Contract liabilities | | 944 | 879 | 791 |
| Total non-current liabilities | | 148,481 | 149,436 | 142,922 |
| Current liabilities | | | | |
| Trade and other payables | 12 | 350,397 | 319,557 | 311,564 |
| Deferred income | | 35,723 | 35,736 | 36,603 |
| Loans and borrowings | 10 | 7,611 | 7,866 | 11,834 |
| Lease liabilities | 11 | 22,842 | 22,452 | 20,905 |
| Income tax payables | | 18,234 | 16,741 | 13,132 |
| Contract liabilities | | 3,280 | 3,183 | 2,948 |
| Total current liabilities | | 438,087 | 405,535 | 396,986 |
| Total liabilities | | 586,568 | 554,971 | 539,908 |
| Total equity and liabilities | | 1,249,309 | 1,190,446 | 1,156,804 |

Mohammed Bin Abdulla Al Thani
Chairman



The accompanying notes from 1 to 20 form an integral part of this condensed interim consolidated financial information

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

| | Note | Three-month period ended 31 March | |
|--|------|--------------------------------------|-------------------------------|
| | | 2023 (Unaudited) KD'000 | 2022 (Unaudited) KD'000 |
| Revenue | 13 | 155,253 | 152,876 |
| Other income | 18 | 45,480 | 328 |
| | | 200,733 | 153,204 |
| Network, interconnect and other operating expenses | | (78,323) | (77,829) |
| Employee salaries and associated cost | | (16,481) | (17,207) |
| Management fees expense | 17 | (4,577) | (4,524) |
| Depreciation and amortisation | | (31,791) | (32,893) |
| Finance costs | | (2,107) | (2,129) |
| Finance income | | 1,258 | 764 |
| Impairment losses on financial assets | | (4,899) | (1,831) |
| Other gain / (losses) – net | | 218 | (766) |
| Profit before directors' remuneration, contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST"), Zakat and income tax | | 64,031 | 16,789 |
| Directors' remuneration | | (161) | (161) |
| Contribution to KFAS, NLST and Zakat | 14 | (2,303) | (323) |
| Income tax | | (5,808) | (5,434) |
| Profit for the period | | 55,759 | 10,871 |
| <i>Profit attributable to:</i> | | | |
| Shareholders of the parent | | 53,041 | 8,429 |
| Non-controlling interests | | 2,718 | 2,442 |
| | | 55,759 | 10,871 |
| Basic and diluted earnings per share (fils) | 16 | 106 | 17 |

The accompanying notes from 1 to 20 form an integral part of this condensed interim consolidated financial information

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinar unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| | Three-month period ended 31 March | |
|---|--------------------------------------|-------------------------------|
| | 2023 (Unaudited) KD'000 | 2022 (Unaudited) KD'000 |
| Profit for the period | 55,759 | 10,871 |
| Other comprehensive income / (loss) | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Foreign currency translation differences | 7,492 | (8,426) |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| Net changes in fair value on investments in equity instruments designated as at FVTOCI | (55) | - |
| Other comprehensive income / (loss) - net of tax | 7,437 | (8,426) |
| Total comprehensive income for the period | 63,196 | 2,445 |
| Total comprehensive income attributable to: | | |
| Shareholders of the parent | 59,290 | 1,492 |
| Non-controlling interests | 3,906 | 953 |
| | 63,196 | 2,445 |

The accompanying notes from 1 to 20 form an integral part of this condensed interim consolidated financial information

National Mobile Telecommunications Company K.S.C.P.

Condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

| | Attributable to shareholders of the parent | | | | | | Non – controlling interests (Unaudited) | Total Equity (Unaudited) |
|---|--|-----------------------------------|---------------------------------------|----------------------------------|-------------------------------------|----------------------|--|--------------------------------|
| | Share capital (Unaudited) | Treasury shares (Unaudited) | Translation reserve (Unaudited) | Other reserves (Unaudited) | Retained earnings (Unaudited) | Total (Unaudited) | | |
| | KD’000 | KD’000 | KD’000 | KD’000 | KD’000 | KD’000 | | |
| At 1 January 2023 | 50,403 | (3,598) | (329,672) | 248,411 | 580,929 | 546,473 | 89,002 | 635,475 |
| Profit for the period | - | - | - | - | 53,041 | 53,041 | 2,718 | 55,759 |
| Other comprehensive income/ (loss) | - | - | 6,304 | (55) | - | 6,249 | 1,188 | 7,437 |
| Total comprehensive income/ (loss) for the period | - | - | 6,304 | (55) | 53,041 | 59,290 | 3,906 | 63,196 |
| Transactions with shareholders of the parent, recognised directly in equity | | | | | | | | |
| Dividend for 2022 (Note 15) | - | - | - | - | (35,081) | (35,081) | - | (35,081) |
| Transactions with non-controlling interests, recognised directly in equity | | | | | | | | |
| Dividend for 2022 | - | - | - | - | - | - | (849) | (849) |
| At 31 March 2023 | 50,403 | (3,598) | (323,368) | 248,356 | 598,889 | 570,682 | 92,059 | 662,741 |
| At 1 January 2022 | 50,403 | (3,598) | (315,975) | 244,656 | 563,265 | 538,751 | 93,988 | 632,739 |
| Profit for the period | - | - | - | - | 8,429 | 8,429 | 2,442 | 10,871 |
| Other comprehensive loss | - | - | (6,937) | - | - | (6,937) | (1,489) | (8,426) |
| Total comprehensive (loss)/ income for the period | - | - | (6,937) | - | 8,429 | 1,492 | 953 | 2,445 |
| Transactions with shareholders of the parent, recognised directly in equity | | | | | | | | |
| Dividend for 2021 (Note 15) | - | - | - | - | (17,541) | (17,541) | - | (17,541) |
| Transactions with non-controlling interests, recognised directly in equity | | | | | | | | |
| Dividend for 2021 | - | - | - | - | - | - | (747) | (747) |
| At 31 March 2022 | 50,403 | (3,598) | (322,912) | 244,656 | 554,153 | 522,702 | 94,194 | 616,896 |

The accompanying notes from 1 to 20 form an integral part of this condensed interim consolidated financial information

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2023

(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

| | Note | Three-month period ended 31 March | |
|--|-------|--------------------------------------|-------------------------------|
| | | 2023 (Unaudited) KD'000 | 2022 (Unaudited) KD'000 |
| Cash flows from operating activities | | | |
| Profit before income tax | | 61,567 | 16,305 |
| Adjustments for: | | | |
| Depreciation and amortisation | 5,6,7 | 31,791 | 32,893 |
| Impairment losses on financial assets | | 4,899 | 1,831 |
| Gain on disposal of property, plant and equipment | | (96) | (448) |
| Gain on early termination of lease | | (61) | - |
| Finance costs | | 2,107 | 2,129 |
| Finance income | | (1,258) | (764) |
| Provision for KFAS, NLST and Zakat | 14 | 2,303 | 323 |
| Provision for slow moving inventory | | 75 | - |
| Provision for employees' benefits | | 468 | 471 |
| Operating profit before working capital changes | | 101,795 | 52,740 |
| Working capital changes in: | | | |
| Other non-current assets | | (237) | (829) |
| Inventories | | (1,413) | (4,465) |
| Contract costs | | (513) | (48) |
| Trade and other receivables | | (12,655) | (13,312) |
| Other non-current liabilities | | 22 | 2,846 |
| Trade and other payables | | (6,560) | (15,716) |
| Deferred income | | (13) | 2,349 |
| Contract liabilities | | 162 | 49 |
| Cash generated from operations | | 80,588 | 23,614 |
| Employees' benefits paid | | (426) | (444) |
| Income tax paid | | (4,104) | (970) |
| Net cash generated from operating activities | | 76,058 | 22,200 |
| Cash flows from investing activities | | | |
| Increase in term deposits | | (22,403) | (4,089) |
| Acquisition of property, plant and equipment | 5 | (12,312) | (10,992) |
| Proceeds from disposal of property, plant and equipment | | 135 | 456 |
| Acquisition of intangible assets | 6 | (1,103) | (1,048) |
| Interest received | | 1,258 | 764 |
| Net cash used in investing activities | | (34,425) | (14,909) |
| Cash flows from financing activities | | | |
| Finance costs paid | | (520) | (605) |
| Dividend paid to shareholders of the parent | | (90) | (120) |
| Dividend paid to non-controlling interests | | (742) | (254) |
| Proceeds from loans and borrowings | | 921 | - |
| Repayments of loans and borrowings | | (2,416) | (6,680) |
| Payments of lease liabilities including interest | 11 | (10,665) | (7,527) |
| Net cash used in financing activities | | (13,512) | (15,186) |
| Net increase/ (decrease) in cash and cash equivalents | | 28,121 | (7,895) |
| Effect of exchange rate fluctuations | | (358) | 1,802 |
| Cash and cash equivalents at the beginning of the period | | 119,350 | 96,895 |
| Cash and cash equivalents at the end of the period | 8 | 147,113 | 90,802 |

The accompanying notes from 1 to 20 form an integral part of this condensed interim consolidated financial information

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

1. REPORTING ENTITY

National Mobile Telecommunications Company K.S.C.P. (“the Company”) is a Kuwaiti shareholding company incorporated by Amiri Decree on 10 October 1997. The Company and its subsidiaries (together referred to as “the Group”) are engaged in the following:

- Purchase, supply, installation, management and maintenance of wireless sets and equipment, mobile telephone services, pager system and other telecommunication services;
- Import and export of sets, equipment and instruments necessary for the purposes of the Company;
- Purchase or hiring communication lines and facilities necessary for providing the Company’s services in co-ordination with the services provided by the State, but without interference or conflict herewith;
- Purchase of manufacturing concessions directly related to the Company’s services from manufacturers or producing them in Kuwait;
- Introduction or management of other services of similar nature and supplementary to telecommunications services with a view to upgrade such services or rendering them integrated;
- Conduct technical research relating to the Company’s business in order to improve and upgrade the Company’s services in co-operation with competent authorities within Kuwait and abroad;
- Purchase and holding of lands, construction and building of facilities required for achieving the Company’s objectives
- Purchase of all materials and machineries needed to undertake the Group’s activities as well as their maintenance in all possible modern methods;
- Use of financial surplus available at the Company by investing the same in portfolios managed by specialized companies and parties as well as authorizing the board to undertake the same; and
- The Company may have interest or in any way participate with corporate and organizations which practice similar activities or which may assist it in achieving its objectives in Kuwait or abroad. It may acquire such corporates, or make them subsidiary.

The Company operates under a licence from the Ministry of Communications, State of Kuwait and elsewhere through subsidiaries in the Middle East, North Africa region and Maldives. The Company’s shares are listed on the Boursa Kuwait.

The Company is a subsidiary of Ooredoo International Investments L.L.C., (“the Parent Company”), a subsidiary of Ooredoo Q.P.S.C. (“Ooredoo” or “the Ultimate Parent Company”), which is a Qatari shareholding company listed on the Qatar Exchange.

The address of the Company’s registered office is Ooredoo Tower, Soor Street, Kuwait City, State of Kuwait, P.O. Box 613, Safat 13007, State of Kuwait.

This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 17 April 2023.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting. The condensed consolidated interim financial information does not include all the information and notes required for complete annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

2. BASIS OF PREPARATION (CONTINUED)

Operating results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further information, refer to the annual audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

The condensed consolidated interim financial information has been presented in Kuwaiti Dinars ("KD") which is the functional and presentation currency of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group, which are effective for annual reporting period starting from 1 January 2023.

Amendments and/or annual improvements to IFRSs which are effective for annual accounting period starting from 1 January 2023 did not have any material impact on the accounting policies, financial position or performance of the Group.

Changes to significant accounting policies

1. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Amendments to IFRS 17 and IFRS 4 - Insurance Contracts
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The amendments listed above did not have a material impact on the amounts recognised in prior periods and are not expected to significantly affect the current period.

2. Impact of new standards (issued but not yet adopted by the Group)

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been adopted by the Group. The management of the Group is in the process of assessing the impact of these new standards, interpretation and amendments which will be adopted in the Group's financial statement as and when they are applicable.

4. JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements 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 audited annual consolidated financial statements as at and for the year ended 31 December 2022.

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|---|---|--|---|
| Net book value at beginning of the period/year | 419,306 | 434,978 | 434,978 |
| Additions | 12,312 | 80,158 | 10,992 |
| Disposal | (39) | (247) | (8) |
| Depreciation charge for the period/year | (22,514) | (95,662) | (24,018) |
| Transfers | (78) | (235) | (62) |
| Currency translation effects | 3,829 | 314 | (5,056) |
| Net book value at the end of the period/year | 412,816 | 419,306 | 416,826 |

6. INTANGIBLE ASSETS AND GOODWILL

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|---|---|--|---|
| Net book value at beginning of the period/year | 259,500 | 282,835 | 282,835 |
| Additions | 1,103 | 4,478 | 1,048 |
| Amortization charge for the period/year | (3,475) | (13,841) | (3,454) |
| Transfers | 78 | 826 | 62 |
| Currency translation effects | 4,709 | (14,798) | (4,618) |
| Net book value at the end of the period/year | 261,915 | 259,500 | 275,873 |

The Group determines whether goodwill or intangible assets with indefinite useful lives are impaired, at least on an annual basis unless there are any indicators of impairment. This requires an estimation of the recoverable amount of the CGUs to which these items are allocated. The recoverable amount is determined based on value-in-use calculations or fair value less cost to sell if that is higher.

Goodwill of KD 149,683 thousand (31 December 2022: KD 146,604 thousand and 31 March 2022: KD 154,035 thousand) is allocated to Ooredoo Tunisie S.A. and KD 1,927 thousand (31 December 2022: KD 1,927 thousand and 31 March 2022: KD 1,927 thousand) to Fast Telecommunications Company W.L.L. The recoverable amounts of these CGUs were based on its value in use estimated by discounting the future cash flows to be generated from the continuing use of these CGUs. As at 31 December 2022, the estimated recoverable amounts of Ooredoo Tunisie S.A. and Fast Telecommunications Company W.L.L. were more than the respective carrying values and management believes that no change took place to this assessment as of 31 March 2023.

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

7. RIGHT-OF-USE ASSETS

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|---|---|--|---|
| Net book value at beginning of the period/year | 120,167 | 114,545 | 114,545 |
| Additions | 9,947 | 30,758 | 5,007 |
| Reduction on early termination | (1,350) | (1,081) | (297) |
| Depreciation charge for the period/year | (5,802) | (23,300) | (5,421) |
| Currency translation effects | 879 | (755) | (966) |
| Net book value at the end of the period/year | 123,841 | 120,167 | 112,868 |

8. BANK BALANCES AND CASH

Cash and cash equivalents included in the condensed consolidated interim statement of cash flows comprise the following items:

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|--|---|--|---|
| Bank balances and cash | 208,782 | 158,601 | 122,493 |
| Expected credit loss | (108) | (93) | (86) |
| Bank balances and cash in the condensed consolidated interim statement of financial position | 208,674 | 158,508 | 122,407 |
| Less: | | | |
| Deposits with maturity of more than three months | (39,345) | (18,416) | (15,828) |
| Restricted deposits | (22,216) | (20,742) | (15,777) |
| Cash and cash equivalents as per condensed consolidated interim statement of cash flows | 147,113 | 119,350 | 90,802 |

Deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest on the respective deposit rates ranging from 1.24% to 10.82% (31 December 2022: 1.24% to 10.7% and 31 March 2022: 1.03% to 7.25%).

9. OTHER RESERVES

| | Share premium KD'000 | Statutory reserve KD'000 | Voluntary reserve KD'000 | Gain on sale of treasury shares KD'000 | Fair value reserve KD'000 | Other reserves KD'000 | Total reserves KD'000 |
|---|-------------------------|-----------------------------|-----------------------------|---|------------------------------|--------------------------|--------------------------|
| At 1 January 2023 | 66,634 | 32,200 | 142,922 | 6,914 | (3,671) | 3,412 | 248,411 |
| Other comprehensive Loss for the period | - | - | - | - | (55) | - | (55) |
| At 31 March 2023 | 66,634 | 32,200 | 142,922 | 6,914 | (3,726) | 3,412 | 248,356 |
| At 1 January 2022 | 66,634 | 32,200 | 138,778 | 6,914 | (3,282) | 3,412 | 244,656 |
| Other comprehensive Loss for the period | - | - | - | - | - | - | - |
| At 31 March 2022 | 66,634 | 32,200 | 138,778 | 6,914 | (3,282) | 3,412 | 244,656 |

National Mobile Telecommunications Company K.S.C.P.

Notes to the condensed consolidated interim financial information
for the three-month period ended 31 March 2023
(All amounts are expressed in Kuwaiti Dinars unless otherwise stated)

10 LOANS AND BORROWINGS

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|--|---|--|---|
| Current portion | | | |
| Due to local banks | - | - | - |
| Due to local banks related to subsidiaries | 7,611 | 7,866 | 11,834 |
| | 7,611 | 7,866 | 11,834 |
| Non-current portion | | | |
| Due to local banks related to subsidiaries | 6,742 | 7,873 | 10,446 |

The details of loans and borrowings are as follows:

| Description | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|---|---|--|---|
| a) Unsecured debts are due to banks in Algeria. ("WTA"). These are subject to various obligations and financial covenants over the terms of those debts and denominated in Algerian Dinar. | - | - | 639 |
| b) Unsecured debts of Ooredoo Tunisie S.A. are due to banks in Tunisia which are subject to certain financial covenants to be complied on an annual basis. These are denominated in Tunisian Dinar. | 2,834 | 3,330 | 7,340 |
| c) Debts are due to banks in Maldives, secured by fixed deposits of Ooredoo Maldives Private Limited. These are denominated in US Dollar. | 11,519 | 12,409 | 14,301 |
| | 14,353 | 15,739 | 22,280 |

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11 LEASE LIABILITIES

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|---|---|--|---|
| At the beginning of the period/year | 125,420 | 120,853 | 120,853 |
| Additions | 9,947 | 30,758 | 5,007 |
| Interest expense on lease liabilities | 1,588 | 6,635 | 1,532 |
| Payment of lease liabilities including interest | (10,665) | (30,639) | (7,527) |
| Reduction on early termination | (1,411) | (1,080) | (297) |
| Exchange adjustments | 970 | (1,107) | (1,086) |
| At the end of the period/year | 125,849 | 125,420 | 118,482 |
| Non-current portion | 103,007 | 102,968 | 97,577 |
| Current portion | 22,842 | 22,452 | 20,905 |
| | 125,849 | 125,420 | 118,482 |

12 TRADE AND OTHER PAYABLES

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|--------------------|---|--|---|
| Trade payables | 92,174 | 84,337 | 79,977 |
| Accrued expenses | 155,679 | 162,064 | 150,926 |
| Other tax payables | 33,604 | 33,713 | 34,434 |
| Staff payables | 12,913 | 19,794 | 11,465 |
| Dividend payables | 45,809 | 10,712 | 24,857 |
| Other payables | 10,218 | 8,937 | 9,905 |
| | 350,397 | 319,557 | 311,564 |

13. REVENUE

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following revenue streams. The disclosure of revenue by streams is consistent with the revenue information that is disclosed for each reportable segment under (note 20).

| | Three-month period ended 31 March | |
|-------------------------------------|--|--|
| | 2023 (Unaudited) KD'000 | 2022 (Unaudited) KD'000 |
| Revenue from rendering of services | 138,136 | 134,129 |
| Sale of telecommunication equipment | 16,917 | 18,567 |
| Others | 200 | 180 |
| | 155,253 | 152,876 |
| At a point in time | 16,917 | 18,567 |
| Overtime | 138,336 | 134,309 |
| | 155,253 | 152,876 |

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14. CONTRIBUTION TO KFAS, NLST AND ZAKAT

| | Three-month period ended 31 March | |
|-------|--------------------------------------|-------------------------------|
| | 2023 (Unaudited) KD'000 | 2022 (Unaudited) KD'000 |
| KFAS | (582) | (94) |
| NLST | (1,229) | (164) |
| Zakat | (492) | (65) |
| | (2,303) | (323) |

15. DIVIDEND

The Annual General Assembly of the Parent Company held on 9 March 2023, approved the consolidated financial statements of the Group for the year ended 31 December 2022 and the payment of cash dividend of 70 fils per share for the year ended 31 December 2022 (2021: cash dividend of 35 fils per share for the year ended 31 December 2021) to the Parent Company's equity shareholders existing as at 2 April 2023.

16. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings for the period attributable to the shareholders of the parent by the weighted average number of shares outstanding during the period.

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.

| | Three-month period ended 31 March | |
|---|--------------------------------------|---------------------|
| | 2023 (Unaudited) | 2022 (Unaudited) |
| Profit for the period attributable to shareholders of the parent (KD'000) | 53,041 | 8,429 |
| <u>Number of shares outstanding:</u> | | |
| Weighted average number of paid up shares (000's) | 504,033 | 504,033 |
| Weighted average number of treasury shares (000's) | (2,871) | (2,871) |
| Weighted average number of outstanding shares (000's) | 501,162 | 501,162 |
| Basic and diluted earnings per share (fils) | 106 | 17 |

17. RELATED PARTY DISCLOSURES

Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation and are not disclosed in this note. Balances and transactions with related parties are as follows:

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17 RELATED PARTY DISCLOSURES (CONTINUED)

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) KD'000 |
|--|---|--|---|
| Balances included in the consolidated statement of | | | |
| a) financial position | | | |
| <u>Payable to:</u> | | | |
| Ooredoo Group L.L.C – fellow subsidiary | 20,420 | 19,195 | 15,360 |
| Ooredoo IP L.L.C – fellow subsidiary | 3,676 | 2,673 | 2,224 |
| Ooredoo Oman – fellow subsidiary | - | 24 | - |
| <u>Receivable from:</u> | | | |
| Ultimate parent company | 1,011 | 435 | 795 |
| Asiacell Communications PJSC - fellow subsidiary | 458 | 390 | 406 |
| Others – fellow subsidiary | 19 | - | - |
| | | Three-month period ended | |
| | | 31 March | |
| | | 2023 | 2022 |
| | | (Unaudited) | (Unaudited) |
| | | KD'000 | KD'000 |
| Transactions included in the consolidated | | | |
| b) statement of profit or loss | | | |
| <u>Revenue from:</u> | | | |
| Ultimate parent company | 429 | 926 | |
| Others - fellow subsidiary | 346 | - | |
| <u>Operating expenses to:</u> | | | |
| Ultimate parent company | 418 | 1,118 | |
| Others - fellow subsidiary | 426 | - | |
| Management fees to Ooredoo Group L.L.C – fellow subsidiary | 3,443 | 3,417 | |
| Brand license fees to Ooredoo IP L.L.C - fellow subsidiary | 1,134 | 1,107 | |
| | 4,577 | 4,524 | |
| c) Compensation of key management personnel: | | | |
| Short term benefits | 1,956 | 1,997 | |
| Termination benefits | 184 | 145 | |
| | 2,140 | 2,142 | |

During the period, the Group has entered into transactions with related parties on terms approved by the management.

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18 COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATIONS

| | 31 March 2023 (Unaudited) KD'000 | 31 December 2022 (Audited) KD'000 | 31 March 2022 (Unaudited) |
|---|---|--|---------------------------------|
| a) Capital commitments | | | |
| For the acquisition of property and equipment | 41,689 | 28,045 | 41,896 |
| For the acquisition of mobile license in a subsidiary * | 51,895 | 51,723 | 51,406 |
| | 93,584 | 79,768 | 93,302 |
| b) Contingent liabilities | | | |
| Letters of guarantee | 5,154 | 5,254 | 5,346 |
| Letters of credit | 9,026 | 9,055 | 8,770 |
| | 14,180 | 14,309 | 14,116 |

Litigation and claims:

- * In September 2019, the Minister of Finance and Minister of Telecom and IT (MTIT) issued a letter notifying Ooredoo Palestine to pay the remaining unpaid second and third payment of the license fee. The unpaid portion of the license cost of KD 51,895 thousand represents the unrecognized liability in the condensed consolidated interim financial information resulting from MTIT not fulfilling its obligations in relation with granting the Ooredoo Palestine access to Gaza and 3G frequencies amongst other things. Management, supported by their external legal advisors, is of the view that Ooredoo Palestine has strong grounds to defend these claims.
- (a) In October 2019, the Algerian Central Bank claimed an amount of KD 22,801 thousand in respect of certain alleged foreign currency violations by WTA. Currently, WTA's appeal against this claim is in the Court of Cassation.
- (b) In October 2019, a third party vendor of WTA obtained an order from the Judicial Authorities of Algeria to block an amount of KD 1,941 thousand from WTA's bank account. WTA appealed to the Court against this.
- (c) Claims against Ooredoo Maldives PLC amounting to KD 1,333 thousand from the First Instance Civil Court of Maldives citing breach of contract based on a civil case filed by a third party. Ooredoo Maldives PLC has appealed against this claim in the High Court of Maldives in January 2019 and received a favourable decision on 30 August 2021.
- (d) A part of the regulatory tariff levied on mobile telecommunication operators in Kuwait by the Ministry of Communications since 26 July 2011 was invalidated by the Kuwait Court of Cassation in April 2017. Accordingly, the Group has contingent assets in the form of recovery of excess regulatory tariff paid. In Mar-2023, the court of cassation rendered its ruling in favour of the Group for a part of the contingent asset by enforcing CITRA and MOC to compensate the company a sum of KD 43,817,594 for the period till August 2016. The Group completed the execution process and received the full amount of the judgement. The Group has already filled claims to recover remaining excess regulatory tariff for the period from August 2016 till date.

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19 FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

20 SEGMENT INFORMATION

The Group is mainly engaged in a single line of business, being the supply of telecommunications services and related products. The majority of the Group's revenues, profits and assets relate to its operations in the MENA. Outside of Kuwait, the Group operates through its subsidiaries and major operations are considered by the Group to be reportable segments. Revenue is attributed to reportable segments based on the location of the Group companies. Inter-segment sales are charged at arms' length prices.

For management reporting purposes, the Group is organised into business units based on their geographical area covered. Apart from its operations in Kuwait, the Company also operates through its foreign subsidiaries in Algeria, Tunisia, Maldives and Palestine.

Management monitors the operating results of its operating subsidiaries separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of these reportable segments. Transfer pricing between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

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20 SEGMENT INFORMATION (CONTINUED)

Operating segments

The following tables present revenue and profit information regarding the Group's operating segments.

| | Inside Kuwait | Tunisia | Algeria | Maldives | Others | Un-allocated | Total |
|--|---------------|---------|----------|----------|---------|--------------|-----------|
| Three-month ended 31 March 2023 | | | | | | | |
| Segment revenues | 59,579 | 28,897 | 48,100 | 10,199 | 8,478 | - | 155,253 |
| Segment profit before tax | 45,304 | 3,020 | 8,967 | 3,765 | 1,464 | (953) | 61,567 |
| Depreciation and amortisation | (10,744) | (5,054) | (12,068) | (1,180) | (1,792) | (953) | (31,791) |
| Finance costs | (432) | (614) | (587) | (420) | (54) | - | (2,107) |
| Income tax | - | (2,822) | (2,269) | (561) | (156) | - | (5,808) |
| Three-month ended 31 March 2022 | | | | | | | |
| Segment revenues | 57,618 | 31,580 | 45,391 | 9,574 | 8,713 | - | 152,876 |
| Segment profit before tax | 950 | 7,164 | 4,453 | 3,420 | 1,326 | (1,008) | 16,305 |
| Depreciation and amortisation | (10,987) | (5,304) | (12,687) | (1,201) | (1,706) | (1,008) | (32,893) |
| Finance costs | (434) | (792) | (510) | (342) | (51) | - | (2,129) |
| Income tax | - | (3,082) | (1,697) | (508) | (147) | - | (5,434) |
| As at 31 March 2023 | | | | | | | |
| Segment assets | 403,574 | 175,492 | 310,881 | 84,102 | 80,381 | 194,879 | 1,249,309 |
| Segment liabilities | 233,558 | 115,380 | 160,671 | 32,393 | 44,566 | - | 586,568 |
| As at 31 December 2022 | | | | | | | |
| Segment assets | 355,641 | 170,021 | 309,010 | 83,700 | 80,341 | 191,733 | 1,190,446 |
| Segment liabilities | 198,402 | 111,339 | 167,505 | 34,806 | 42,919 | - | 554,971 |
| As at 31 March 2022 | | | | | | | |
| Segment assets | 334,913 | 183,101 | 284,953 | 75,503 | 73,672 | 204,662 | 1,156,804 |
| Segment liabilities | 210,928 | 121,811 | 134,518 | 31,989 | 40,662 | - | 539,908 |