

Dubai Electricity and Water
Authority (PJSC) and
its subsidiaries

Condensed consolidated interim
financial information
*for the nine-month period ended
30 September 2023 (unaudited)*

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Condensed consolidated interim financial information
for the nine-month period ended 30 September 2023 (unaudited)

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

To the Shareholders of Dubai Electricity and Water Authority (PJSC)

Introduction

We have reviewed the accompanying 30 September 2023 condensed consolidated interim financial information of Dubai Electricity and Water Authority (PJSC) ("DEWA" or "the Authority" or "the Company") and its subsidiaries ("the Group"), which comprises:

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

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



Dubai Electricity and Water Authority (PJSC)
Independent Auditors' Report on Review of
Condensed Consolidated Interim Financial Information
30 September 2023

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 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 30 September 2023 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*".

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 10 NOV 2023

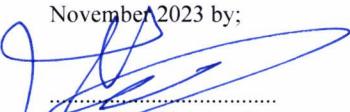
Dubai Electricity and Water Authority (PJSC) and its subsidiaries

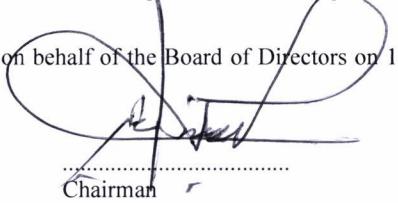
Condensed consolidated interim statement of financial position as at

Notes	30 September	31 December
	2023	2022
	AED'000 (Unaudited)	AED'000 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	6	154,919,653
Intangible assets	7	456,375
Investments accounted for using the equity method	8	640
Derivative financial instruments	9	2,008,797
Financial assets at fair value through other comprehensive income	10	54,310
Investment property	11	83,385
Other assets	12	996,600
Other financial assets	13	2,747,862
Total non-current assets		161,267,622
		158,514,599
Current assets		
Derivative financial instruments	9	641,107
Other assets	12	507,538
Other financial assets	13	3,745,810
Inventories	14	1,414,521
Trade receivables	15	5,024,492
Short-term deposits	16	5,627,925
Cash and cash equivalents	17	5,270,958
Total current assets		22,232,351
Total assets		183,499,973
		180,710,296
Equity and liabilities		
Equity		
Share capital	18	500,000
Capital contribution	18	40,042,885
Statutory reserve	18	591,346
Hedging reserve	18	1,401,479
Retained earnings	18	45,475,008
Equity attributable to Owners of the Company		88,010,718
Non-controlling interests		3,904,404
Total equity		91,915,122
		92,380,470
Liabilities		
Non-current liabilities		
Derivative financial instruments	9	808
Borrowings	19	29,587,665
Retirement benefit obligations	20	1,027,600
Lease liabilities	21	16,352
Other long-term liabilities	22	33,069,623
Total non-current liabilities		63,702,048
		71,159,102
Current liabilities		
Borrowings	19	9,958,298
Lease liabilities	21	11,648
Trade and other payables	23	17,837,741
Total current liabilities		27,807,687
Total liabilities		91,509,735
Total equity and liabilities		183,424,857
Regulatory deferral account credit balance	24	75,116
Total equity, liabilities and regulatory deferral account credit balance		183,499,973
		180,710,296

To the best of our knowledge, the condensed consolidated interim financial information fairly represents in all material respects, the financial position, results of operation and cash flows for the Group as of and for the nine-month period ended 30 September 2023.

The condensed consolidated interim financial information was approved and signed on behalf of the Board of Directors on 10 November 2023 by:


Managing Director &
Chief Executive Officer


Chairman

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 8 to 40 form an integral part of this condensed consolidated interim financial information.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Condensed consolidated interim statement of profit or loss and other comprehensive income

Notes	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Revenue	26 22,160,795	20,629,170	9,422,286	8,552,225
Cost of sales	27 (13,315,084)	(12,584,740)	(4,932,857)	(4,767,484)
Gross profit	8,845,711	8,044,430	4,489,429	3,784,741
Administrative expenses	28 (2,052,470)	(1,931,296)	(773,143)	(561,754)
Credit impairment losses	29 (92,441)	(36,907)	(52,808)	(19,907)
Other income	152,585	340,571	65,674	69,846
Operating profit	6,853,385	6,416,798	3,729,152	3,272,926
Finance income	30 660,182	367,150	219,651	74,414
Finance costs	30 (1,403,753)	(706,695)	(492,587)	(214,664)
Finance costs – net	30 (743,571)	(339,545)	(272,936)	(140,250)
Profit for the period before net movement in regulatory deferral account	6,109,814	6,077,253	3,456,216	3,132,676
Net movement in regulatory deferral account balance	24 20,227	396,457	(66,006)	39,820
Profit for the period and net movement in regulatory deferral account	6,130,041	6,473,710	3,390,210	3,172,496
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of retirement benefit obligations	20.1 11,257	1,283	2,699	3,166
Debt instrument at FVOCI – change in fair value	10 1,399	(4,835)	413	(842)
<i>Items that may be reclassified to profit or loss</i>				
Cash flow hedges – reclassified to profit or loss	(408,974)	156,922	(150,291)	(11,490)
Cash flow hedges – effective portion of changes in fair value of derivative financial instruments	9 1,270,693	3,534,204	1,069,676	440,709
Other comprehensive income for the period	874,375	3,687,574	922,497	431,543
Total comprehensive income for the period	7,004,416	10,161,284	4,312,707	3,604,039
Profit for the period attributable to				
- Owners of the Company	5,999,059	6,236,990	3,325,045	3,088,054
- Non-controlling interests	130,982	236,720	65,165	84,442
	6,130,041	6,473,710	3,390,210	3,172,496
Total comprehensive income for the period attributable to				
- Owners of the Company	6,453,378	8,176,680	3,803,031	3,317,923
- Non-controlling interests	551,038	1,984,604	509,676	286,116
	7,004,416	10,161,284	4,312,707	3,604,039
Earnings per share				
Basic earnings per share (AED)	36 0.120	0.125	0.067	0.062

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 8 to 40 form an integral part of this condensed consolidated interim financial information.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Condensed consolidated interim statement of changes in equity

Attributable to the Owners							Non-controlling interests AED'000		Total equity AED'000	
	Share capital AED'000	Capital contribution AED'000	General reserve AED'000	Statutory reserve AED'000	Hedging reserve AED'000	Retained earnings AED'000	Total AED'000			
At 1 January 2022 (Audited)	500,000	40,037,040	53,343,435	355,467	(1,236,145)	-	92,999,797	591,911	93,591,708	
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	6,236,990	6,236,990	236,720	6,473,710	
Other comprehensive income for the period	-	-	-	-	1,942,176	(2,486)	1,939,690	1,747,884		3,687,574
Total comprehensive income for the period					1,942,176	6,234,504	8,176,680	1,984,604		10,161,284
Transfer to retained earnings (refer note 18)	-	-	(43,343,435)	-	-	43,343,435	-	-	-	
Transfer to statutory reserve	-	-	-	305,452	-	(305,452)	-	-	-	
Transactions with the Owners										
Capital contribution – value of land (net) (refer note 6 (f))	-	5,845	-	-	-	-	5,845	-	5,845	
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	487,251	487,251	
Dividends paid (refer note 35)	-	-	(10,000,000)	-	-	-	(10,000,000)	(1,023,679)	(1,023,679)	(11,023,679)
At 30 September 2022 (Unaudited)	500,000	40,042,885	660,919	706,031	49,272,487	91,182,322	2,040,087	2,040,087	93,222,409	

The notes on pages 8 to 40 form an integral part of this condensed consolidated interim financial information.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Condensed consolidated interim statement of changes in equity (*continued*)

Attributable to the Owners						
Share capital AED'000	Capital contribution AED'000	Statutory reserve AED'000	Hedging reserve AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000
At 1 January 2023 (Audited)	500,000	40,042,885	591,346	954,247	47,338,862	89,427,340
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,999,059	130,982
Other comprehensive income for the period	-	-	-	447,232	7,087	420,056
Total comprehensive income for the period				447,232	6,006,146	551,038
<i>Transactions with the Owners</i>						7,004,416
Capital contribution by non-controlling interests	-	-	-	-	-	776,306
Dividends (refer note 35)	-	-	-	(7,870,000)	(7,870,000)	(376,070)
At 30 September 2023 (Unaudited)	500,000	40,042,885	591,346	1,401,479	45,475,008	88,010,718
						3,904,404
						91,915,122

The notes on pages 8 to 40 form an integral part of this condensed consolidated interim financial information.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Condensed consolidated interim statement of cash flows

Notes	For the nine-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
<i>Net cash generated from operating activities</i>	33	9,848,212
Investing activities		
Purchase of property, plant and equipment net of movements in trade payables and other long-term liabilities		(4,439,879) (6,993,518)
Deposits with original maturity of greater than three months – placed during the period		(426,665) (3,181,735)
Deposits with original maturity of greater than three months – matured during the period		2,331,243 732,583
Additions to investment property		(10,526) -
Purchase of intangible assets	7	(14,970) (6,219)
Acquisition of subsidiary	32	(892,500) -
Movement in other financial assets	13	200,203 (159,455)
Interest received		557,935 135,841
Proceeds from disposal of property, plant and equipment		4,448 243
<i>Net cash used in investing activities</i>		(2,690,711) (9,472,260)
Financing activities		
Repayments of borrowings		(2,606,664) (3,615,736)
Proceeds from borrowings		1,378,773 17,155,590
Interest paid		(1,792,327) (1,105,004)
Capital contribution by non-controlling interests		776,306 487,251
Payment of lease liabilities		(10,700) (9,823)
Dividend paid to the Owners		(4,770,000) (10,000,000)
Dividends paid to non-controlling interests		(189,070) (1,023,679)
<i>Net cash (used in)/generated from financing activities</i>		(7,213,682) 1,888,599
<i>Net (decrease)/increase in cash and cash equivalents</i>		(56,181) 1,510,648
Cash and cash equivalents, beginning of period	17	4,722,296 4,972,048
<i>Cash and cash equivalents, end of period</i>	17	4,666,115 6,482,696

Material non-cash transactions:

- There was no land transferred to the Group during the period (for nine-month period ended 30 September 2022: AED 6 million) (refer note 6).

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 8 to 40 form an integral part of this condensed consolidated interim financial information.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information for the nine-month period ended 30 September 2023 (unaudited)

1 Establishment and operations

Dubai Electricity and Water Authority (“DEWA” or “the Authority” or “the Company”) was incorporated on 1 January 1992 in the Emirate of Dubai by a decree (“the Original Decree”) issued by H.H. The Ruler of Dubai, effective 1 January 1992, as an independent public authority having the status of a body corporate, and financially and administratively independent from the Government. In accordance with the Original Decree, all rights, property and assets of Dubai Electricity Company (“DEC”) and Dubai Water Department (“the Department”) belonging to the Government, were vested in the Authority, and the Authority was held responsible for all liabilities and debts of DEC and the Department, of any kind whatsoever. Together, DEC and the Department formed DEWA from the effective date of the Original Decree.

The principal activities of the Authority, in accordance with the Original Decree and Decree No. 13 of 1999 which amended some of the provisions of the Original Decree, comprise water desalination and distribution and the generation, transmission and distribution of electricity, throughout the Emirate of Dubai. The registered address of the Authority is P.O. Box 564, Dubai, United Arab Emirates (“UAE”).

During the prior years, the Authority was wholly owned by the Government of Dubai which announced its plan to list the shares of the Authority on the Dubai Financial Market (DFM). In the year 2022, Department of Finance (DoF), Government of Dubai had sold 18% of its shareholding in the Authority through an Initial Public Offering (“IPO”). The Authority got listed on the Dubai Financial Market (DFM) and its shares started trading with effect from 12 April 2022.

The ownership structure of the Authority is as follows:

	Ownership %
Department of Finance (DoF), Government of Dubai	82%
Local and international investors (including institutional and retail investors)	18%
	<hr/> <hr/> <hr/> 100%

DEWA and its subsidiaries are collectively referred to as “the Group”. The Group either directly or indirectly controls following significant subsidiaries, which are domiciled in UAE:

Name of the entity	Percentage of beneficial ownership		Principal business activities
	30 September 2023 (Unaudited)	31 December 2022 (Audited)	
Al Etihad Energy Services Company LLC	100	100	Implement energy efficiency measures in buildings
Etihad Clean Energy Development Company LLC	100	100	Buildings energy efficiency services, solar energy systems rental and solar energy systems installation
Jumeirah Energy International Holdings LLC (JEIHL)	100	100	Holding Company
Jumeirah Energy International LLC (JEI)	100	100	Holding Company
Mai Dubai LLC	100	100	Purification and sale of potable water
Hassyan Energy 1 Holdings LLC	100	100	Holding Company
Shuaa Energy 2 Holdings LLC	100	100	Holding Company

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

1 Establishment and operations *(continued)*

Name of the entity	Percentage of beneficial ownership		Principal business activities
	30 September 2023	31 December 2022	
	(Unaudited)	(Audited)	
Shuaa Energy 3 Holdings LLC	100	100	Holding Company
Jumeirah Energy International Capital Holding LLC	100	100	Holding Company
Jumeirah Energy International Silicon Valley LLC	100	100	Holding Company
Noor Energy 1 Holdings LLC	100	100	Holding Company
Data Hub Integrated Solutions LLC (MORO)	100	100	Established to provide services including IT, and infrastructure, networking and computer system housing services
Digital DEWA LLC	100	100	Investment in commercial, industrial, retail trade and energy enterprises and management
Infra X	100	100	To provide services including IT and computer housing services
Dubai Green Fund Investments LLC	100	100	To invest and manage commercial, industrial, retail trade and energy enterprises
Utilities Management Company LLC	78	78	Holding Company
Emirates Central Cooling Systems Corporation PJSC (EMPOWER)	56	56	Provision of district cooling services, management, maintenance of central cooling plants and related distribution networks
EMPOWER FM LLC	56	56	Air conditioning, ventilation and air filtration system, installation and maintenance
EMPOWER Engineering & Consultancy LLC	56	56	Project development consultant services
Palm Utilities LLC	56	56	Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services
Palm District Cooling LLC (PDC)	56	56	Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services.
EMPOWER Logstor LLC	54.3	54.3	Manufacturing of pre-insulated pipes, mainly for district cooling
Shuaa Energy 2 P.S.C	60	60	Establish and provide full range of services for generation of electricity
Innogy International Middle East LLC	51	51	Energy projects consultancy, desalination and sewage treatment plants operations and maintenance
Shuaa Energy 1 P.S.C	51	51	Establish and provide full range of services for generation of electricity
Hassyan Energy Phase 1 P.S.C	51	51	Establish and provide full range of services for generation of electricity

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

1 Establishment and operations *(continued)*

Name of the entity	Percentage of beneficial ownership		Principal business activities
	30 September 2023 (Unaudited)	31 December 2022 (Audited)	
Noor Energy 1 P.S.C	51	51	Establish and provide full range of services for generation of electricity
Digital X LLC	100	100	Establish and provide full range of services for information technology, data entry, network consultancies
Smart Energy X LLC	100	100	Establish and provide full range of services for parking management electronic systems installation and maintenance
Shuaa Energy 3 P.S.C	60	60	Establish and provide full range of services for generation of electricity
Forward Investments Limited	100	100	Holding Company
Dubai Carbon Centre of Excellence	100	100	Energy projects engineering consultancy and carbon control systems trading
SecureX	100	100	Computer systems housing services, communication equipment, software design, data classification & analysis services, IT infrastructure, data centre co-location services and information technology network services
Space D	100	100	Managing & operating satellites & provision satellite services, wired & wireless communication systems installation and space situational tracking, monitoring & awareness services
EMPOWER Snow LLC	56	56	Establish and operate district cooling projects and provide air-conditioning, ventilation and refrigeration services
Hassyan Water Company A Holdings LLC *	100	-	Holding Company
Shuaa Energy 4 Holding LLC *	100	-	Holding Company

* During the period ended 30 September 2023, on 13 September 2023 the Group has incorporated two new entities, each with 100% ownership.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

2 Summary of significant accounting policies

The principal accounting policies applied by the Group in the preparation of these condensed consolidated interim financial information are set out below. These policies have been consistently applied to all the periods presented, except below stated policy for current and deferred income tax.

2.1 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. Refer note 38 for application UAE Tax law related to current and deferred tax.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

2 Summary of significant accounting policies *(continued)*

2.1 Current and deferred income tax *(continued)*

Deferred Tax *(continued)*

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

2.2 Basis of preparation

These condensed consolidated interim financial information for the nine-month period ended 30 September 2023 have been prepared in accordance with International Accounting Standard 34 '*Interim Financial Reporting*'.

The Group's condensed consolidated interim financial information are presented in UAE Dirhams (AED), which is also the Group's functional currency. Subsidiaries and joint ventures determine their own functional currency and items included in the financial information of these companies are measured using that functional currency. All financial information presented in AED has been rounded to the nearest thousand.

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022, as described in those financial statements, except for certain new and revised standards that became effective in the current period (if applicable). This condensed consolidated interim financial information does not include all the notes of the type normally included in the annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

The preparation of condensed consolidated interim financial information in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's condensed consolidated interim financial information are consistent with the annual consolidated financial statements for the year ended 31 December 2022.

Results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

2.3 Basis of measurement

This condensed consolidated interim financial information has been prepared on a historical cost basis except for certain financial assets and financial liabilities measured at fair value.

2.4 Use of estimates and judgments

In preparing the condensed consolidated interim financial information, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets and liabilities, income and expenses.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

2 Summary of significant accounting policies (*continued*)

2.4 Use of estimates and judgments (*continued*)

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. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2022.

2.5 New standards, amendments and interpretations

New standards, amendments and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing the condensed consolidated interim financial information.

The following amended standards and interpretations are not expected to have a significant impact on the Group's condensed consolidated interim financial information:

	Effective date
Non-current liabilities with covenants – Amendments to IAS 1 and classifications of liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Lease liabilities in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Sale of contribution of assets between an Investor and its Associate or Joint Venture –Amendments to IFRS 10 and IAS 28	Available for optional adoption/effective date deferred indefinitely

New standards, amendments and interpretations effective during the period

The following new or amended standards that are required to be adopted in annual periods beginning on 1 January 2023 and do not have a significant impact on the Group's condensed consolidated interim financial information:

	Effective date
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	23 May 2023

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022. There have been no changes in the risk management department or in any risk management policies since the year end.

3.2 Fair value estimation

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at amortised cost.

The carrying value of financial assets and financial liabilities approximates their fair value except derivatives which are the only financial instruments which are carried at fair value and fall into Level 2 of the fair value hierarchy.

To provide an indication about the reliability of the inputs used in determining fair value disclosed in this condensed consolidated interim financial information, the Group has classified its financial instruments into three levels described below:

- a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- b. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- c. Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 Seasonality of operations

Due to the seasonal nature of the operations of the Group, higher revenues and operating profits are usually expected in the second half of the year than the first six months. In the year ended 31 December 2022, 44% of revenue accumulated in the first half of the year, with 56% accumulating in the second half.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
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5 Segment reporting

Information about reportable segments and reconciliation of information on reportable segments to the amount reported in the annual consolidated financial statements

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in similar industries.

	DEWA	EMPOWER	IPP	Others	Eliminations	Total
30 September 2023 (Unaudited)						
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment assets						
Non-current assets	134,329,583	8,748,785	32,889,402	2,440,467	(17,140,615)	161,267,622
Current assets	15,292,482	1,347,457	3,242,564	4,719,408	(2,369,560)	22,232,351
Total assets	149,622,065	10,096,242	36,131,966	7,159,875	(19,510,175)	183,499,973
Segment liabilities						
Non-current liabilities	41,986,966	4,864,130	29,591,571	98,273	(12,838,892)	63,702,048
Current liabilities	22,060,401	2,192,320	2,097,317	3,848,957	(2,391,308)	27,807,687
Regulatory deferral account credit balance	75,116	-	-	-	-	75,116
Total liabilities and regulatory deferral account credit balance	64,122,483	7,056,450	31,688,888	3,947,230	(15,230,200)	91,584,851
Net segment assets	85,499,582	3,039,792	4,443,078	3,212,645	(4,279,975)	91,915,122
	DEWA	EMPOWER	IPP	Others	Eliminations	Total
31 December 2022 (Audited)						
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment assets						
Non-current assets	132,111,470	7,776,101	31,016,060	2,194,551	(14,583,583)	158,514,599
Current assets	14,787,377	1,878,874	2,825,200	4,133,381	(1,429,135)	22,195,697
Total assets	146,898,847	9,654,975	33,841,260	6,327,932	(16,012,718)	180,710,296
Segment liabilities						
Non-current liabilities	47,483,807	4,859,945	27,933,985	135,690	(9,254,325)	71,159,102
Current liabilities	12,020,925	1,760,288	2,597,068	3,237,266	(2,540,166)	17,075,381
Regulatory deferral account credit balance	95,343	-	-	-	-	95,343
Total liabilities and regulatory deferral account credit balance	59,600,075	6,620,233	30,531,053	3,372,956	(11,794,491)	88,329,826
Net segment assets	87,298,772	3,034,742	3,310,207	2,954,976	(4,218,227)	92,380,470

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
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5 Segment reporting *(continued)*

Other segment information

	DEWA	EMPOWER	IPP	Others	Eliminations	Total
For the nine-month period ended 30 September 2023 (Unaudited)						
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	20,421,715	2,293,172	1,312,185	1,076,406	(2,942,683)	22,160,795
Cost of sales	(12,506,642)	(1,321,007)	(971,783)	(591,933)	2,076,281	(13,315,084)
Gross profit	7,915,073	972,165	340,402	484,473	(866,402)	8,845,711
Administrative expenses	(1,995,209)	(168,064)	(49,514)	(360,974)	521,291	(2,052,470)
Credit impairment losses	(91,272)	-	-	(1,169)	-	(92,441)
Other income	600,145	4,525	12,209	20,110	(484,404)	152,585
Operating profit	6,428,737	808,626	303,097	142,440	(829,515)	6,853,385
Finance income	280,836	39,208	297,139	125,420	(82,421)	660,182
Finance costs	(658,988)	(162,940)	(945,820)	(22,799)	386,794	(1,403,753)
Finance (costs)/income – net	(378,152)	(123,732)	(648,681)	102,621	304,373	(743,571)
Net movement in regulatory deferral account credit balance	20,227	-	-	-	-	20,227
Profit/(loss) for the period	6,070,812	684,894	(345,584)	245,061	(525,142)	6,130,041
Other comprehensive income	-	12,656	861,719	-	-	874,375
Total comprehensive income for the period	6,070,812	697,550	516,135	245,061	(525,142)	7,004,416
For the nine-month period ended 30 September 2022 (Unaudited)						
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	19,010,585	2,073,074	869,824	853,988	(2,178,301)	20,629,170
Cost of sales	(11,757,842)	(1,163,761)	(550,262)	(541,421)	1,428,546	(12,584,740)
Gross profit	7,252,743	909,313	319,562	312,567	(749,755)	8,044,430
Administrative expenses	(1,889,393)	(153,611)	(19,124)	(322,361)	453,193	(1,931,296)
Credit impairment losses	(30,464)	(7,395)	-	952	-	(36,907)
Other income	2,728,132	4,812	54,199	26,603	(2,473,175)	340,571
Operating profit	8,061,018	753,119	354,637	17,761	(2,769,737)	6,416,798
Finance income	130,613	24,172	209,963	88,237	(85,835)	367,150
Finance costs	(410,088)	(45,249)	(516,459)	(22,033)	287,134	(706,695)
Finance (costs)/income – net	(279,475)	(21,077)	(306,496)	66,204	201,299	(339,545)
Net movement in regulatory deferral account credit balance	396,457	-	-	-	-	396,457
Profit for the period	8,178,000	732,042	48,141	83,965	(2,568,438)	6,473,710
Other comprehensive income/(loss)	-	(3,552)	3,691,126	-	-	3,687,574
Total comprehensive income for the period	8,178,000	728,490	3,739,267	83,965	(2,568,438)	10,161,284

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
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5 Segment reporting *(continued)*

Other segment information

	DEWA	EMPOWER	IPP	Others	Eliminations	Total
For the nine-month period ended 30 September 2023 (Unaudited)	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Capital expenditure (property, plant and equipment)	3,365,293	201,916	1,633,013	12,973	-	5,213,195
Depreciation (property, plant and equipment)	3,429,465	257,309	317,276	298,728	(12,402)	4,290,376
For the year ended 31 December 2022 (Audited)	DEWA	EMPOWER	IPP	Others	Eliminations	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Capital expenditure (property, plant and equipment)	4,849,905	332,887	4,767,497	169,314	-	10,119,603
Depreciation (property, plant and equipment)	4,734,106	311,807	237,337	98,332	(6,843)	5,374,739

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (*unaudited*)

6 Property, plant and equipment

	Land and buildings AED'000	Right-of-use assets AED'000	Generation and desalination plants AED'000	Transmission and distribution networks AED'000	Other equipment and assets AED'000	Capital work in progress AED'000	Total AED'000
Year ended 31 December 2022							
Opening net book amount (Audited)	39,088,117	23,856	33,437,273	48,574,168	80,203	27,544,444	149,472,061
Additions	7,842	17,037	107,939	413,280	111,862	9,461,643	10,119,603
Transfer to right of use assets	-	18,316	(7,780)	-	(10,536)	-	-
Reversal of impairment	-	-	-	-	-	12,727	12,727
Reclassification to investment property (refer note 11)	(2,536)	-	-	-	-	(70,323)	(72,859)
Transfers	604,118	-	2,147,084	4,288,607	119,198	(7,159,007)	-
Transfers to intangible assets (refer note 7)	-	-	-	-	(320)	(19,335)	(19,655)
Modification of right-of-use assets	-	(11,558)	-	-	-	-	(11,558)
Disposals, net	-	-	(3,853)	(92,247)	(69)	-	(96,169)
Depreciation	(365,773)	(12,827)	(2,048,742)	(2,620,607)	(326,790)	-	(5,374,739)
Closing net book amount (Audited)	39,331,768	34,824	33,631,921	50,563,201	697,548	29,770,149	154,029,411
 At 31 December 2022							
Cost	43,600,056	64,678	55,574,765	78,069,768	3,478,813	29,770,149	210,558,229
Accumulated depreciation	(4,268,288)	(29,854)	(21,942,844)	(27,506,567)	(2,781,265)	-	(56,528,818)
Net book amount (Audited)	39,331,768	34,824	33,631,921	50,563,201	697,548	29,770,149	154,029,411
 Period ended 30 September 2023							
Opening net book amount (Audited)	39,331,768	34,824	33,631,921	50,563,201	697,548	29,770,149	154,029,411
Additions	410	2,288	109,107	89,136	111,568	4,900,686	5,213,195
Transfers	223,308	-	10,214,207	1,680,039	179,643	(12,297,197)	-
Transfers to intangible assets (refer note 7)	-	-	-	-	-	(28,661)	(28,661)
Disposals, net	-	-	(1,803)	(2,095)	(18)	-	(3,916)
Depreciation	(267,615)	(10,663)	(1,782,206)	(2,002,173)	(227,719)	-	(4,290,376)
Closing net book amount (Unaudited)	39,287,871	26,449	42,171,226	50,328,108	761,022	22,344,977	154,919,653
 At 30 September 2023							
Cost	43,823,774	66,966	65,709,549	79,836,782	3,750,920	22,344,977	215,532,968
Accumulated depreciation	(4,535,903)	(40,517)	(23,538,323)	(29,508,674)	(2,989,898)	-	(60,613,315)
Net book amount (Unaudited)	39,287,871	26,449	42,171,226	50,328,108	761,022	22,344,977	154,919,653

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)* *for the nine-month period ended 30 September 2023 (unaudited)*

6 Property, plant and equipment *(continued)*

- (a) The Group has engaged in a joint operation pertaining to Emirates National Grid Corporation (“ENGc”). The Group’s share in the carrying amount of ENGc’s assets as at 30 September 2023 is AED 103 million *(31 December 2022: AED 109 million)* and is included under transmission and distribution networks.
- (b) During 2008, by way of a Decree issued by H.H. The Ruler of Dubai, all existing plots of land held by the Authority were transferred to the Authority. As a result, the Authority has capitalised the plots of land on the basis of valuations (i.e. valuation based on use limitations) obtained from the Land Department of the Government of Dubai, which is considered the deemed cost and has been treated as a capital contribution by the Government of Dubai.

On initial recognition:

- The valuation of land is done based on the valuation certificate issued by Dubai Land Department and such valuation is considered for the lands issued in the same area/zone in future.
- The valuation of land so adopted (original value) will not be changed even if the area/zone is changed by the Dubai Land Department subsequently.

As per communication from Department of Finance, Government of Dubai, effective 10 March 2022, the new land policy in respect of allotment and granting of lands in the Emirate of Dubai by the Dubai Land Department to the Authority will be in consideration for a rental value of AED 1 per plot per annum for 30 years. This policy shall apply to all future lands that will be allotted to the Authority, but not on the existing lands that are currently being governed under the existing regime. The Department of Finance, Government of Dubai and the Authority shall coordinate to take all actions and procedures to procure the issuance of a decree that shall formalize the proposed policy for all future lands.

- (c) Capital work in progress mainly comprises construction of additional electricity generation, water desalination facilities, transmission and distribution networks and district cooling facilities.
- (d) The interest rate used for capitalizing the borrowing cost is LIBOR plus applicable margin. The interest on borrowings capitalised using this interest rate is AED 433 million for the nine-month period ended 30 September 2023 *(31 December 2022: AED 1,164 million)* (refer note 30).
- (e) Right-of-use assets mainly represents vehicles and other equipment as of the reporting date.
- (f) During the current period, the Group did not receive any land from the Land Department of the Government of Dubai *(31 December 2022: AED 65 million (net))*.
- (g) The carrying value of property, plant and equipment, pledged as collateral on borrowings, amounts to AED 31,032 million *(31 December 2022: AED 27,886 million)* (refer note 19).

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

6 Property, plant and equipment (*continued*)

(h) Depreciation is allocated as detailed below:

	For the nine-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Cost of sales		
- Generation, desalination and other direct expenditure (refer note 27.1)	1,874,112	1,654,360
- Transmission and distribution expenditure (refer note 27.2)	2,209,963	2,114,637
Administrative expenses (refer note 28)	<u>206,301</u>	<u>224,099</u>
	<u>4,290,376</u>	<u>3,993,096</u>

7 Intangible assets

	Computer software AED'000	Others AED'000	Total AED'000
Year ended 31 December 2022			
Opening net book amount (Audited)	165,281	364,296	529,577
Additions	8,627	-	8,627
Transfer from property, plant and equipment (refer note 6)	19,655	-	19,655
Amortisation	<u>(74,579)</u>	<u>(12,157)</u>	<u>(86,736)</u>
Closing net book amount (Audited)	<u>118,984</u>	<u>352,139</u>	<u>471,123</u>
At 31 December 2022			
Cost	551,373	364,696	916,069
Accumulated amortisation	<u>(432,389)</u>	<u>(12,557)</u>	<u>(444,946)</u>
Net book amount (Audited)	<u>118,984</u>	<u>352,139</u>	<u>471,123</u>
Period ended 30 September 2023			
Opening net book amount (Audited)	118,984	352,139	471,123
Additions	14,970	-	14,970
Transfer from property, plant and equipment (refer note 6)	28,661	-	28,661
Amortisation (refer notes 27.1 and 28)	<u>(49,262)</u>	<u>(9,117)</u>	<u>(58,379)</u>
Closing net book amount (Unaudited)	<u>113,353</u>	<u>343,022</u>	<u>456,375</u>
At 30 September 2023			
Cost	595,004	364,696	959,700
Accumulated amortisation	<u>(481,651)</u>	<u>(21,674)</u>	<u>(503,325)</u>
Net book amount (Unaudited)	<u>113,353</u>	<u>343,022</u>	<u>456,375</u>

During the current period, amortisation expense of AED 58 million (*for the nine-month period ended 30 September 2022: AED 61 million*) is included in cost of sales and administrative expenses (refer notes 27.1 and 28).

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Notes to the condensed consolidated interim financial information (*continued*)
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8 Investments accounted for using the equity method

The following table outlines the Group's investments in joint ventures. All joint ventures are accounted for under the equity method of accounting and are immaterial to the Group individually.

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Investment in joint ventures	<u>640</u>	<u>640</u>

The Group has either directly or indirectly the following joint ventures. The entities listed below have share capital solely consisting of ordinary shares, which are held directly by the Group.

Name of the entity	Country of incorporation	Effective % of holding		Carrying value	
		30 September 2023 2022		31 December 2023 2022	
		AED'000 (Unaudited)	AED'000 (Audited)	AED'000 (Unaudited)	AED'000 (Audited)
Utility Management LLC	UAE	50	50	490	490
Etihad Smart Energy Solutions LLC	UAE	50	50	<u>150</u>	<u>150</u>
				<u>640</u>	<u>640</u>

9 Derivative financial instruments

The Group is exposed to interest rate movements on various borrowings maturing between 2017 and 2042. Some of the Group's subsidiaries have entered into a series of interest rate swaps for the duration of the borrowings to mitigate the risk of variation in future interest rates. These interest rate swaps were designated as cash flow hedges and were assessed to be highly effective for majority contracts. Net unrealised gain of AED 1,271 million (*for the nine-month period ended 30 September 2022: AED 3,534 million*) relating to these hedging instruments is included in other comprehensive income.

The tables below show a summary of the hedged items, the hedging instruments and their fair values. The notional amounts indicate the amount outstanding at the period end.

Description of the hedged item	Hedging instrument	Notional amount AED'000	Positive fair value AED'000	Negative fair value AED'000
30 September 2023 (Unaudited): Interest payments on floating rate loans	Interest rate swap	<u>21,243,495</u>	<u>2,649,904</u>	<u>808</u>
31 December 2022 (Audited): Interest payments on floating rate loans	Interest rate swap	<u>31,125,023</u>	<u>1,786,908</u>	<u>4,578</u>

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
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9 Derivative financial instruments *(continued)*

The following table presents the Group's derivative assets and liabilities that are measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
30 September 2023 (Unaudited)				
Assets measured at fair value				
Derivative financial instruments (current portion)	-	641,107	-	641,107
Derivative financial instruments (non-current portion)	-	2,008,797	-	2,008,797
Liabilities measured at fair value				
Derivative financial instruments (current portion)	-	-	-	-
Derivative financial instruments (non-current portion)	-	808	-	808
31 December 2022 (Audited)				
Assets measured at fair value				
Derivative financial instruments (current portion)	-	492,106	-	492,106
Derivative financial instruments (non-current portion)	-	1,294,802	-	1,294,802
Liabilities measured at fair value				
Derivative financial instruments (current portion)	-	-	-	-
Derivative financial instruments (non-current portion)	-	4,578	-	4,578

Interest rate swaps were measured primarily using valuations provided by the financial institutions based on the observable spot exchange rates and the yield curves of the respective swap contracts and were categorised in Level 2 hierarchy.

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10 Financial assets at fair value through other comprehensive income (FVOCI)

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	52,911	58,113
Fair value adjustment during the period/year	1,399	(5,202)
At the end of the period/year	<u>54,310</u>	<u>52,911</u>

Financial assets at fair value through other comprehensive income pertains to an investment in Tier 1 Capital Certificates ("the Bonds") issued at their par value. The Bonds are listed perpetual instruments and carry non-cumulative interest at a rate of 6% per annum payable every six months at the discretion of the issuer. The Group has classified them as financial assets at fair value through other comprehensive income under IFRS 9 as the Bonds are not held for trading.

During the current period, gain recognised in other comprehensive income amounted to AED 1 million (30 September 2022: loss of AED 5 million).

11 Investment property

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Property under development	<u>83,385</u>	<u>72,859</u>

The movement in property under development is as follows:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	72,859	-
Addition during the period/year	10,526	-
Reclassification from property, plant and equipment (refer note 6)	-	72,859
At the end of the period/year	<u>83,385</u>	<u>72,859</u>

The Group's subsidiary started construction of its head quarter project in 2021. The project consists of two towers with common area and retail outlets.

During the previous year, management revisited its plan of occupation and concluded to occupy only one tower for its use along with its related common area. As a result, the carrying amount of one tower and related areas were transferred to investment property from property, plant and equipment (refer note 6).

The fair value of investment property approximates to the carrying value.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

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12 Other assets

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Advance to suppliers	1,343,907	1,222,498
Prepayments	160,231	44,244
	<u>1,504,138</u>	<u>1,266,742</u>
Less: non-current portion	(996,600)	(1,134,897)
Current portion	<u>507,538</u>	<u>131,845</u>

13 Other financial assets

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
UAE National Bonds and Sukuk Bonds	840,935	1,041,138
Other receivables	5,700,650	3,598,489
Less: provision for impairment on other receivables	(47,913)	(47,913)
	<u>6,493,672</u>	<u>4,591,714</u>
Less: non-current portion	(2,747,862)	(1,457,956)
Current portion	<u>3,745,810</u>	<u>3,133,758</u>

Other financial assets include investment in UAE National Bonds and Sukuk Bonds amounting to AED 841 million (31 December 2022: AED 1,041 million), which have a maturity of 12 months from the date of purchase. UAE National Bonds carry an interest rate ranging from 3% to 5.25% per annum (31 December 2022: 3% to 5.25% per annum).

Other receivables mainly include investment in debt instruments, financial assets under IFRIC 12, housing and sewerage fee receivable on behalf of a related party and interest receivable on bank deposits.

During the current period, in EMPOWER there is an addition of financial asset from Dubai Aviation City Corporation DACC (grantor) under IFRIC 12 as a result of acquisition of DXB Cool (refer note 32). The financial asset is initially recognised at fair value and subsequently measured at amortised cost. The fair value of the financial asset is the transaction price which is mutually agreed between the market participants through a competitive bidding process. The fair value of the financial assets at amortised cost in relation to acquisition of DXB Cool as at 30 September 2023 amounts to AED 1,047 million, categorised within level 3 of the fair value hierarchy. The fair value is determined using the discounted cash flow techniques, the inputs into the valuation techniques includes contractual cash flows and interest rates.

As at 30 September 2023, other receivables amounting to AED 5,652 million (31 December 2022: AED 3,550 million) are not impaired except for an amount of AED 48 million (31 December 2022: AED 48 million). The carrying amount of the Group's other receivables approximates its fair value.

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Notes to the condensed consolidated interim financial information (*continued*)
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14 Inventories

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Consumables and repair spares	644,859	657,301
Less: provision for slow moving and obsolete inventory	<u>(228,035)</u>	<u>(220,021)</u>
	416,824	437,280
Fuel	<u>997,697</u>	<u>1,007,936</u>
	<u>1,414,521</u>	<u>1,445,216</u>

14.1 Movement in provision for slow moving and obsolete inventory

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	220,021	205,653
Charge for the period/year	<u>8,014</u>	<u>14,368</u>
At the end of the period/year	<u>228,035</u>	<u>220,021</u>

15 Trade receivables

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Trade receivables	4,037,946	3,699,427
Accrued revenue	1,646,060	1,040,500
Less: provision for impairment of receivables	<u>(659,514)</u>	<u>(567,073)</u>
Trade receivables and accrued revenue – net	<u>5,024,492</u>	<u>4,172,854</u>

Movements in the provision for impairment of trade receivables are as follows:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	567,073	422,544
Charge for the period/year (refer note 29)	<u>92,441</u>	<u>144,529</u>
At the end of the period/year	<u>659,514</u>	<u>567,073</u>

The carrying amount of the Group's trade receivables is primarily denominated in AED and approximates its fair value. Charge of credit impairment on trade receivables is mainly due to changes in gross receivables balance. There have been no changes to ECL model assumptions.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

16 Short-term deposits

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Term deposits with banks	<u>5,627,925</u>	<u>7,532,503</u>

Term deposits carry an interest ranging from 1.5% to 5.72% per annum (31 December 2022: AED 1.5% to 4.7% per annum).

Term deposits up to AED 2.4 billion (31 December 2022: AED 1.9 billion) have been kept as lien against borrowings by one of the subsidiaries.

17 Cash and cash equivalents

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Current and call accounts and short-term deposits	<u>5,269,847</u>	<u>5,286,848</u>
Cash on hand	<u>1,111</u>	<u>567</u>
	<u>5,270,958</u>	<u>5,287,415</u>

Cash and cash equivalents include AED 1,624 million (31 December 2022: AED 1,660 million) in foreign currencies. The majority of these balances are denominated in US Dollar. These balances are held for settlement of existing and anticipated liabilities denominated in foreign currencies.

Cash and cash equivalents also include AED 2,263 million (31 December 2022: AED 801 million) of cash collected by local banks and government collection agencies for and on behalf of the Group.

17.1 Cash and cash equivalents for the purpose of cash flows

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

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Cash and cash equivalents	<u>5,270,958</u>	<u>5,287,415</u>
Bank overdrafts (refer note 19)	<u>(604,843)</u>	<u>(565,119)</u>
Cash and cash equivalents for the purpose of cash flows	<u>4,666,115</u>	<u>4,722,296</u>

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

18 Equity

(a) Share capital

In the previous year, an amount of AED 500 million had been transferred to share capital account from Government of Dubai account. The Board of Directors of the Authority had authorised the breakup of the share capital into 50 billion shares of AED 0.01 each. All shares of the Authority shall be ranked equally with one another in all aspects. Hence, the share capital of Authority consists of authorised and paid-up capital of AED 500 million as of 30 September 2023.

(b) Capital contribution

This account represents amounts contributed by the Government of Dubai (both in kind and cash) as an Owner of the Group since the incorporation of the Group.

(c) Statutory reserve

As required by applicable law and Articles of Association of the Authority and certain subsidiaries, 5% of the net profit for each period has been transferred to a statutory reserve. Such transfers to reserves may cease when the statutory reserve equals to half of the share capitals. The reserve is not available for distribution except as stipulated by the law. The statutory reserve of the Authority has already reached the 50% threshold and hence no further transfers were made to statutory reserves. On 10 October 2022, the suspension of transfer to statutory reserve was approved by the General Assembly.

(d) Hedging reserve

The hedging reserve primarily represents the fair value of derivatives which are part of effective cash flow hedging relationships at period/year end. As the derivatives are held for hedging purposes as defined by IFRS 9, their fair value movements are retained in other comprehensive income instead of being charged to profit or loss during the period. The fair value movements will be adjusted in other comprehensive income in the same period as the corresponding hedged transaction.

(e) General reserve

In the prior years, the general reserve represented surplus distributable profits earned by the Group. In the year 2022, the balance in general reserve had been transferred to retained earnings.

19 Borrowings

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Non-current		
Others (i)	29,587,665	29,042,475
Term loan (ii)	-	8,275,500
	29,587,665	37,317,975
Current		
Bank overdrafts (refer note 17)	604,843	565,119
Others (i)	3,463,429	2,806,735
Term loan (ii)	5,890,026	-
	9,958,298	3,371,854
	39,545,963	40,689,829

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

19 Borrowings (*continued*)

Borrowings are denominated in the following currencies:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
US Dollars	26,179,884	25,432,234
UAE Dirham	13,366,079	15,257,595
	<u>39,545,963</u>	<u>40,689,829</u>

The borrowing balance is net of deferred borrowing cost amounting to AED 678 million (*31 December 2022: AED 722 million*).

The Group has secured borrowings amounting to AED 28,559 million (*31 December 2022: AED 27,360 million*) and unsecured borrowings amounting to AED 10,987 million (*31 December 2022: AED 13,330 million*).

Borrowings are secured by pledge of assets (refer note 6), corporate guarantees, government guarantees and letter of undertakings.

(i) Others

Other loan represents loans taken by subsidiary companies from various commercial banks and shareholders.

The fair values of other loans are not materially different to their carrying amounts since the interest payable on these borrowings is close to current market rates.

(ii) Term loan

During the previous year, the Authority had obtained a long-term Shariah compliant loan of AED 10,000 million from a commercial bank. The loan carried profit rate at 1-month EIBOR + margin. The term of the loan is five years and repayable in full upon its maturity.

During the current period, the Company renegotiated the loan terms with the bank and has amended the original loan agreement, whereby, the repayment term and commercial rate on loan have been revised. The revision in repayment terms has resulted in the loan being reclassified from non-current liabilities to current liabilities and in return the Company has negotiated better profit rate. Further, during the current period, the Company has prepaid AED 2,400 million (*31 December 2022: AED 1,700 million*) of the loan.

As of 30 September 2023, the Group was compliant with financial covenant.

The Group takes proactive measures to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations. The Group has positive operating cash flows amounting to AED 9,848 million for the period ended 30 September 2023, cash and cash equivalents of AED 5,271 million and undrawn facilities of AED 2,500 million as at 30 September 2023 to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group monitors the sufficiency of funds using cash flow budgeting in which it considers the cash outflows (including impact of capital commitments), the funds that would be generated from the operations and other available sources of funding.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

20 Retirement benefit obligations

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Provision for employees' end of service benefits (refer note 20.1)	969,079	948,333
Provision for pensions (refer note 20.2)	69,033	74,088
	<hr/>	<hr/>
Less: non-current portion	1,038,112	1,022,421
Current portion (refer note 23)	<hr/>	<hr/>
	(1,027,600)	(1,010,493)
	<hr/>	<hr/>
	10,512	11,928

20.1 Provision for employees' end of service benefits

Movements in the provision for the employees' end of service benefits are analysed below:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	948,333	937,561
Charge for the period/year (refer note 31)	67,858	132,870
Re-measurements	(11,257)	(70,468)
Payments made during the period/year	<hr/>	<hr/>
At the end of the period/year	969,079	948,333

20.2 Provision for pensions

20.2.1 Provision for pensions (for eligible UAE National employees who retired before 1 January 2003)

The movements in the provision for pensions are analysed below:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	62,160	71,343
Reversal during the period/year	-	(4,270)
Payments made during the period/year	<hr/>	<hr/>
At the end of the period/year	58,521	62,160

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

20 Retirement benefit obligations *(continued)*

20.2.2 Provision for pensions (for eligible UAE National employees from 1 January 2003)

Effective 1 January 2003, the Group joined a defined contribution plan operated by the Federal Pension General and Social Security Authority for its active eligible UAE National employees in accordance with the provision of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The movements in the provision for pensions are analysed below:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	11,928	11,674
Charge for the period/year (refer note 31)	93,853	118,122
Payments made during the period/year	<u>(95,269)</u>	<u>(117,868)</u>
At the end of the period/year	<u><u>10,512</u></u>	<u><u>11,928</u></u>

Total provision for pension has been presented as follow:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	74,088	83,017
Charge for the period/year (refer note 31)	93,853	118,122
Reversal during the period/year	-	(4,270)
Payments made during the period/year	<u>(98,908)</u>	<u>(122,781)</u>
At the end of the period/year	<u><u>69,033</u></u>	<u><u>74,088</u></u>

21 Lease liabilities

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	36,412	14,952
Addition during the period/year	2,288	46,930
Modification	-	(13,019)
Payments made during the period/year	<u>(10,700)</u>	<u>(12,451)</u>
At the end of the period/year	<u><u>28,000</u></u>	<u><u>36,412</u></u>
Less: non-current portion	<u>(16,352)</u>	<u>(23,528)</u>
Current portion	<u><u>11,648</u></u>	<u><u>12,884</u></u>

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (*unaudited*)

22 Other long-term liabilities

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Deferred revenue	25,596,101	24,940,693
Advance for new connections	6,371,187	6,873,698
Retentions payable	840,490	806,220
Asset retirement obligations	261,845	181,917
	<u>33,069,623</u>	<u>32,802,528</u>

23 Trade and other payables

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Consumers' security deposits	4,600,450	4,231,833
Trade payables	2,126,269	1,214,643
Capital projects payables	2,306,525	2,009,818
Deferred revenue	1,451,299	1,374,793
Retentions payable	1,109,159	1,349,502
Advances for new connections	335,326	361,774
Accrual for staff benefits	234,556	278,592
Retirement benefit obligations (refer note 20)	10,512	11,928
Dividend payables	3,287,000	-
Other payables	<u>2,376,645</u>	<u>2,857,760</u>
	<u>17,837,741</u>	<u>13,690,643</u>

24 Regulatory deferral account

The prices that can be charged to customers for electricity and water by the Group are subject to oversight and/or approval by the Dubai Supreme Council of Energy. Hence, the Group is subject to rate regulation. The Dubai Supreme Council of Energy through its notification issued in 2010 had allowed the Group to recover the additional costs it incurs due to the escalation in fuel prices considering 2010 as the base year from its customers.

The Dubai Supreme Council of Energy is also controlled by the Government of Dubai, and it is a related party of the Group.

On the transition date, the Group had elected to apply the requirements of IFRS 14 Regulatory Deferral Accounts and will continue to apply its current accounting policy for recognition, measurement and derecognition of this regulatory deferral account balance.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

24 Regulatory deferral account *(continued)*

The movement in regulatory deferral account credit balance has been detailed below:

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
At the beginning of the period/year	95,343	379,024
Short collection during the period/year	<u>(20,227)</u>	<u>(283,681)</u>
At the end of the period/year	<u><u>75,116</u></u>	<u><u>95,343</u></u>

25 Related party transactions and balances

The Group transacts with the Government of Dubai, subsidiaries, joint ventures and entities controlled, jointly controlled or significantly influenced by the Government of Dubai within the scope of its ordinary business activities. Since the Group is majority owned by the Government of Dubai post its listing of shares on Dubai Financial Market (DFM), these entities are jointly referred to as 'government related entities'.

The Group applies the exemption relating to government related entities under IAS 24 'Related Parties' and only discloses transactions and balances with government related entities which are individually or collectively significant. To determine significance, the Group considers various qualitative and quantitative factors including whether transactions with related parties are based on approved terms and conditions by management.

Key management personnel and entities controlled by them are also related to the Group. Key management personnel of the Group comprise the directors and executive vice presidents (EVPs) of the Authority and employees of the Authority who are acting as directors of the subsidiaries.

Related party transactions

The material transactions and balances with related parties are disclosed below, except as disclosed in notes 6, 13, 15, 19, 21, 24, 26, 27, 28, 30, 31 and 34 in this condensed consolidated interim financial information.

Sale of electricity and water and other revenues

As is common with many other entities, the Group deals with various government entities in Dubai. Quantities of electricity and water sold to UAE nationals are at subsidised rates. The Group calculates the value of these quantities supplied at approved rates and these amounts are settled by the Department of Finance (DoF), Government of Dubai.

During the current period, the Group has collected AED 57 million *(for the nine-month period ended 30 September 2022: AED 50 million)* in respect of handling charges (refer note 26).

Purchase of goods and services

The Group purchases fuel from entities owned by the Government of Dubai. During the current period, the Group purchased fuel amounting to AED 5,733 million *(for the nine-month period ended 30 September 2022: AED 5,671 million)* from various entities.

During the current period, the Group purchased water amounting to AED 7 million *(for the nine-month period ended 30 September 2022: AED 5 million)* from a related party of the Group.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

25 Related party transactions and balances (*continued*)

Transactions with banks owned by Government of Dubai

The Group transacts with various banks and financial institutions which are wholly or partially controlled by the Government of Dubai. All of the Group's transactions with such banks are on approved commercial terms. A portion of the cash and cash equivalents as disclosed in note 17 was included in deposit held with such banks.

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
	86,525	67,513	15,387	12,801
Compensation to key management personnel	1,785	1,890	614	630
Salaries and short-term benefits	<u>88,310</u>	<u>69,403</u>	<u>16,001</u>	<u>13,431</u>
Key management remuneration	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
	29,625	29,625	9,875	9,875
<i>Board members' interests</i>				

Other than remuneration paid to key management personnel, the Board members of the Authority had no beneficial interest in DEWA or its subsidiaries during period ended 30 September 2023 and 2022.

26 Revenue

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
	14,300,940	13,216,926	6,401,029	5,745,905
Sale of electricity	4,068,582	3,917,449	1,458,898	1,402,325
Sale of water	2,252,499	2,064,801	1,043,434	911,703
District cooling charges	1,538,774	1,429,994	518,925	492,292
Others	<u>22,160,795</u>	<u>20,629,170</u>	<u>9,422,286</u>	<u>8,552,225</u>

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*) for the nine-month period ended 30 September 2023 (unaudited)

26 Revenue (*continued*)

The Group's operations and main revenue streams are those described in the annual consolidated financial statements for the year ended 31 December 2022. The Group's revenue is derived from contracts with customers, except for handling fees and amortisation of deferred revenue presented under 'Others'.

Others include:

- Handling fees amounting to AED 57 million (*for the nine-month period ended 30 September 2022: AED 50 million*) represents amounts paid by a related party to the Group for providing collection services (refer note 25).
- Amortisation of deferred revenue amounted to AED 810 million (*for the nine-month period ended 30 September 2022: AED 772 million*).

26.1 Disaggregation of revenue

For the nine-month period ended 30 September

Timing of revenue recognition	Electricity		Water		District cooling charges		Others		Total	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)								
Products and services transferred										
-at a point in time	14,300,940	13,216,926	4,068,582	3,917,449	2,252,499	2,064,801	728,484	658,404	21,350,505	19,857,580
-over time	-	-	-	-	-	-	810,290	771,590	810,290	771,590
	14,300,940	13,216,926	4,068,582	3,917,449	2,252,499	2,064,801	1,538,774	1,429,994	22,160,795	20,629,170

For the three-month period ended 30 September

Timing of revenue recognition	Electricity		Water		District cooling charges		Others		Total	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)								
Products and services transferred										
-at a point in time	6,401,029	5,745,905	1,458,898	1,402,325	1,043,434	911,703	241,160	218,635	9,144,521	8,278,568
-over time	-	-	-	-	-	-	277,765	273,657	277,765	273,657
	6,401,029	5,745,905	1,458,898	1,402,325	1,043,434	911,703	518,925	492,292	9,422,286	8,552,225

27 Cost of sales

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Generation, desalination and other direct expenditure (refer note 27.1)	9,071,933	8,522,832	3,337,385	3,300,207
Transmission and distribution expenditure (refer note 27.2)	3,603,157	3,425,941	1,215,634	1,164,861
Purchase of gas, power and water	639,994	635,967	379,838	302,416
	13,315,084	12,584,740	4,932,857	4,767,484

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

27 Cost of sales *(continued)*

27.1 Generation, desalination and other direct expenditure

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Fuel costs	5,195,855	5,152,943	2,104,724	2,077,889
Depreciation (refer note 6)	1,874,112	1,654,360	643,770	551,384
Employee benefit expenses (refer note 31)	428,278	411,218	102,818	139,366
Repairs and maintenance	357,254	362,369	109,764	131,008
Amortisation (refer note 7)	9,117	9,117	3,039	3,039
Others	1,207,317	932,825	373,270	397,521
	9,071,933	8,522,832	3,337,385	3,300,207

27.2 Transmission and distribution expenditure

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Depreciation (refer note 6)	2,209,963	2,114,637	752,823	727,228
Employee benefit expenses (refer note 31)	1,181,753	1,099,266	392,307	386,392
Repairs and maintenance	162,835	156,683	55,002	29,110
Others	48,606	55,355	15,502	22,131
	3,603,157	3,425,941	1,215,634	1,164,861

28 Administrative expenses

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Employee benefit expenses (refer note 31)	1,269,401	1,177,184	445,505	401,284
Repairs and maintenance	227,093	180,728	101,177	22,827
Depreciation (refer note 6)	206,301	224,099	67,778	80,963
Amortisation (refer note 7)	49,262	51,907	17,310	17,913
Insurance	77,382	64,167	26,685	20,074
Others	223,031	233,211	114,688	18,693
	2,052,470	1,931,296	773,143	561,754

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

29 Credit impairment losses

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Impairment of trade receivables (refer note 15)	92,441	36,907	52,808	19,907

30 Finance (costs)/income – net

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
<i>Finance income</i>				
Interest income on short term bank deposits	329,980	131,770	93,570	49,113
Cash flow hedges – reclassified to profit or loss	291,969	11,490	116,038	11,490
Interest income on financial assets	3,149	13,927	1,120	4,676
Cash flow hedges – ineffective portion of changes in fair value of derivative financial instruments	5,169	209,963	-	9,135
Amortization of financial liabilities	29,915	-	8,923	-
	660,182	367,150	219,651	74,414
<i>Finance costs</i>				
Interest on bank and other borrowings	(1,817,209)	(1,081,228)	(625,980)	(401,606)
Cash flow hedges – reclassified to profit or loss	-	(168,412)	-	-
Amortization of arrangement fees	(19,327)	-	(5,064)	-
Cash flow hedges – ineffective portion of changes in fair value of derivative financial instruments	(121)	(194,140)	-	-
Interest on lease liabilities	(92)	(1,422)	(22)	(1,131)
Amounts capitalised (refer note 6)	(1,836,749)	(1,445,202)	(631,066)	(402,737)
	432,996	738,507	138,479	188,073
	(1,403,753)	(706,695)	(492,587)	(214,664)
Finance costs – net	(743,571)	(339,545)	(272,936)	(140,250)

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

31 Employee benefit expenses

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
	Salaries	1,962,827	1,867,473	649,077
Bonus	285,194	167,764	68,668	55,746
Retirement benefit obligations (refer note 20)	161,711	167,487	55,615	65,501
Other benefits	469,700	484,944	167,270	162,679
	<u>2,879,432</u>	<u>2,687,668</u>	<u>940,630</u>	<u>927,042</u>

32 Acquisition of DXB CoolCo FZCO (DXB Cool)

On 18 May 2023, EMPOWER entered into a sale and purchase agreement with Dubai Aviation City Corporation (DACC) to acquire 85% share capital of DXB Cool for a consideration of AED 892.5 million.

DXB Cool is a company incorporated in Dubai Airport Freezone Authority (“DAFZA”), Dubai, UAE. (License No. 5007) and has a concession agreement with DACC which grants it the sole and exclusive rights to operate, maintain and perform the district cooling services within Dubai International Airport for a term of 35 years from the commencement date (i.e. 5 July 2023).

Management performed a detailed analysis of the acquisition and determined that:

- At the acquisition date, DXB Cool does not meet the definition of business as defined in IFRS 3 and as such the transaction should be accounted for as an asset acquisition.
- The acquired asset which is a financial asset should be measured at fair value on initial recognition and subsequently at amortised cost (refer note 13).

At the reporting date, EMPOWER has recognised a financial asset (refer note 13) and a non-controlling interest amounting to AED 157.5 million.

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

33 Cash generated from operating activities

Notes	For the nine-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Operating activities		
Profit for the period	6,130,041	6,473,710
<i>Adjustments for:</i>		
Depreciation	6 4,290,376	3,993,096
Amortisation	7 58,379	61,024
Provision for slow moving and obsolete inventory	14 8,014	13,800
Fair value adjustments – asset retirement obligations		32,635
Charge for impairment of trade receivables	29 92,441	36,907
Deferred income		(810,290)
Retirement benefit obligations – gratuity	20.1 67,858	80,111
Retirement benefit obligations – pensions	20.2 93,853	87,376
Ineffective portion of gain on derivative financial instruments (net)	30 (5,048)	(15,823)
Gain on sale of property, plant and equipment		(532)
Finance income	30 (655,013)	(157,187)
Finance costs	30 1,403,632	512,555
<i>Operating cash flows before changes in operating assets and liabilities</i>	10,706,346	10,391,574
<i>Changes in operating assets and liabilities:</i>		
Inventories		22,680
Trade receivables		(905,597)
Other financial assets	13 (1,142,498)	(93,040)
Other assets	12 (237,396)	(138,410)
Trade and other payables		1,559,667
Movement in regulatory deferral account credit balance	24 (20,227)	(396,457)
<i>Net operating cash flows</i>	9,982,975	9,223,686
Payment for retirement benefit obligations – gratuity	20.1 (35,855)	(38,752)
Payment for retirement benefit obligations – pensions	20.2 (98,908)	(90,625)
<i>Net cash generated from operating activities</i>	<u>9,848,212</u>	<u>9,094,309</u>

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the nine-month period ended 30 September 2023 (unaudited)

34 Commitments

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Future commitments including capital expenditures	<u>10,146,255</u>	<u>11,106,413</u>

35 Dividend

The Authority declared a dividend of AED 6,200 million during the period ended 30 September 2023 (30 September 2022: AED 10,000 million) and a special onetime dividend of AED 1,670 million (30 September 2022: Nil).

During the current period, EMPOWER declared a dividend of AED 850 million (30 September 2022: AED 3,400 million) which includes an amount of AED 374 million (30 September 2022: AED 1,020 million) for non-controlling interest as dividend.

In addition to above, Shuaa Energy 1 P.S.C declared a dividend of AED 4.2 million (30 September 2022: AED 7.6 million). An amount of AED 2 million (30 September 2022: AED 3.7 million) was paid to the non-controlling interest as dividend.

36 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit or loss for the period attributable to the Owners of the Company by the weighted average number of ordinary shares outstanding during the period.

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Earnings				
Profit for the period, attributable to the Owners of the Company	<u>5,999,059</u>	<u>6,236,990</u>	<u>3,325,045</u>	<u>3,088,054</u>
Number of shares in thousand				
Number of ordinary shares for basic earnings per share	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
Earnings per share				
Basic earnings per share (AED)	<u>0.120</u>	<u>0.125</u>	<u>0.067</u>	<u>0.062</u>

Dubai Electricity and Water Authority (PJSC) and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the nine-month period ended 30 September 2023 (unaudited)

37 Comparative figures

The previous period/year figures have been regrouped wherever necessary, in order to conform to the current period presentation. The regrouping does not affect the previously reported net assets, total equity and the profit or loss and other comprehensive income.

38 UAE Corporate Tax Law

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000. A rate of 0% will apply to taxable income not exceeding AED 375,000.

For the Group, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact has been considered for the interim financial period ended 30 September 2023.

Since the corporate tax was introduced only recently, this may create tax risks in UAE that are more significant than in other countries. The Group has assessed the deferred tax implications for the nine-month period ended 30 September 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not expected to be material.

The Group shall continue to monitor critical Cabinet Decisions to determine the impact on the Group, from deferred tax perspective.