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WELCOME TO THE **WORLD'S FASTEST MOBILE** NETWORK

ANNUAL REPORT 2020

TABLE OF CONTENT

KEY HIGHLIGHTS OF 2020

154
MILLION
AGGREGATE SUBSCRIBERS

51.7
AED BILLION
REVENUE

26.4
AED BILLION
EBITDA

9.0
AED BILLION
NET PROFIT

120.0*
FILS
DIVIDEND PER SHARE

7.1
AED BILLION
CAPEX

*Inclusive of one-time special dividend

BUSINESS SNAPSHOT

Etisalat Group is a regional, leading, integrated telecommunications company with around 154 million customers. The Group offers a range of communication services to consumers, businesses and government segments in multiple regions. Its portfolio of products and services includes mobile communications, fixed broadband, Internet, Internet protocol television (IPTV), voice, carrier services, cloud and security, Internet of things (IoT), mobile money, and other value-added services (VAS).

The Group's operations are spread across three geographic regions in the Middle East, Africa and Asia. It operates in 16 countries and is the highest-ranking or second-highest ranking operator in terms of value share in most of these countries. Its operations in mature markets are experiencing slower revenue growth in traditional telecom services due to stricter regulations, over-the-top (OTT) disruptions and more competitive environments but continue to generate strong cash flow. The main sources of revenue growth are digital services and international markets. This is supported by growth in the Group's subscriber base and a higher penetration of its data services. Etisalat's credit ratings continue to be one of the highest in the telecom sector (AA-/Aa3), reflecting the company's strong balance sheet, its proven long-term performance and its stable cash flow.

The telecom industry has witnessed significant transformation over the years. This transformation has been further accelerated due to the COVID-19 pandemic. The industry (including the Etisalat Group) has made it possible for businesses to sustain their operations and for people to stay connected during these unprecedented times. It has also supported e-learning and delivered digital health solutions, etc. As such, new and exciting growth opportunities have been created for the Group, across the different markets, as connectivity and digital solutions have increased in importance.

Etisalat remains committed to realising its vision of 'driving the digital future to empower societies'. This vision is continuing to guide the Group in its transition from a traditional telecom operator to an integrated digital solutions provider.

The Group and its operating companies have sustained their investment in network infrastructure, spectrum, licences and the latest technologies, with the aim of empowering customers, shareholders and society. Etisalat's aim for its networks is that they will do more than just connect people. Etisalat intends to make its customer's lives safer and help to conserve natural resources. The Group's capital expenditure is focused on investment in building digital capabilities and data centres, the enhancement of network capacity and speed, and the deployment of 5G.

As a result of its investments and unceasing efforts, Etisalat was recognised as the fastest mobile network in the world by Ookla. It was also recognised as the fastest fixed broadband network in the Gulf Cooperation Council (GCC) and Arab region.

In 2020, Etisalat maintained its high cash generation in order to continue rewarding its shareholders and growing its business. The Group has sustained a generous dividend programme, with close to AED 24 billion returned to shareholders in the past three years. It will continue to assess organic as well as inorganic expansion opportunities to further accelerate its growth.

In the coming years, the Etisalat Group will maintain its focus on international operations as an engine for growth while emphasising the digital space as the prime driver for sustainable growth across all markets. The company will continue the digital transformation of its business, focusing on innovation in its existing assets by building new capabilities that are digitally enabled and sustainable. By continuing to create the world's best and fastest networks, Etisalat Group will deliver returns for its shareholders and long-term value for the societies in which it operates

CHAIRMAN'S STATEMENT

The Annual Report for 2020 presents the main business highlights of the Group during the events of an unprecedented year. It evidences our sheer resilience during this time and outlines the Group's vision and plans for the coming years.

The Repercussions of an Unforgettable Year

The black swan events of 2020 catalysed rapid, drastic changes to the way in which we live and work. Never before have businesses and individual citizens been as reliant on the telecom industry in order to stay connected. It goes without saying that telecom operators were under immense pressure in 2020. At Etisalat Group, our primary focus was to ensure business continuity and sustain high-quality services in a way that safeguarded our employees and customers. This was especially true for critical verticals, like healthcare and education, stemmed from our social responsibility convictions and to support society as a whole. The flexibility and speed with which we adapted to the abrupt changes in 2020 are commendable. While we are not claiming to have foreseen a global pandemic in any of our scenarios, we have always planned for a future that is predominantly digital.

We have long been recognised as one of the most valuable brands in the Middle East and Africa, as we have invested in infrastructure and digital capability for many years. Our investments have helped us to maintain our position as a leading telecom providers in terms of ICT readiness and adoption, broadband subscriptions, fibre penetration and mobile coverage, among otherthings. Although we addressed our ICT readiness long before the pandemic, some of our customers were, understandably, hesitant to join us on 'the digital ride'. The silver lining in 2020 was that the pandemic set the tone for a 'new normal' by pushing us to trial and adopt new solutions. This accelerated digital transformation in the countries in which we operate, helping our customers to work through adoption challenges.

On the whole, we are very pleased with our financial and operational results for 2020. Our numbers surpassed those of various market leaders, while many companies and sectors struggled to stay afloat.

Etisalat's share price performance remained positive throughout the year. In addition to sustaining our total dividend of AED 0.80 per share, we are pleased to be proposing a special one-time dividend of AED 0.40 per share, bringing the total dividends for the year to AED 1.20 per share representing a dividend payout ratio of 115% and a high dividend yield for year 2020. This is a testament to our commitment of enhancing shareholder value.

The Changing Landscape

The telecom industry has been evolving drastically with a number of challenges destroying value for the sector as a whole and for shareholders in particular. The competition from OTT service providers cannot be disregarded. The result of this competition is that lucrative core revenue is being eroded, and operators are being forced to rethink the way in which they offer their services. Their focus on areas of growth has become more aggressive, particularly in the digital space. What's more, the current global recession and economic pressures are forcing businesses to rethink their supply chain models and to strive for synergy wherever possible, while rationalising investments and the cost of networks.

A Call for Transformation

We believe in the work that our Group does and our role in transforming societies and businesses of all sizes. We understand the necessity of our own transformation, given the enormous changes that are taking place in our ecosystem and the ambitious agenda that we are pursuing. For this reason, we have launched a Group-wide transformation programme to address the challenges and seize potential opportunities while shaping a new future for our Group as a leading telecommunications provider.

As Etisalat continues to transform full throttle, all key aspects of our business are being rejuvenated. There is a particular focus on digital capability and talent development across the Group. The key themes of digitising the customer experience, scaling up digital services and maximising group value capture will drive many of our activities, going forward.

In 2020, the board of directors and I designated new management to oversee this transformation. This included the appointment of a Chief Transformation Officer and Etisalat Group's first female C-suite executive, our Group Chief Human Resources Officer. The appointment is a testament to our commitment to gender equality in the workplace and is in line with our values.

Maintaining a Positive Outlook

Despite news about virus mutations and concerns of prolonged lockdowns, we remain positive about our prospects for 2021 and beyond. The future looks promising, as COVID vaccines are currently being rolled out, robust government recovery plans to enhance the economies, and a number of mega events are expected in our key operating markets.

The digital economy will drive global progress by increasing digitisation in the future. The lessons that were learnt in shifting to a 'new normal' will open up many new business opportunities. The industries that are pre-emptively adopting emerging technologies and telco-enabled digital services have upside potential due to the improvements in and increased efficiency of their operations. The adoption of these technologies and services in all nations is critical to realising the Sustainable Development Goals.

Closing Remarks

Let me close by extending my appreciation to the leadership of the UAE, who are the inspiration and motivation behind every success that the Etisalat Group has had on its journey. Our trust in the support of our leadership is unmatched and the UAE's unique positioning and strong political ties serve as catalysts for our operations in all markets.

A note of gratitude, too, for our shareholders, customers and employees. It has been a difficult year, and we truly value the collaborative spirit of all our stakeholders. Thank you for allowing us to be a part of your life. We promise to remain faithful to our vision of 'Driving the Digital Future to Empower Societies'

Obaid Humaid Al Tayer

Chairman - Etisalat Group

BOARD OF DIRECTORS

Obaid Humaid Al Tayer

Chairman of the Board
Chairman of Investment and Finance Committee

Essa Abdulfattah Kazim Al Mulla

Vice Chairman of the Board
Chairman of Audit Committee

Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri

Board Member
Member of Audit Committee

Hesham Abdulla Qassim Al Qassim

Board Member
Chairman of Nomination and Remuneration Committee

Samer Saleh Halawa

Board Member
Member of Audit Committee

Mariam Saeed Ahmed Ghobash

Board Member
Member of Investment and Finance Committee
Member of Nomination and Remuneration Committee

BOARD OF DIRECTORS

Saleh Abdulla Ahmad Lootah

Board Member
Member of Investment and Finance Committee

Otaiba Khalaf Ahmed Khalaf Al Otaiba

Board Member
Member of Investment and Finance Committee
Member of Nomination and Remuneration Committee

Juan Villalonga

Board Member
Member of Investment and Finance Committee

Khalid Abdulwahed Hassan Alrostamani

Board Member
Member of Audit Committee

Abdelmonem Bin Eisa Bin Nasser Alserkal

Board Member
Member of Nomination and Remuneration Committee

Hassan Mohamed Al Hosani

Corporate Secretary and Board Rapporteur

ETISALAT'S JOURNEY

1976

- Emirates Telecommunication Corporation is founded

1982

- Emirates Telecommunications Corporation launches Middle East's first mobile network

1983

- The ownership structure changes with the United Arab Emirates government owning a 60% share in the Company and the remaining 40% publicly traded

1994

- The Middle East's first GSM service is introduced in the UAE
- Etisalat launches Emirates Data Clearing House, which is now one of the world's leading clearing houses providing a complete solution to GSM operators to offer roaming facilities to their customers

1995

- Internet services are rolled out across the country, another first in the region

1996

- Etisalat becomes one of the founding investors in satellite telecommunications provider, Thuraya

1999

- The Middle East's first broadband Internet service using the latest ADSL technologies is introduced
- Etisalat buys stake in Tanzanian operator Zantel, its first step towards becoming a major international telecom group

2000

- Etisalat introduces the E-Vision brand for its cable TV services

2003

- Etisalat launches the Middle East's first 3G network

2004

- Etisalat wins the second license in Saudi Arabia, introducing Etihad Etisalat, Mobily
- Etisalat buys a stake in Canar, a fixed line operator in Sudan

2005

- Etisalat acquires a stake and takes management control of PTCL, the incumbent fixed operator in Pakistan
- Etisalat expands into West Africa by taking a stake in Atlantique Telecom with operations in Benin, Burkina Faso, the Central African Republic, Gabon, Ivory Coast, Togo, and Niger

2006

- Etisalat wins the third mobile license in Egypt and launches the country's first 3G network
- Etisalat awarded a license to provide mobile services in Afghanistan
- Etisalat Services Holding is formed to manage eight business units that offer mission-critical telecom related services

2007

- Etisalat acquires a stake in a green-field operator EMTS in Nigeria, the largest and fastest growing market in Africa

2008

- Etisalat completes the rollout of a nationwide fibre optic backbone in the UAE

2009

- Etisalat acquires Tigo, a Sri Lankan operator, which later rebrands to Etisalat Lanka

2011

- Etisalat introduces 4G (LTE) experience to its customers in the UAE

2012

- Etisalat wins 3G license in Afghanistan and Ivory Coast and launches the first 3G services in Afghanistan

2014

- Etisalat completes the acquisition of a 53% shareholding in Maroc Telecom from Vivendi
- Etisalat successfully issues its inaugural bond under its Global Medium Term Note (GMTN) programme listed on the Irish Stock Exchange

2015

- Etisalat Group completes the sale of its operations in Benin, Central African Republic, Gabon, Ivory Coast, Niger, Togo and Tanzania
- Federal government allows foreign and institutional investors to own up to 20% of Etisalat Group's shares
- Inclusion of Etisalat in the MSCI indexes

2016

- Etisalat Group completes the sale of Etisalat's shareholding of 92.3% in Canar
- Etisalat Misr acquires 4G license and fixed virtual license in Egypt
- Inclusion of Etisalat Group in FTSE Russell Emerging Markets Index

2017

- Etisalat Misr launches 4G services in Egypt
- Etisalat launches new mobile brand "Swyp" targeting the youth segment in the UAE
- Etisalat Group exits Nigeria
- Etisalat successfully completes the fastest 5G live trial globally reaching 71 Gbps

2018

- Etisalat Group's shareholders approve a share buyback program involving 5% of the capital
- Etisalat Group exits Thuraya and merges its operation in Sri Lanka with CK Hutchison
- Maroc Telecom acquires 4G licenses in Mali and Togo
- Etisalat is recognized as the most valuable brand in the MENA region

2019

- Etisalat Group lifts restrictions on foreign shareholders voting rights
- Maroc Telecom acquires Tigo Chad from Millicom
- Etisalat launches eWallet, a mobile digital payment service
- Etisalat enables 5G network across several key sites in the UAE
- Onatel launches 4G services in Burkina Faso
- Etisalat is awarded the most valuable consumer brand by Brand Finance

2020

- Etisalat UAE recognised as the fastest mobile network operator globally by Ookla® Speedtest®
- Etisalat Group completes the acquisition of Help AG's businesses in the UAE and KSA
- Etisalat named 'Most Valuable Consumer Brand' in MEA for the third consecutive year by Brand Finance
- Maroc Telecom's subsidiary Mauritel in Mauritania awarded 4G license
- Etisalat Misr awarded 20MHz of spectrum in the 2600MHz band

GROUP CEO'S STATEMENT

It gives me great pleasure to share the Etisalat Group's results for 2020. It is an honour to take the helm of Etisalat Group as the Group CEO, and I look forward to another exciting and successful year and journey ahead.

The extraordinary year of 2020 will always be remembered for the novel COVID-19, which has irreversibly transformed the way in which we live and do business around the globe. The pandemic eliminated the digital divide and accelerated digital transformation and, hence, the future. Etisalat Group demonstrated resilience, agility, social responsibility and impressive results, compared to many other businesses during this time. It provided a juncture for us to reflect and transform at Group level and to affirm our position as a world-class telecom operator.

Solidarity in Times of Uncertainty

We rose to the challenge during the COVID-19 outbreak by representing our communities and taking immediate action to protect our teams and customers; support critical verticals; and ensure uninterrupted, high-quality service delivery. We worked closely with the relevant governments and authorities, and, through our offerings and free initiatives, we came to the aid of the students, organisations and societies where we operate.

The telecom industry has proven to be the backbone of the new-normal and a tool of empowerment for the society. The brand image of telecom operators around the world was defined by their approach to the pandemic. At Etisalat, we are proud of our approach, which stood out among the responses of other global operators across our operating markets. We have demonstrated resilience, the ability to respond efficiently during a crisis and preparedness from years of adept business continuity and crisis management planning.

Robust Business Results

As a Group, there was much for us to celebrate in 2020, including the recognition that we received in the UAE for being the fastest mobile network in the world. This well-deserved accolade is the fruit of years of hard work. Etisalat was also recognised as the strongest brand across all categories in the Middle East and Africa, and as the most valuable telecom brand portfolio for the fourth consecutive year - another great achievement four our brand, which embodies the spirit of togetherness.

The telecom sector as a whole demonstrated considerable financial resilience during the year. Our Group performed well in a challenging environment achieving strong financial results, with only a slightly lower revenue than the previous year attributed to the impact of COVID. Revenue decreased by 0.9% to AED 51.7 billion, however, Group's agility on cost optimisation initiatives improved EBITDA by 0.3% to AED 26.4 billion, resulting in a healthy EBITDA margin of 51%. Consequently, the Group's consolidated net profit grew by 3.8%, reaching a record high of AED 9.0 billion. Most of the growth in 2020 can be attributed to international operations. Moreover, our credit ratings continued to be one of the highest in the telecom industry, reflecting the company's strong balance sheet and sustainable cashflow.

In the UAE, our operations were mostly impacted by COVID-19 and related macroeconomic pressure resulting in lower revenue. However, this was compensated by our international portfolio that witnessed strong performance supported by Maroc Telecom Group's expansion of subscriber base and revenue, mainly due to growth in data and mobile money segments. In Egypt, Etisalat Misr delivered another year of double-digit growth in revenue and EBITDA while improving market position. Our operations in Pakistan stabilized the revenue decline in local currency by accelerating growth in fixed and microfinance segments that offset the decline in mobile. In addition, Mobily continued its transformation and delivered a strong set of financial results and resumed dividend payout.

We are continuing to observe the macroeconomics in all markets, with a positive outlook in light of the vaccine rollout and government stimulus packages.

The Way Forward

We are determined to keep the incredible transformation we have been experiencing in 2020 to continue this year. We believe that we have an advantage over our peers and other industries, but in order for us to sustain our gains, we must address various industrywide challenges and operational areas of improvement across the Group. This requires us to look beyond our business-as-usual achievements, in order to leapfrog in several strategic focus areas.

We believe that our major sustainable drivers of growth at Etisalat continue to be our international portfolio and the digital space. With regard to the latter, we have observed considerable untapped potential in the cloud, IoT and cyber security space, which will fuel digital growth and rebalance telecom revenues. Our international operations are always under a magnifying glass, as we are continually improving operational excellence, rationalising our portfolio and enriching it with assets that maximise ROI for shareholders. Moreover, 5G selective deployment will continue in 2021, unlocking new business opportunities for the Group.

The linchpin of our strategy is the acceleration of digital transformation. We are currently leveraging our wide range of digital technologies and services and powering a great digital-first experience to encourage digital adoption by our customers. Our own digital transformation will enable us to execute our strategy and will facilitate a paradigm shift to a new operating model that nurtures innovation and agility.

I personally believe in the power of people and their role in our success. For this reason, the Group will be investing more in talent development and retention, leadership bench strength and gender equality in the workplace, going forward. Our efforts in this regard commenced in 2020, with the employment of the Etisalat Group's first female C-suite employee, Ms Dena Al Mansoori. As the new Chief Human Resources Officer, Al Mansoori will be leading our Group talent strategy and driving digital capability at Etisalat, among several other mission-critical objectives.

In the UAE, we are eager to participate in the long-awaited Expo 2020 and to share our achievements and global records during the country's 50th Golden Jubilee celebrations.

A Word of Appreciation

In closing, I would like to extend my gratitude to the leadership of the UAE for their constant support and their exemplary management of the COVID crisis. Their guidance was the driving force behind the continued welfare of our society and the economic recovery experienced by the country. Their efforts became a rallying cry for the Group and others to worked hard to support the UAE become one of the top five countries around the world (in over 30 indicators of competitiveness), in terms of its technology infrastructure, ICT adoption and investment in telecom services.

We also owe our customers and shareholders immense appreciation for their trust in our vision, and we are grateful to our dedicated employees for bringing that vision to life. They have gone above and beyond to serve our customers and sustain our premium services, both during times of prosperity and times of exceptional disruption

Hatem Dowidar

Hatem Dowidar
Chief Executive Officer,
Etisalat Group

ENABLING HYPER CONNECTIVITY THROUGH THE FASTEST MOBILE NETWORK ON THE PLANET

Based on analysis by Ookla® of Speedtest Intelligence® data Q2-Q3 2020

MANAGEMENT TEAM

Hatem Dowidar
Chief Executive Officer, Etisalat Group

Mr. Hatem Dowidar was appointed CEO of Etisalat Group on December 2020. He joined Etisalat Group in September 2015 as Chief Operating Officer and was appointed as Chief Executive Officer Etisalat International in 2016. Prior to this, Mr. Dowidar was Chairman of Vodafone Egypt and Group Chief of Staff for Vodafone Group. He initially joined Vodafone Egypt in its early start-up operation in 1999 as Chief Marketing Officer. After successfully undertaking two group assignments and the role of CEO Vodafone Malta, he became the CEO of Vodafone Egypt from 2009 to 2014. Mr. Dowidar started his career in AEG/Deutsche Aerospace (Daimler Benz Group) in Egypt, before moving to Marketing in Procter & Gamble, where he held various managerial roles. Mr. Dowidar serves on the Boards of Maroc Telecom, PTCL, Ufone and Etisalat Misr. He holds a Bachelor's degree in Communications and Electronics Engineering from Cairo University and an MBA from the American University in Cairo.

Karim Bennis
Chief Financial Officer, Etisalat Group

Dr. Karim was appointed as Chief Financial Officer of Etisalat Group in July 2020. Prior to this role, he was Vice President Financial Control and Planning of Etisalat Group since 2013. His previous positions include Deputy Managing Director and CFO at Tractafric Motors Corporation, Financial Controller, Strategic Planning, Subsidiaries Management and Investor Relations of Maroc Telecom - as a Secondee of Vivendi Group - as well as Financial Controller of Crown Holdings Europe. Mr. Bennis serves on the Boards, Executive Committees and Audit Committees of Etisalat Egypt, PTCL and Ufone and is a Board member of Atlantique Telecom Holding. He holds a PhD in Economics and Technology from Conservatoire National des Arts et Métiers Paris, a Masters in Applied Economics and Corporate Finance from Sciences-Po Paris, a Masters in Audit and Management Accounting from SKEMA Business School and an Executive MBA from École Nationale des Ponts et Chaussées Paris.

Dena Al Mansoori
Chief Human Resources Officer, Etisalat Group

Ms. Dena Al Mansoori was appointed as Chief Human Resources Officer of Etisalat Group in November 2020. Prior to this role, she was the Chief Human Resources Officer of the Central Bank of the UAE. Ms. Al Mansoori has over 17 years of experience including international companies in various industries such as retail, oil and gas, banking, and finance. In 2020, she established WhiteBox HR, a tech company that uses Machine Learning, People Science, and Organisation Network Analysis. Ms. Al Mansoori currently serves on the Board of Etisalat Services Holding. She holds an MBA from the University of Strathclyde in Scotland and a Bachelor of Science in Management Information Systems and Finance from Boston University in USA.

Khalifa Al Shamsi
Chief Strategy & Corporate Governance Officer, Etisalat Group

Khalifa Al Shamsi was appointed as Chief Strategy & Corporate Governance Officer of Etisalat Group in 2016. Prior to this role, Mr. Al Shamsi held the position of Chief Digital Services Officer and Senior Vice President of Technology Strategy of the Etisalat Group. Since joining Etisalat in 1993, Mr. Al Shamsi has held various key senior positions including Vice President and Senior Vice President of Marketing of Etisalat UAE. Mr. Al Shamsi serves on the Boards of Mobily, PTCL, Ufone and Etisalat Afghanistan, and is the Chairman of E-Vision and Managing Director of Mobily. Mr. Al Shamsi has a Bachelor's degree in Electrical Engineering from the University of Kentucky, USA.

Ali Amiri
Chief Carrier & Wholesale Officer, Etisalat Group

Mr. Amiri was appointed as Group Chief Carrier & Wholesale Officer of Etisalat Group in March 2016. Mr. Amiri started his career with Etisalat in the engineering department and held various key positions including Executive Vice President Operations and Chief Carrier & Wholesale Officer of Etisalat UAE operations. Mr. Amiri served as Chairman of the GSM Arab World and as a member of the GSM Association Executive Committee. He is currently Chairman of a couple of international cable consortiums, such as IMEWE & RCN. Mr. Amiri also serves as the Chairman of the Board of e-Marine PJSC. Mr. Amiri holds a B.Sc. degree in Electronic and Electrical Engineering from King's College London.

Obaid Bokisha
Chief Transformation Officer, Etisalat Group

Obaid Bokisha was appointed as Chief Transformation Officer in October 2020. Prior to this role, he served as Chief Business Continuity & Corporate Quality Officer (October 2017) and before that he served as Chief Procurement Officer of Etisalat Group (June 2012). Since joining Etisalat in 1998, he had been assigned various responsibilities contributing to the network Planning, Optimization, design and implementation of Mobile systems covering GSM, UMTS. Other positions held include Vice President Mobile Networks Planning & International Support of Etisalat UAE and Senior Vice President Mobile Networks Optimization of Etisalat Group. Mr. Bokisha currently serves on the Board and Audit Committee of eVision. He previously served as a board and committee member of international operating companies of Etisalat Group such as Etisalat Misr, Etisalat Nigeria, CanarTel and Zantel. He has a first class honors degree in Communications Engineering from the Etisalat College of Engineering.

MANAGEMENT TEAM

Abdeslam Ahizoune
Chairman of the Management Board, Maroc Telecom

Mr. Ahizoune has been Chairman of the Maroc Telecom Management Board since February 2001 and served as CEO from 1998 to 2001. Earlier, he was Minister of Telecommunications in four different governments. Mr. Ahizoune has been Chairman of the Moroccan Royal Athletics Federation since 2006, and also serves as a Board member of several foundations: Inter Alia, King Mohammed V for solidarity, King Mohammed VI for the environmental protection, and Princess Lalla Salma against cancer. He is also the Vice-President of La Confédération Générale des Enterprises du Maroc (CGEM) and the President of its Moroccan-Emirati economic commission. He holds an engineering degree from Télécom ParisTech.

Salman Al Badran
Chief Executive Officer, Etihad Etisalat (Mobily)

Eng. Salman AlBadran was appointed as the CEO of Mobily in April 2019. Prior to this appointment, he was the CEO of VIVA Kuwait since January 2011 after joining the company in 2008 and completing its commercial launch. Mr. AlBadran started his career with SABIC in 1996 and then made his foray into the Telecom sector in 2001 with Saudi Telecom Company. Mr. AlBadran holds a Bachelor's degree in Applied Electrical Engineering with a specialization in the field of Communication and Energy from King Fahad University of Petroleum & Minerals in the Kingdom of Saudi Arabia.

Hazem Metwally
Chief Executive Officer, Etisalat Misr

Mr. Metwally was appointed Chief Executive Officer of Etisalat Misr in October 2015. He joined Etisalat Misr in 2007 as Chief Commercial Officer managing sales, marketing, and customer care functions. In 2012, he was promoted to Chief Operating Officer expanding his responsibilities to include Carriers Relations and Wholesale Operations. Prior to joining Etisalat, he was the Head of Consumer Marketing at Vodafone Egypt where he played an important role in launching several innovating commercial initiatives. Before that, he was the Head of Distribution at Mobinil Egypt. He started his telecom career in 1999 in sales distribution and operations focusing on both consumer and corporate segments. Mr. Metwally holds a Bachelor's degree in Electronics and Communications Engineering from Cairo University.

Nadeem Khan
Acting Chief Executive Officer, PTCL Group

Mr. Nadeem Khan was appointed as Acting CEO of PTCL Group in December 2020 in addition to his current role of CFO of PTCL Group that he is occupying since 2017. He was responsible for successfully integrating the finance functions of PTCL and Ufone to deliver substantial value to the PTCL Group. Prior to this role, Mr. Khan was the Chief Financial Officer of Ufone since 2003. He started his career in 1996 as an Internal Auditor at Millicom International Cellular in Luxembourg, from where he transitioned to the role of Financial Controller in one of their joint ventures in Cambodia in 2000. Mr. Khan also serves on the Board of U Bank, a microfinance banking subsidiary of PTCL. He is a Fellow Chartered Accountant and was associated with PricewaterhouseCoopers from 1990 to 1996. He holds a Bachelor's degree in Commerce from Karachi University.

Ahmed Al Awadi
Chief Procurement Officer, Etisalat Group

Mr. Al Awadi was appointed as Chief Procurement Officer of Etisalat Group in October 2017. He was the Chief Financial Officer of Etisalat UAE operations for the periods 2011 and 2017. He started his career with Etisalat in the Finance department in 1999. In 2004, he was seconded to Mobily KSA for two years. Later, he joined Etisalat's International Investments division between 2006 and 2011 where he handled Mergers and Acquisitions and held various positions including Vice President International Investment MENA. Mr. Al Awadi serves on the Boards of Etisalat Software Solutions (Private) Limited, Ubiquitous Telecommunication Technology LLC and Smart World. He holds an MBA degree in Finance from American University of Dubai and bachelor degree of Business Administration majoring in Finance and Management from Georgia State University, USA.

Mohamed Dukandar
Chief Internal Control & Audit Officer, Etisalat Group

Mr. Dukandar was appointed as Chief Internal Control & Audit Officer in September 2016. Mr. Dukandar is a Chartered Accountant (SA), Certified Internal Auditor (CIA) and Certified Control Self Assessor (CCSA) with over 20 years of experience in governance, risk management, insurance, internal/external audit and forensics. Prior to Etisalat, he was the Group Executive Telkom Audit Services of Telkom South Africa SOC Limited since 2009. Mr. Dukandar started his career as an auditor with KPMG in 1996 and subsequently worked with National Treasury, South Africa, and City of Johannesburg. Mr. Dukandar serves as a member on the Audit Committee of Maroc Telecom Group and PTCL. He has a Bachelor of Commerce from the University of Witwatersrand, South Africa and Honors in Accounting from the University of South Africa.

VISION AND STRATEGY

Evolving Market Dynamics

The impact of COVID-19

The COVID-19 pandemicis one of the worst crises experienced by humankind in recent history. The response to the pandemic has changed people's lives and ways of doing business forever. The resulting 'new normal' is characterised by social distancing, self-isolation, remote work, distance learning, cashless payments and the acceleration of online businesses,in 2020 and beyond.

The number of COVID-19 cases is still increasing globally, causing significant economic uncertainty. According to the International Monetary Fund (IMF), the global economy has contracted significantly, with global economic growth estimated at –4.4% in 2020. The IMF is currently expecting an economic turnaround in 2021, with global economic growth projected at 5.2% for 2021.

Against the backdrop of COVID-19, 2020 was a difficult year for the telecoms industry, as it was for most industries. This was due to the reduced buying power of customers and the inevitable change in their spending priorities, as well as the government-imposed travel restrictions in most countries. This was the case even though telecoms operators are essential in keeping the economy running (by ensuring continuous availability of network infrastructure and services).

The COVID-19 crisis has accelerated the digitisation of enterprises and the adoption of digital lifestyles. Due to the increased importance of connectivity and digital solutions, the crisis has created more opportunities for telecoms operators. During this time, the Etisalat Group and the telecoms industry as a whole made it possible for businesses to sustain their operations. They also ensured that families and friends remained connected, supported students by providing remote learning solutions, delivered digital health solutions, helped governments to control the spread of the COVID-19 virus through the use of big data, and facilitated digital payments and the delivery of entertainment services.

A continuously transforming telco sector

The telecom industry has undergone unprecedented transformation over the years, even pre-COVID. The COVID-19-driven 'new normal' has further accelerated this change, which is compounded by the revolution of platforms and ecosystems, 5G, the power of cloud, the increasing prevalence of software-led operations, a changing regulatory landscape, and disruption created by the increasing traction of over-the-top (OTT) competitors. These factors impact future value creation in terms of top-line growth potential because traditional core telecom services are aggressively influenced, as is the growth of digital/adjacent services revenue. The latter increases in contribution to the Etisalat Group's overall revenues year on year. In addition, the factors underpin the nature and pace of the end-to-end digital transformation that all telecoms operators need to successfully execute across four key areas, namely technology assets, operating models, customer experiences and skills/the talent pool.

It is noteworthy that in 2020, 5G was commercially launched after successful mass trials. 5G launches are now scaling up globally, and the speed of adoption is forecast to surpass all previous technology generations. 5G is critical to the telecoms industry because it improves network efficiency, defends and grows mobile/fixed revenue, drives growth of digital services, improves the customer experience, unleashes the power of digitisation and supports government agendas and the economy.

Diversified Group

In addition to the above factors, Etisalat's performance was affected by diversification within the company. With an international footprint that extends to 16 countries across the Middle East, Asia and Africa, the Etisalat Group operates across a footprint of more than than 500 million people and covers 43% of the Arabic-speaking world. As such, it operates in a wide array of macro-economic and geopolitical contexts. The company anticipates economic recovery across all the countries in which it operates, albeit at different trajectories contingent upon an improving global economic environment.

The Group's footprint continues to provide an exciting mix of growth opportunities across the different markets. For example, emerging markets retain strong potential for core revenue growth, driven mainly by an increased demand for high-speed data and the fact that there are still areas that are untapped in terms of telecoms services penetration. The more developed markets, on the other hand, are primed for 5G. In these markets, there is an increased demand for digital services and solutions from both enterprise and consumer segments.

Etisalat Group Vision and Strategic Priorities

Going forward, the Etisalat will continue to pursue its vision of 'driving the digital future to empower societies'. This vision guides the Group as it transitions from a traditional telecom operator to an integrated ICT/digital solution provider. This, in turn, helps the Group to secure its position as an industry leader by working towards the following goals: reshaping the lives of consumers, accelerating the economic growth of businesses and enhancing the competitiveness of the countries in which it operates.

In line with future market dynamics and the 'new normal' created by the COVID-19 pandemic, Etisalat Group has identified its four strategic priorities as follows:

1. Maximise Value from the Core Business

The Group is currently implementing a range of broad levers to improve value maximisation of its core business. The levers include the following: capturing data growth through innovative pricing and packages; shifting discrete core revenue lines to enhanced multi-services bundles; and developing a more actionable and richer segmentation of the customer base via uplifted AI-driven customer value management in order to facilitate upselling (i.e. prepaid to postpaid conversion) and cross-selling, and tailored propositions for higher-value customers.

The company is exploring specific opportunities in conjunction with the above broad levers, to further enhance value creation from the core. In the fixed sector, the rollout and monetisation of fibre assets via best-fit deployment models is an engine of growth in Etisalat's markets. The Group has prioritised its fixed network infrastructure investments, which are supported by value-added fixed propositions, to encourage fibre adoption and to maximise value from such assets. In addition, 5G will be leveraged across selected markets in the form of fixed wireless access (FWA) to complement fibre investments.

Strengthening Etisalat's position to target the enterprise segment is critical for core revenue growth. The Group is continuously investing to develop the required capabilities across the footprint, to address the evolving requirements of the enterprise segment. For example, it is currently expanding its end-to-end managed services portfolio for the enterprise segment, with a view of progressively migrating its connectivity services to managed solutions that are delivered via best-fit operating and business models.

Etisalat supports the above initiatives by collaborating with national regulatory authorities to ensure full compliance with all existing legislation. It also supports the formulation of a balanced future regulatory landscape, to safeguard the interests of all stakeholders.

2. Grow Revenue from Digital/Adjacent Services

The COVID-19 pandemic accelerated the pace of digital transformation across a range of verticals. This accelerated pace was an opportunity for the Group to double down on its efforts in the ICT/digital opportunity area, encompassing both enterprise and consumer segments. Etisalat Digital's ongoing development is one of the key pillars in this regard. Etisalat Digital is a dedicated unit of the Etisalat Group, which drives digital transformation by enabling enterprises and governments to become smarter. The unit has confirmed its role as a major contributor to revenue growth for Etisalat UAE's operations and has also seen the establishment of a separate unit in the Kingdom of Saudi Arabia (KSA). This has been the first phase of an international expansion strategy, which will allow the Group to take full advantage of the growing opportunities in the region.

In order to fuel this growth, both in the home market and internationally, Etisalat Digital will continue to develop unique competencies, both organically as well as through selected mergers and acquisitions in priority areas. As part of this strategy, in 2020, Etisalat Digital completed the acquisition of Help AG's businesses in the UAE and KSA. Help AG is one of the leading cyber-security companies in the Middle East and North Africa (MENA) region.

Combining organic and inorganic growth opportunities will allow Etisalat Digital to position itself as the regional leader in the Internet of things (IoT), cloud, security, edge computing and artificial intelligence (AI). This will be achieved by capitalising on opportunities such as megaprojects and smart city and Industry X.0 projects across multiple verticals, including health, education, logistics and oil and gas (O&G). It is important to note that Etisalat Digital is also supporting the Etisalat Group's operations across the footprint by sharing its knowledge, capabilities and platform and through its overall go-to-market approach.

On the consumer front, the Group will accelerate its efforts in mobile financial services in its major markets. This will be achieved through continued expansion of its products and services, growth of both the subscriber and merchants' bases, and enhancement of the user experience.

The above will be leveraged to complement and further improve the company's strategy of blending core services, digital services and devices into innovative entertainment and smart home bundles. This will then position the company as a key 'digital lifestyle' player in the region.

3. Transform into an Agile, Digital and Efficient Organisation

Network and IT

Going forward, Etisalat Group will continue to modernise its networks while progressively phasing out legacy infrastructure. While the company continues to leverage its excellent Long-Term Evolution (LTE) networks in all of its markets, its more mature operations have switched gears during the 5G rollout, which will continue at a steady pace for the next few years. With regard to 5G, the Group will leverage further advancements in network virtualisation and the adoption of cloud on the path toward programmable and software-driven networks and associated operations. At the same time, it will continue its IT transformation journey towards simplified and modular IT architectures based on open application programming interfaces (APIs), and it will continue to adopt and scale up its agile development methodologies, such as DevOps. The transition to hybrid cloud will be key in deploying digital platforms and building strong capabilities in technologies such as AI, analytics, automation and blockchain, which will fuel the accelerated development of use cases that serve both Etisalat's customers and its own operations.

Customer Journeys

The Group is currently implementing a range of initiatives to improve the customer experience. The initiatives include digitising and re-imagining customer journeys to offer a 'zero-touch' experience; enhancing its digital channels, such as its apps, websites and social media; optimising contact centre performance with the introduction of virtual agents, and revamping and digitising its stores. The Group's main objective is to combine the optimum mix of physical and digital channels to offer a true omni-channel and digital-first experience.

Operating Model

The Group is ultimately targeting an operating model that is highly efficient, agile and resilient. As such, a number of initiatives are underway across a range of operating model domains. The first initiative is to develop agile and new ways of working. The company is progressively and systematically scaling up the use of agile frameworks and new methodologies, such as dual agile working, Scrum, DevOps, continuous development/continuous testing and design thinking.

The second initiative is related to governance for synergy capture. The Group is optimising its governance and associated processes to maximise synergy capture across its footprint, thereby leveraging the benefits of its economies of scale potential, in full.

The third initiative is to implement efficiency measures. The Group continues to implement a range of broad cost optimisation measures, such as systematic re-imagining and digitisation of major cross-functional business processes, optimisation of organisational structures, smart capital expenditure planning and network sharing.

Talent and Culture

Etisalat Group is focused on developing and reskilling its existing workforce to acquire new talent across all footprint operations in order to meet the evolving requirements of its digital and traditional domains of business. This will be supported by modernising the HR function and introducing new ways of learning through, for example, AI-powered online learning platforms. It is also vitally important (and a key area of focus, going forward) to foster fully collaborative and agile cultures across the Group's operating companies.

4. Expand and Optimise Portfolio

The Etisalat Group's strategy will remain open to inorganic growth opportunities through a majority control of well-positioned operators in target geographies. Meanwhile, the Group will continue to explore opportunities to optimise its portfolio in order to balance growth and shareholder returns.

Although 2020 was a challenging year, it acted as a catalyst for the Etisalat Group, making it easier to 'drive the digital future to empower societies'. The company will continue to focus on this vision in 2021, as well as its goals of reshaping people's lives, accelerating the economic growth of businesses and improving competitiveness in the countries that it serves. As the world continues to adjust to the 'new normal', the Group will also continue pursuing its strategic objectives of maximising value from its core business; growing revenue from its digital/adjacent services; transforming into an efficient, agile, digital Group; and expanding and optimising its portfolio

RESPONSE TO COVID-19

On the 11th of March 2020, the World Health Organization (WHO) declared the coronavirus outbreak a pandemic. Most countries around the world, including the majority of countries where the Etisalat Group operates, implemented severe restrictions on travel and public gatherings. Airports, government offices, schools, businesses, retail stores and other public venues were closed, curfews were instituted and quarantines were enforced. The restrictions resulted in significantly reduced mobility and disruptions in global economic activity, especially during the second quarter of the year.

The Group's operations were impacted as a result of the temporary lockdown measures. This affected the way in which business was conducted while also putting pressure on the Group's revenue, as stores were forced to close. The mobile prepaid segment was negatively affected, as was the sale of handsets and roaming revenue – the latter due to the travel ban and additional provisions related to trade receivables and contract assets. In the third and fourth quarters, as restrictions were eased, commercial activities improved gradually. However, due to weaker macro-economics, they remained below their pre-COVID-19 levels.

In response to top-line pressure, the Group implemented cost optimisation initiatives to address the impact of the pandemic. At the same time, it remained focused on initiatives for the future.

Despite the improvements that were observed during the second half of the year, Etisalat's performance levels remained what they were pre-COVID. Heightened macro risks will probably persist in the first half of 2021. The Group will continue to update its plans and to respond to the situation as effectively as possible. It is clear that the crisis has increased the importance of Etisalat's network infrastructure and telecom services.

Given the company's strategic partnership with Expo 2020 and its crucial role in the event, which was postponed to 2021, the year will likely be a positive one for Etisalat and for the UAE economy.

Etisalat understands that people are its most critical assets. This is why Etisalat UAE has prioritised the health of its people since the start of the pandemic. For example, gatherings, training and any events that were planned for the upcoming months were postponed or cancelled. Business and internal meetings were conducted as teleconferences using Microsoft Teams. Staff on Etisalat's premises received educational materials about personal hygiene etiquette,

Prioritised providing **uninterrupted critical services** and the **safety** of customers and employees

Etisalat's main priorities in 2020 were to provide uninterrupted critical services and to safeguard the health and safety of both customers and employees. The necessary precautions and preventive measures were implemented at Etisalat's premises, and a remote working arrangement was instituted for staff. Etisalat's shops were closed temporarily, and sales were moved online to digital channels. As restrictions started to ease, company-operated stores were gradually re-opened. The stores ensured that a new touchless retail approach was used to protect employees and customers.

The pandemic was highlighted in Etisalat's business continuity plans, to ensure the stability and safe continuation of its operations. Various internal drills were also tested. Etisalat's ISO 22301 certified business continuity function formed continuity planning committees to determine and oversee the implementation of all business continuity plans associated with the effects of COVID-19, including measures to address and mitigate key operational and financial issues.

which included wall posters, buzz emails and PC screen savers. Sanitisers were provided in all Etisalat buildings, thermal scanners were installed and buildings were periodically sterilised. Health and Safety staff conducted regular checks to ensure that masks and social distancing requirements were followed. In addition, all shops in commercial centres and malls were temporarily closed as per government directives, while thermal scanners and sterilisers were provided in all shops that remained open in other areas.

In order to ensure safe travels prior to the country's lockdown, Etisalat UAE's staff, contractors and visitors were required to self-quarantine for 14 days from the date of their return to the UAE, before entering Etisalat's premises. The Group's employees ceased all business travels outside of the country during this time.

The company implemented a phased approach to its remote working arrangement, focusing on specific categories of employees in the initial stages. These were pregnant women, employees with low immunity and chronic diseases, people of determination, etc.

The percentage of people working remotely increased gradually, with more than 80% working from home by the end of March 2020. Staff who were critical in the running of the network, such as engineering and IT staff, continued to work on the premises when it was absolutely necessary to do so, and on a rotational basis. In addition, technical staff received protective gear.

In Morocco, Maroc Telecom also took all the necessary precautions to safeguard employees and customers while ensuring continuity of services. This meant that a teleworking arrangement was implemented, as was an awareness-raising initiative and the provision of masks and other medical devices. In addition, screening campaigns were organised on a regular basis, for the benefit of employees.

Etisalat Misr in Egypt implemented a 'back to work' plan that took the country's positive COVID-19 cases into account. The plan reduced employees' exposure and risk significantly. All staff received reusable Etisalat-branded masks, and standalone contactless sanitiser dispensers were installed in all of Etisalat Misr's buildings, on all floors. Protective desk shields were installed in all shops, and an employee hotline was established to assist staff with their queries.

necessary to keep them and their families safe. As part of the campaign, they received illustrated guides on how to manage their stress levels during the pandemic. Posters with safety precautions were also placed in all offices.

Prior to the COVID-19 outbreak in the UAE, Etisalat assessed the risk of the virus to the business and established thresholds at which it would implement pandemic preparedness and response plans. These focused on people, processes, systems and the supply chain. For example, the company ensured that it was ready to implement its remote work plan and that all staff could receive training related to communication tools that would be used. Critical systems were enhanced to support all potential risks and established thresholds, and, finally, supply chains were secured for critical business functions.

Etisalat's Business Continuity and Corporate Quality department partnered with a number of teams to develop and publish the corporate policies and processes that were necessary to run the organisation during this time. The policies and processes were related to product launches, billing, outages, asset management, device management, and so on.

Supported **"Stay at Home"** initiatives by offering free services for **distance learning and remote working**

It goes without saying that Ufone, a wholly-owned subsidiary of the Pakistan Telecommunication Company Limited (PTCL), also prioritised the safety of its employees. Before the announcement of the nationwide lockdown in Pakistan, Ufone had already rolled out an informative campaign through various branding collateral, which were placed in its offices nationwide. The campaign addressed COVID-19 precautionary and preventative measures and symptoms, among other things. Ufone also hosted an awareness session, in collaboration with the National Institute of Health (NIH), at its head offices. The session was streamed live to educate employees about the virus, its symptoms and the key preventative measures that should be taken on an individual level. Critical on-the-ground team members received personal protective equipment (PPEs) to wear while walking in and out of the offices during the lockdown. In addition, an emergency response team was created to attend to all COVID-19-related matters.

As employees started to return to work in phases, Ufone ran an extensive information campaign to remind them of the precautions

Etisalat also assessed its systems and IT infrastructure to ensure these could support staff who were forced to work remotely due to a case outbreak. This ensured the remote access readiness of software, licences, laptops and back-end systems. Digital tools, such as Microsoft Teams and Cisco Jabber, were utilised during this period, while secured virtual private network (VPN) access to the networks was enabled so that employees could access all systems remotely. Staff members were provided with laptops, and a digital platform was launched for staff training and education.

In addition to the above, the company introduced a number of new initiatives to address local community needs in the UAE, during the lockdown. New free products and applications were launched for distance learning, to support the Ministry of Education (MoE). Free consumer apps and websites were rolled out to enable social networking, in alignment with the government's initiatives. An improved Message Manager platform was also launched to offer customers cell broadcasting solutions, announcements and warnings for Etisalat's outbound roamers.

In Morocco, Maroc Telecom Group also made it easy for its customers to study remotely. They received free access to all websites and platforms under the Ministry of National Education, Vocational Training, Higher Education and Scientific Research.

In Afghanistan, given that access to medical facilities is limited, this caused additional stress for members of the public who required the services of a medical practitioner during the lockdown. In the second quarter of the year, Etisalat Afghanistan addressed this problem by rolling out its 'Doctor in Your Phone' service. The number of unique users of the service is increasing rapidly. The company also collaborated with the Afghanistan Ministry of Education (MoE) to roll out an eLearning platform that makes curriculum materials available in text form.

In addition to the above, various free services, discounts and promotional offers were introduced. For example, student customers who did not have broadband at home received free mobile access to selected e-learning video collaboration and conferencing apps; zero-rated access was granted to hundreds of educational/health sites; and a complimentary Internet calling plan was provided for two months, as was a free 12-month extension of selected postpaid packages. The postpaid double data promotion was also extended.

Etisalat UAE ensured that quarantined areas and other critical areas had connectivity throughout the pandemic. Furthermore, it provided a free fixed broadband (eLife) upgrade, allowing customers to migrate to a higher speed with no additional charges. (If they wanted to revert back to the original package, they were exempted from exit charges.) Customers received free eLife on-demand movies and premium TV packs for up to three months; free content on the OTT TV app (Switch TV); and access to voice over Internet protocol (VoIP) applications (like Google Hangouts, Blackboard, Skype for Business, Cisco Webex, Microsoft Teams, Zoom, etc.) for all segments. The 'Stay at home' Smiles promotion was rolled out, and customers received three months of free access to the Etisalat CloudTalk Meeting platform (which provides virtual meetings with voice and video features, for up to 50 participants).

In Afghanistan, Etisalat addressed the challenges caused by the closure of the public service centres due to the imposed restrictions. The company used the 'Stay home, stay connected' theme to introduce a wide range of unique voice and data bundles with improved benefits, to support customers who were working and studying remotely and to help them stay connected with their friends and family. Etisalat Afghanistan also made its talk time and data transfer services more engaging by allowing higher thresholds for transfer, in order to tackle the availability challenges in the marketplace, which resulted from the lockdown. These services were widely utilised and appreciated by customers.

Customer experience was another area of focus in 2020. In the UAE, customers were encouraged to use Etisalat's smart channels for their transactions. Etisalat's website and mobile app were built to accommodate their requirements through a digital platform. Various sales features are available on the website and app. Customers can also access a variety of services through the digital channels, which offer a customised sales approach. They are able to purchase standalone items and to take advantage of bundling and smart pay options and other features. They also have access to exclusive promotions, which are only available on the operator's digital channels.

The customer experience was also improved through online tools, such as an interactive voice response (IVR) messaging service, which encourages use of the mobile app. Tech support and self-service options via IVR are helping to sustain very high call centre traffic volumes. Customer-care-enabled smart services empower customers via AI virtual assistance and automated self-support.

During the year, Etisalat UAE offered social and community support in the following ways: it conducted a 'Stay at home' campaign across multiple channels (via SMS and using network IDs, ringtones and social media); it implemented a nationwide COVID-19 messaging service; it supported government campaigns by, for example, promoting awareness of the government's digital channels; and it accelerated the launch of a telemedicine (remote doctor) solution in conjunction with one of the UAE's major hospitals. The company also allocated extra network resources and services to critical industries, for example, the healthcare and education sectors, and it provided short codes and launched a number of promotional campaigns to increase COVID-19 charitable donations.

In Egypt, healthcare providers have worked day and night since the COVID-19 outbreak, which was at its most severe during the second quarter. Etisalat Misr collaborated with the AmCham Egypt Foundation and the United Nations Children's Fund (UNICEF) during this time. The Fund donated EGP 5 million and 25,000 items of PPE and would also provide emergency units at 300 public hospitals, 1,000 primary healthcare units and 50 quarantine hospitals across the country with PPEs.

In Pakistan, the Pakistan Telecommunication Company Limited's (PTCL's) top priority was to keep individuals, organisations and government institutions connected during the COVID crisis, to ensure their communications and operations were uninterrupted. The dedication of the PTCL frontline workers (who ensured that customers across Pakistan had seamless connectivity during the pandemic) meant that PTCL's customers could continue to work from home, educate their children online and receive news updates during the lockdown, while staying in touch with their loved ones from the safety of their homes. The company launched the 'Heroes of PTCL' campaign to raise awareness about the service and bravery of the frontline staff (who ensured seamless connectivity for customers). A special television commercial was developed to honour and salute these heroes, as were city-wise digital videos, to promote regional teams. The digital videos and acknowledgments were also published on PTCL's internal platforms to further encourage the frontline staff.

PTCL also recognised its responsibility in helping to 'flatten the curve'. It did this through advocacy and public awareness initiatives, by collaborating with the International Rescue Committee (IRC), on behalf of the Government of Pakistan, and the National Health Emergency Preparedness & Response Network (NHEPRN). A series of social media messages was developed through the collaboration. These were designed to share credible information about the virus and to address topics like the importance of social distancing and regular hand washing. The campaign was run across all of the company's social media platforms, namely its Facebook, Instagram, LinkedIn and Twitter accounts.

PTCL provided social and community support by supplying 250 families with medical kits and groceries at the Sukkur quarantine facility in collaboration with the district government. At the time, this was the largest quarantine facility in the country. The company also donated PKR 100 million to the prime minister's COVID-19 Pandemic Relief Fund. The donation funded cash grants worth PKR 12,000 for more than 8,000 poverty-stricken families across the country. In addition, it donated PKR 1 million to the Red Crescent Corona Care Hospital (RCCH) by the Pakistan Red Crescent Society in Rawalpindi. The donation covered the cost of medicines approved for the treatment of COVID-19 patients.

Moreover, the company donated PKR 1 million to the Shaukat Khanum Memorial Cancer Hospital & Research Centre (SKMCH&RC) in order to expand its testing facility, and it donated 500 PPE kits to frontline workers at the National Disaster Management Authority. The PPE kits included full-body hazmat suits, shoe covers, face shields, gloves and masks.

As part of the COVID-19 Global Humanitarian Response Plan, PTCL invited all employees to donate two days' worth of salaries to assist affected communities. The donations went towards a nationwide ration distribution campaign, Ramzan Dastarkhwan (meaning 'Food Spread' in the holy month of Ramadan). Seven thousand deserving families received ration packs that contained enough staple grocery items to last a full month for a family of five (on average). The ration packs were distributed courtesy of PTCL's employee volunteers (the 'PTCL Razakaars') and the company's collaborative partners (the Al-Khidmat Foundation, the Saylani Welfare Trust and the Akhuwat Foundation). The PTCL Group's comprehensive COVID-19 relief and support efforts amounted to PKR 1.9 billion.

The Etisalat Group demonstrated resilience and ensured uninterrupted delivery of high-quality services in 2020. The pandemic forced the Group to adapt to the new market environment quickly and to tap into new business opportunities with customers, vendors, government authorities and co-workers. One of these opportunities was the need for digital internal processes and reporting. This digital adoption was accelerated during the lockdown and is expected to improve efficiency and cost savings over the long term. Customer behaviours and preferences also changed significantly as a result of the lockdown. This meant that digital channels became the primary means of engaging with customers. The shift to more online sales will improve the customer experience and ultimately result in fewer shops and points of sale (POS).

In addition to the above, in 2020, the demand for digital solutions, data centres and cloud computing increased for both corporate and government entities. Etisalat UAE is leveraging its existing capabilities and broadband connectivity to provide more comprehensive solutions to these segments.

The COVID-19 pandemic is one of the worst crises experienced by humankind in recent history. The response to the pandemic has changed people's lives and their ways of doing business forever. The resulting 'new normal' is characterised by social distancing, self-isolation, remote work, distance learning, cashless payments and the acceleration of online businesses, in 2020 and beyond. Etisalat is proud to have contributed to this transformation and will continue to 'drive the digital future to empower societies'

KEY EVENTS DURING 2020

January
- Etisalat named 'Most Valuable Consumer Brand' in MEA for the third consecutive year by Brand Finance
- Etisalat successfully launched the first Open Virtual Radio Access Network (Open VRAN) in the MENA region

February
- Etisalat Group completed the acquisition of cyber security specialist firm Help AG's businesses in the UAE and KSA
- Etisalat partnered with Microsoft to enhance its public cloud first strategy infused with automation and AI

March
- Etisalat supported the UAE government's 'Stay at Home' initiatives by offering free mobile internet and free applications to facilitate distance learning and work from home for students, businesses and government entities
- Etisalat launched 'Business Edge', a business platform in the UAE that includes a new suite of services and solutions to securely connect SMBs with their customers

April
- Etisalat empowered 1 million UAE students to support e-learning
- Digital Financial Services, a joint venture between Etisalat and Noor Bank, partnered with MoneyGram to offer international remittance services in the UAE
- E-Vision and Etisalat Misr formed a strategic partnership to launch 'Etisalat TV' providing prepaid TV services in Egypt

May
- Credit Rating Agencies Standards & Poor's and Moody's affirmed Etisalat Group's high credit rating at AA-/Aa3 with stable outlook

June
- Etisalat launched a state of the art Tier 3 data centre facility at two new locations in the UAE, expanding its 'SmartHub' presence
- Maroc Telecom launched mobile payment system "MT Cash"

July
- Etisalat partnered with Synamedia to launch Switch TV, a new cloud-based direct-to-consumer video streaming service

August
- Etisalat launched e-store, a free website builder and part of the Business Edge portfolio for SMB customers to transform their businesses online

September
- Etisalat enabled access to 5G fixed services to its customers in the UAE
- Etisalat Digital partnered with seven global emerging companies in AREA 2071 to develop innovative solutions that adopt advanced technology
- PTCL and Telenor Microfinance Bank signed an agreement to expedite the bank's digital transformation journey

October
- Etisalat UAE recognised as the fastest mobile network operator globally by Ookla® Speedtest®
- Maroc Telecom's subsidiary Mauritel in Mauritania awarded 4G license

November
- Etisalat partnered with Blue Planet, forging a path to create one of the world's most adaptive and self-optimising networks
- Etisalat Misr awarded 20MHz of spectrum in the 2600MHz band

December
- Etisalat became the first in the region to adopt blockchain technology in HR, empowering its employees and enhancing their digital experience
- Etisalat Digital teamed up with Vectramind to offer a unified patient experience platform solution
- Etisalat achieved the world's fastest 5G speed of 9.1 Gbps

OPERATIONAL HIGHLIGHTS

AGGREGATE SUBSCRIBERS (MN)

2020
154
MILLION

2019
149
MILLION

Subscribers

Aggregate subscribers reached 154 million in 2020 reflecting a net addition of 5.4 million during the last 12 month period due to strong subscriber acquisition in Mali, Burkina Faso, Chad, Saudi Arabia, Togo and Benin.

In the UAE, the active subscriber base amounted to 12.2 million subscribers, representing a 3.3% year over year decrease. The mobile subscriber base decreased by 4.1% year on year to 10.4 million subscribers attributed to the prepaid segment that dropped by 6.5% due to the economic slowdown as a results of the COVID-19 pandemic. Meanwhile, the postpaid segment grew by 4.5%. eLife subscription continued to drive consistent growth with 3.3% year on year increase to 1.1 million subscribers attributed to double and triple play. Total broadband segment grew by 3.4% year on year to over 1.2 million subscribers.

Maroc Telecom Group's subscriber base reached 72.9 million subscribers as at 31 December 2020, representing a year over year growth of 8.1%. This growth is mainly attributable to the operations in Mali, Ivory Coast, Burkina Faso and Chad. In Egypt, subscriber base grew by 0.3% year over year at 26.4 million, while in Pakistan, subscriber base stood at 25.5 million, representing a year over year decline of 1.4%, attributed to lower subscriber acquisition in the mobile segment.

REVENUE (AED BN)

2020
51.7
BILLION

2019
52.2
BILLION

Revenue

Etisalat Group's consolidated revenue decreased by 0.9% to AED 51.7 billion in 2020 impacted by the temporary lockdowns, restricted mobility and travel bans that resulted in reduced activities in most of our markets.

In the UAE, revenue decreased by 5.0% to AED 29.9 billion mainly due to the pandemic. Mobile segment revenue declined year over year by 12.3% to AED 10.8 billion attributed to lower outbound roaming and prepaid segment that was impacted by retail shop closures, increased penetration of OTT services and wifi offloading. Fixed segment revenue slightly lower by 1.0% to AED 11.2 billion impacted by lower fixed voice revenue. Other segment revenue increased by 0.7% year over year to AED 7.9 billion attributed to higher digital and ICT services that offset the decline in visitor roaming and handset sales.

Revenue of international consolidated operations for 2020 increased year on year by 3.8% to AED 21.2 billion mainly attributed to the growth in Egypt and Maroc Telecom Group. Revenue from international operations represented 41% of Group consolidated revenue.

Maroc Telecom's consolidated revenue for 2020 amounted to AED 13.5 billion representing a year over year increase of 2.4% in AED, attributed to a 5.1% revenue growth in international subsidiaries driven by the increase in mobile data and mobile money and the full integration of Tigo Chad. This offset the revenue decline in Morocco of 3.7%.

In Egypt, revenue increased by 21.6% to AED 4.2 billion attributed to strong contribution from mobile data and national roaming revenue. In Pakistan, revenue for 2020 was AED 2.9 billion, a decline of 7.5% from the prior year due to unfavourable exchange rate movements of the Pakistani Rupee against AED. However, in local currency revenue remained stable attributed to growth in fixed and Ubank operations. This offset the decline in the mobile operation that was more impacted by COVID-19 and the reinstatement of taxes on telecom services.

EBITDA

Group consolidated EBITDA increased by 0.3% to AED 26.4 billion in 2020 while EBITDA margin increased by 0.6 percentage points to 51%. This was mainly attributed to cost control measures that compensated for the decline in revenues and increase in impairment loss on trade receivables.

In the UAE, EBITDA in 2020 decreased year over year by 3.9% to AED 15.8 billion resulting in EBITDA margin of 53%, 1 percentage point higher than the prior year. The year over year decrease is attributed to lower revenue.

EBITDA of international consolidated operations in 2020 increased by 6.3% to AED 10.4 billion resulting in EBITDA margin of 49%, 1 percentage point higher than the prior year. This increase is attributed to the operations in Egypt and Maroc Telecom Group. EBITDA from international operations represented 39% of Group consolidated EBITDA.

Maroc Telecom's consolidated EBITDA grew year on year by 4.8% to AED 7.6 billion with EBITDA margin increasing 1 percentage point to 56%. This is attributed to EBITBA growth in Morocco by 0.6% benefiting from a one-off related to resolution of disputes and 7.9% growth in EBITDA of the international subsidiaries benefiting from full year integration of Tigo Chad.

In Egypt, EBITDA increased year over year by 27.5% to AED 1.7 billion attributed to the improved revenue trend and resulting in an EBITDA margin of 41%.

In Pakistan, EBITDA decreased year over year by 10.3% to AED 0.9 billion with EBITDA margin lower by 1 percentage point at 31%. This was attributable to currency devaluation and higher cost of sales.

EBITDA (AED BN)

2020
26.4
BILLION

2019
26.4
BILLION

Net Profit and EPS

Consolidated net profit after federal royalty grew by 3.8% to AED 9.0 billion resulting in profit margin of 17%. This increase is attributed to higher EBITDA, better performance of associates, lower asset impairment, lower federal royalty charges and forex gains as compared to forex losses in the prior period.

Earnings per share (EPS) amounted to AED 1.04 for the full year of 2020.

On 22 February 2021, the Board of Directors resolved to propose a final dividend for the second half of 2020 at the rate of 40 fils per share, bringing the full year dividend to 80 fils per share. In addition, the board proposed cancellation of the share buyback program and instead proposed a one-time special dividend of 40 fils per share. As a result, the total dividend per share for the full year 2020 is AED 1.20. These proposals are subject to shareholders' approval at the Annual General Meeting scheduled on 17 March 2021.

NET PROFIT (AED BN)

2020
9.0
BILLION
1.04
EPS (AED FILS)

2019
8.7
BILLION
1.00
EPS (AED FILS)

CAPEX

CAPEX
(AED BN)

2020
7.1
BILLION

2019
8.9
BILLION

Consolidated capital expenditure decreased by 20.2% to AED 7.1 billion resulting in a capital intensity ratio of 14%, 3 percentage points lower than the prior year. This decrease is attributed to lower capex spend in the UAE and internal operations.

In the UAE, capital expenditure in 2020 decreased by 22.8% to AED 3.4 billion while capital intensity ratio decreased by 3 percentage points to 11%. Capital expenditure was focused on 5G network rollout, network modernization and upgrades to support the increase in data traffic, building capabilities to support new revenue streams in digital and ICT and network maintenance.

Capital expenditure in consolidated international operations amounted to AED 3.6 billion, a 19.1% decrease compared to the prior year and represented 51% of Group capital expenditure. In Maroc Telecom Group, capital expenditure decreased by 47.8% year on year to AED 1.4 billion resulting in a capital intensity ratio of 10%. Capital expenditure in Morocco decreased year over year by 51.5% and was focused on the fibre-to-the-home network. Capital expenditure of the international operations of Maroc Telecom, decreased year over year by 47.4% with spend focusing on networks expansion and upgrades to support the growth of data usage and 4G license acquisition in Mauritania. In Egypt, capital expenditure increased by 88.7% year on year to AED 1.4 billion resulting in a capital intensity ratio of 35%, 12 percentage points higher than the prior period. This increase is mainly attributed to the spectrum acquisition and network upgrades. Pakistan operations' capital expenditure decreased by 26.0% to AED 0.7 billion resulting in a capital intensity ratio of 25%, 6 percentage points lower than in 2019. Capital spending focused on enhancement of the mobile network's coverage and capacity.

Debt

DEBT
(AED BN)

2020
26.7
BILLION

2019
23.9
BILLION

Total consolidated debt amounted to AED 26.7 billion as at 31 December 2020, as compared to AED 23.9 billion as at 31 December 2019, an increase of AED 2.8 billion.

As at 31 December 2020, the total amounts outstanding under the global medium term note (GMTN) programme split by currency are US$ 0.5 billion and Euro 2.4 billion, representing a total amount of AED 12.6 billion. Consolidated debt breakdown by operations as of 31 December 2020 was as following:

- Etisalat Group (AED 15.8 billion)
- Maroc Telecom Group (AED 7.7 billion)
- Etisalat Misr (AED 1.6 billion)
- PTCL Group (AED 1.6 billion)

More than 51% of the debt balance is of long-term maturity that is due beyond 2021. Currency mix for external borrowings is 41% in Euros, 23% in US Dollars, 18% in MAD and 18% in various currencies.

Consolidated cash balance amounted to AED 31.3 billion as at 31 December 2020 leading to a net cash position of AED 4.6 billion.

Profit and Loss Summary

(AED m)	2019	2020
Revenue	52,186	51,708
EBITDA	26,370	26,443
EBITDA Margin	51%	51%
Federal Royalty	(5,827)	(5,594)
Net Profit	8,693	9,027
Net Profit Margin	17%	17%

Balance Sheet Summary

(AED m)	2019	2020
Cash & Bank Balances	29,657	31,345
Total Assets	128,266	133,018
Total Debt	23,889	26,701
Net Cash / (Debt)	5,768	4,644
Total Equity	58,434	60,550

Cash Flow Summary

(AED m)	2019	2020
Operating	19,426	18,968
Investing	(8,603)	(7,129)
Financing	(9,678)	(9,443)
Net change in cash	1,145	2,396
Effect of FX rate changes	174	(684)
Reclassified as held for sales	(24)	(23)
Ending cash balance	29,657	31,345

BRAND HIGHLIGHTS

2021 Brand Finance® Awards

STRONGEST BRAND IN MEA

2021 Brand Finance® Awards

MOST VALUABLE TELECOM BRAND PORTFOLIO IN MEA

2021 Brand Finance® Awards

MOST VALUABLE CONSUMER BRAND IN THE UAE

Brand Finance Global 500 Report 2021

MANCHESTER CITY | etisalat

OFFICIAL TELECOMMUNICATIONS PARTNER

The year of the global lockdown, 2020, brought more relevance to the telecommunications industry, with Etisalat's brands leading from the front and working towards the goal of transitioning toward a new normal. Despite an unprecedented physical divide due to social distancing measures, each brand acted as a lifeline for their respective markets by taking on additional social responsibilities to assist in this transition. Etisalat's brands stood out in meaningful ways by exemplifying resilience, continuity and digital connectivity.

A number of impactful brand initiatives were undertaken by the Etisalat Group during the year, to ensure togetherness and connectivity during the history-making events of 2020 and to continue driving the digital future .

The Etisalat powerhouse comprises numerous brands across 16 countries in the Middle East, Asia and Africa, including Etisalat, Maroc Telecom, Mobily, PTCL, Ufone, and Moov.

Bringing its 'Together Matters' ethos to life, Etisalat stayed relevant in all segments of society by becoming a beacon of hyperconnectivity and gaining recognition as the fastest mobile network on earth. The profound relevance and the company's growing role in today's world contributed to ranking Etisalat among the 25 strongest brands in the world.

Standing Tall Among the World's Strongest Brands

For the first time ever, Etisalat was recognised as the strongest brand in the Middle East and Africa across all categories. According to the latest brand value ranking in the annual Brand Finance Global 500 report, the Group also ranked among the top five strongest telecom brands in the world.

Brand Finance, the world's leading independent brand valuation and strategy consultancy, evaluates the relative strength of brands based on marketing investment, customers' perceptions of the brand, staff satisfaction and corporate reputation. Based on these criteria, Etisalat was crowned the region's strongest brand, with a Brand Strength Index (BSI) of 87.4 out of 100 and a corresponding AAA brand strength rating – the only brand in the region to achieve this rating.

Etisalat has also retained its position as the most valuable telecom brand portfolio in the region for the fifth year in a row, with a brand value exceeding USD11 billion.

The above-mentioned brand achievements are a reflection of Etisalat's relationship and daily interactions with its customers and society as a whole, based on the company's products and services, networks, advertising, customer care and the strength and consistency of the brand positioning around enabling togetherness.

In 2020, Etisalat delivered a robust, reliable and advanced network. Innovation and efficiency remained high priorities for the company, given the importance of digital connectivity during the lockdown. The company's global and local sponsorships, branding initiatives and 5G deployment played a critical role in positioning the brand as a leader in global markets.

The Fastest Mobile Network on Earth

Telecom networks are the lifeline of any information economy. For this reason, Etisalat continues to implement the infrastructural requirements for a brighter future, ensuring that its robust network remains up to date. The year 2020 highlighted the importance of this.

In 2020, Etisalat UAE was recognized as the world's fastest mobile network, by Ookla, the global leader in fixed broadband and mobile network testing applications, data and analysis. Once the company surpassed the network speed of all other telecom operators around the globe, it launched a far-reaching 'fastest on earth' campaign which received more than 16 million views on digital channels in its first phase of communication. The campaign is anchored by a simple but powerful message which highlights the brand's reliability and supports the UAE's position as the hub of innovation and ICT excellence in the region.

The recognition that Etisalat has received as 'the world's fastest network' is a testament to the company's efforts at driving the region's digital future and its commitment to empowering its leadership with a strategic edge. The recognition is a giant stride towards accomplishing the UAE's national digital transformation strategy and UAE Vision 2021.

Keeping the Ball Rolling with Manchester City Football Club

Through its global partnership with Manchester City Football Club, Etisalat reaches a large and captivated football audience. Manchester City's success and innovations on and off the field are helping to elevate the Etisalat brand into a global player and to engage fans in meaningful ways.

From 2019 onwards, Etisalat has been an official partner of Man City's eSports programme, with Etisalat branding being included on the official eSports kit as well as in the club's eSports events and content on digital channels. The most recent Etisalat eSports Cup provided UAE gamers in lockdown with an opportunity to challenge Man City's eSports pro players and two of Man City's first team players, through live matches on Xbox and PlayStation. Video call interactions were also on offer. This provided fans with a unique touchpoint, allowing them to interact with Man City from the comfort of their own homes.

Etisalat continues to connect fans with Man City's players through off-pitch interviews. Fans are able to share questions which are then answered by some of their favourite players. In this way, fans are still able to feel connected to the club and its players. Other social and digital content includes the Tunnel Cam presented by Etisalat, featuring exclusive behind the scenes footage directly from the tunnel of Manchester City's stadium, and branding presence on gaming platforms like FIFA, by EA sports.

The overall brand value of Manchester City and its success in football competitions means that Etisalat continues to benefit globally from its brand presence on some of the football club's major media assets. These include the on-pitch perimeter LED system as well as interview and press conference backdrops.

Among Etisalat's workforce across all seven emirates of the UAE, the partnership with Manchester City consistently brings fresh, youthful energy and enthusiasm to the workplace, through content, competitions and specialised branded merchandise.

Going forward, Etisalat and Manchester City look to take the partnership further through innovative flagship content and integrations as well as unique digital experiences.

Introducing 'The Sound of Togetherness'

After introducing the 'Together Matters' slogan, the next step in the brand's evolution was to create an audio identity that ties to Etisalat's brand positioning of togetherness, especially given that the last brand sonic was created in 2007. The new sonic identity complements the brand positioning by incorporating the different walks of life that represent the sound of togetherness.

Etisalat launched 'The Sound of Togetherness' campaign in its home market of the UAE in September. Since then, the new sonic has been used across all audio communications to create a clear correlation between the brand's slogan and sonic. The sonic is a celebration of the many cultures that reside in the UAE, the differences between citizens and the ways in which these differences enrich the country.

Since its launch, 'The Sound of Togetherness' has been named by Campaign Middle East magazine as one of the top 20 film campaigns of 2020. The campaign reached 5.6 million views on YouTube.

The team developed one main sonic and additional variations to target different nationalities and cultures in the UAE, including an Emirati version, a Middle Eastern version, an East Asian version and a subcontinent version.

Etisalat UAE Reminds People that 'Together at Home Matters'

The lockdowns across the UAE created a frenzy for many citizens, who suddenly had to do a 180-degree turn in their lifestyles. This meant finding new forms of (indoor) entertainment and new ways of working and studying remotely. Because Etisalat understands that being 'Together Matters', now more than ever, the company launched a number of initiatives to make life as normal as possible for subscribers while they remain indoors.

In order to demonstrate solidarity with citizens and the government's request of them to stay at home in the fight against COVID-19, Etisalat UAE changed its slogan from 'Together Matters' to 'Together At Home Matters'. From the 19th of March, the company made the following available to its customers for a period of six weeks: free weekly movies for families to enjoy on eLife TV; a free 250 Mbps upgrade for three months; free premium content for three months (customers could choose from Western, Asian, Pinoy or South East Asian content); a total of 36 free OSN El Farq channels, until the end of April; a free three-month subscription to STARZPLAY through eLife; and complimentary Microsoft Teams, Blackboard, Zoom and CloudTalk for all UAE citizens. All distance learning websites were also whitelisted.

During the six-week campaign, millions of people were reached through social media and over 800,000 of them engaged with the posts.

Mobily Activates eSports in Saudi Arabia

Mobily created its eSports platform to improve engagement with a gaming community that grew steadily throughout the year. Mobily utilised the virtual space during the COVID-19 pandemic to give gamers a voice and to showcase the potential for gaming in the country. Gamers were able to interact with the brand from the comfort of their homes.

The level of engagement with the platform exceeded Mobily's expectations. Mobily held tournaments for hardcore gamers, and developed content that appealed to novice and hardcore gamers alike. Although Twitch, a live streaming service used by gamers, was a new territory for Mobily, the company reached a number of top trending spots on Twitch in the Middle East and North Africa (MENA), and it reached fourth place globally.

In 2021, Mobily will continue innovating in the eSports space and engaging gamers in the Kingdom.

Etisalat Misr Elevates the High-Value Market with Emerald

Emerald, Etisalat's high-value (HV) tariff, was initially launched in 2017. Since then, it has disrupted and redefined the HV market with unmatched telecom and non-telecom packages. Regularly scheduled advertisements of Emerald's unique brand positioning have contributed greatly to its success. Emerald differs from other HV brands on the market due to the effortlessly elegant yet alive and light-hearted nature of its communications.

During the year, Etisalat Misr introduced new-to-market product features in a light-hearted and informative advertisement. The advertisement demonstrates the relationship between the celebrity of the company (the Emerald customer) and her dedicated call centre agent; it features Shereen Reda, the Emerald ambassador, as the celebrity. Reda's charm and distinctive character appeal to both male and female customers in the HV target segment. The beloved Dhafer Al Abdeen stars as her friend, who is fascinated by the benefits that she is receiving through Emerald and who therefore wishes to subscribe. In this way, the message of 'converting to Emerald now' is highlighted.

The campaign resulted in a significant increase in conversions and upgrades. The market research scores for awareness, appeal and comprehension surpassed the market norm.

Maroc Telecom Encourages Citizens to Stay Safe while Staying Connected

In order to support the recommendations of government health authorities, Maroc Telecom created an awareness campaign with the message 'Let's stay at home, stay connected'. The aim was to advise the population of appropriate measures of preventing the spread of COVID-19. Maroc Telecom created a second awareness campaign with the message 'Stay cautious, stay connected', reminding citizens to remain vigilant about staying safe over the long term.

Maroc Telecom supported its customers during the lockdown through a number of remote customer relationship channels. As an example, customers were able to recharge online using the 'Selfcare' portal. They could also contact the company's customer care via WhatsApp, and the MT Cash mobile payment solution facilitated their online payments.

The above-mentioned strategic communication plan increased likability towards the brand, and Maroc Telecom was therefore recognised as 'the most beloved Moroccan brand in the Kingdom' for the second consecutive year, at the Love Brand 2020 awards.

PTCL Pakistan Celebrates the Unsung Heroes of the Pandemic

PTCL ran the 'Heroes of PTCL' campaign in 2020, which consisted of a digital video and blog posts highlighting the heroism and commitment of the PTCL frontline workers. The heroes were recognised for going beyond the call of duty to serve customers and keep the nation connected. The campaign video was uploaded on PTCL's social media platforms. It received 21 million impressions, 56 thousand interactions and 3 million views. The blog posts detailed the bravery and hard work of the frontline staff. These were published by top-tier digital publishers.

The efforts of the frontline workers during the pandemic resulted in seamless connectivity across the country. This led to a 49% increase in sales and a 5% ad recall lift, as well as significantly more positive regard for the brand.

Ufone Pakistan Goes Digital During the Pandemic

In the face of the COVID-19 outbreak, Ufone had to revise its marketing strategy and ensure that it was following a robust brand plan. The Tum Kheriyat Se Raho ('You be safe') umbrella initiative was designed to lead communication efforts to steer through the challenges that came with the virus outbreak.

Ufone launched an array of projects to help customers access products and services through alternative channels. Respite was provided through subsidised offers and emergency relief, and

customers were redirected to digital channels. The communication mix also included a health and safety announcement on the precautions that should be taken against COVID-19, free access to the government and World Health Organization (WHO) helplines, and other purposeful engagement ideas, each providing a message of peace and wellbeing for citizens.

The short-term reform of Ufone's brand positioning and the company's integrated approach to marketing communications ensured sustainability of the business, and especially of online sales, during the lockdown. These measures also contributed to the business's brand health during this trying time.

Moov Benin Bridges the Digital Divide and Celebrates the Country's Fastest Network

The 'Moov brings you closer' brand campaign was launched with the aim of opening up the most remote rural areas to the rest of the world and bridging the digital divide between groups across the country. The campaign is anchored by a film that was shot in real working conditions in a northern village that had received connectivity for the first time. It features several of Moov's technicians and a time lapse of the site installation.

The company also launched a campaign to highlight its 4G+ network, which was certified by Benin's regulatory authority as the fastest in the country. Moov's brand ambassador, Superstar Musician Zeynab, supported the campaign, encouraging citizens to 'Join the fastest network in Benin!'

Moov CI (Ivory Coast) Educates the Youth through its Digital Training Program

The Moov Cyberlab digital training program has been running since 2016 and had its fifth running in 2020. The project helps young people develop their digital marketing skills and master the essential tools and techniques to manage a brand and conduct business online.

Since its launch, Moov CI has trained and certified more than 25,000 people in the Ivory Coast. Although the programme was temporarily halted due to the pandemic, it was relaunched in September. By December 2020, Moov CI successfully trained and certified an additional 3,500 people across 12 localities around the country.

Moov Togo Launches the 'Always Further with You' Brand Campaign

Moov Togo's Toujours plus loin avec vous! ('Always further with you') brand campaign was launched in October 2020. Six scenes that were 100% inspired by the daily lives of average people were used in the campaign. These included an interaction between two colleagues, a scene with someone sharing files over a mobile phone, and a scene in which an international money transfer was being made.

The concept is effective because it is relatable – audiences identify with the scenes and different characters because they reflect their own experiences. Each scene highlights a Moov product or service, such as the Flooz mobile money service and various data and business solutions, helping the viewer to form an emotional connection with Moov's offerings.

Moov Niger Makes Charitable Contributions when Needed Most

Moov Niger assisted the citizens of Niger during the pandemic through a number of key social initiatives, thereby creating a strong emotional brand connection with its customers.In May 2020, general management contributed to the fight against COVID-19 by donating CFA franc 15 million to the national health committee, the entity responsible for handling the COVID-19 pandemic.. The donation was received by a representative of the Office of the Prime Minister and the director of the national health committee, in the presence of the managers and staff of Moov Niger.

During Eid al-Adha (also referred to as Tabaski in Niger), Moov gifted a selection of loyal customers throughout the country with sheep as a means of affirming its 'citizenship' within the Nigerien population and promoting its brand image.

Onatel Shines a Spotlight on Women Entrepreneurs

In order to support the financial empowerment of women, Onatel has hosted an annual challenge for the best female-led businesses in Burkina Faso since 2015. The challenge is called the Baramousso Trophy, which means 'working women' in the national language of Dioula. It recognises innovative business ventures by female entrepreneurs.

In 2020, Onatel increased the content prize money (that is awarded to the winning business) from CFA franc 5 million to CFA franc 10 million. Additionally, the top three businesses received a prize of CFA franc 15 million.

The launch ceremony of this sixth edition of Baramousso was sponsored by the first lady of Burkina Faso on 18 September 2020.

Over the past six years, the Baramousso Trophy challenge has afforded more than 200 female-led businesses the opportunity to demonstrate their expertise to over 7,000 households. This has ultimately assisted the winners of the competition in improving their living conditions, as more than CFA franc 75 million has been paid out by Onatel over the past six years.

Tigo Chad Emphasises the Quality of its Network

During the year, Tigo Chad launched a brand campaign with the tagline La meilleure qualité ('The best quality'), emphasising the quality of its services. Two renowned local comedians supported the campaign by performing sketches about the company's products and the quality of the network.

The message of the campaign is to 'Join the number one network in Chad'. The message is based on the results of a survey conducted by the telecommunications regulator, which showed that Tigo ranked first in the country in terms of network performance. In order to strengthen its position as a market leader, Tigo used the campaign to promote its best offers, namely its extended 4G network, affordable devices and voice and data packs, and a competition in with prizes including an SUV car and a number of motorcycles.

Malitel Continues to Build its Brand through the 'We Are Together' Slogan

The Malitel slogan, An be gnogon bolo (which means 'We are together'), highlights the innovative Malitel products and services that bring people together. After unveiling the slogan in December 2019, Malitel continued to build its brand by linking it to products through such as Facebook Flex, which provides customers with free, uninterrupted access to Facebook. The campaign uses a well-known song by renowned local artist King KJ.

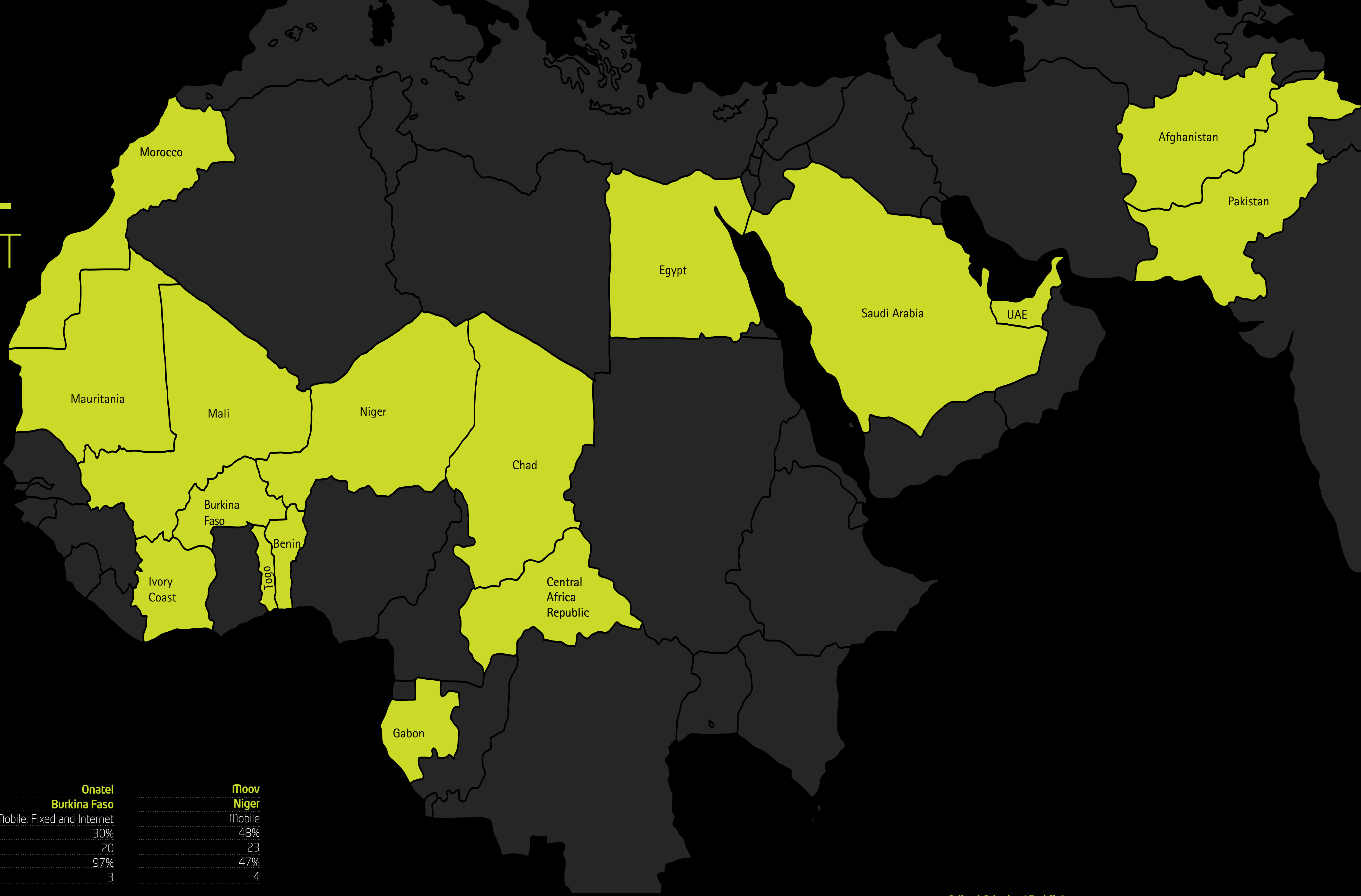
Gabon Telecom highlights unlimited possibilities with 4G

Gabon Telecom demonstrated resilience in its business operations in 2020, despite the pandemic. In December, the company released the WAZ package as a cost-effective solution for customers who needed to save money during this time. The package was introduced through online episodes featuring young Gabonese influencer Charel. Charel praised the prepaid all-in-one service that supplies customers with their daily data needs for the best price per GB on the market. The online episodes were launched on social media and the campaign accumulated 100,000 views on Facebook and YouTube in less than a month.

Mauritel Raises Awareness During the Pandemic

Mauritel was the first corporation in Mauritania to launch an awareness-raising public service campaign during the COVID-19 outbreak. The campaign promoted precautionary measures like wearing masks and frequently washing one's hands. The initiative was a success and was considered a milestone in the fight against the pandemic in Mauritania, as it was the first time that precautionary measures, to help prevent the spread of the virus, were introduced in the country. The campaign highlighted the importance of one of Mauritel's key values: citizenship

ETISALAT GROUP'S FOOTPRINT



Operator	Maroc Telecom	Onatel	Moov
Country	Morocco	Burkina Faso	Niger
Licence Type	Mobile, Fixed and Internet	Mobile, Fixed and Internet	Mobile
Etisalat Ownership	48%	30%	48%
Popluation (Million)*	36	20	23
Penetration*	Mobile 134% Fixed 6%	97%	47%
Numbers of Operators	3	3	4

Operator	Mauritel	Moov	Moov	Tigo
Country	Mauritania	Ivory Coast	Benin	Chad
Licence Type	Mobile, Fixed and Internet	Mobile	Mobile	Mobile
Etisalat Ownership	20%	41%	48%	48%
Popluation (Million)*	4	26	12	13
Penetration*	96%	142%	79%	49%
Numbers of Operators	3	3	2	2

Operator	Sotelma	Moov	Gabon Telecom	Moov
Country	Mali	Togo	Gabon	Central African Republic
Licence Type	Mobile, Fixed and Internet	Mobile	Mobile, Fixed and Internet	Mobile
Etisalat Ownership	25%	87%	25%	48%
Popluation (Million)*	19	8	2	5
Penetration*	96%	78%	145%	28%
Numbers of Operators	3	2	2	4

Operator	Etisalat	Etihad Etisalat (Mobily)	PTCL / Ufone
Country	United Arab Emirates	Saudi Arabia	Pakistan
Licence Type	Mobile, Fixed and Internet	Mobile, Fixed and Internet	Mobile, Fixed and Internet
Etisalat Ownership	100%	28%	23%
Popluation (Million)*	11	35	209
Penetration*	Mobile 185% Fixed 23%	113%	Mobile 79% Fixed 1%
Numbers of Operators	2	3	Mobile 4, Fixed 11

Operator	Etislat Misr	Etisalat
Country	Egypt	Afghanistan
Licence Type	Mobile, Fixed and Internet	Mobile
Etisalat Ownership	66%	100%
Popluation (Million)*	102	38
Penetration*	93%	67%
Numbers of Operators	4	4

*Based on latest available public information

etisalat

UNITED ARAB EMIRATES

10.4 MILLION
MOBILE SUBSCRIBERS

1.1 MILLION
eLIFE SUBSCRIBERS

1.2 MILLION
FIXED BROADBAND SUBSCRIBERS

29.9 AED BILLION
REVENUE

15.8 AED BILLION
EBITDA

53%
EBITDA MARGIN

7.9 AED BILLION
NET PROFIT

3.4 AED BILLION
CAPEX

Despite the challenges imposed by the COVID-19 pandemic, Etisalat has delivered solid results during an unprecedented year. The company adapted its services and business practices swiftly to assist individuals, corporations, and society as a whole to transition to a new normal. While many businesses experienced an abrupt pause at the start of the lockdown, in the United Arab Emirates (UAE), Etisalat remained steadfast in implementing its corporate strategy. However, the pandemic necessitated a shift in the company's strategic priorities for 2020. Consequently, few strategic tracks were accelerated and future plans and aspirations were reimagined.

Etisalat UAE's infrastructure was put to the test in 2020, and the pandemic highlighted the strength of the company in terms of its crisis preparedness and business continuity (BC). The performance of the company in response to the crisis has, in fact, surpassed that of various global telecoms operators.

The company has worked closely with the government during this time to ensure the seamless delivery of quality services, particularly in critical sectors like education and healthcare. It also played a key role in the battle against COVID-19 by actively engaging with healthcare authorities to limit the spread of the virus. In order to assist authorities during the national sanitization campaign, big data technology is being used to create multiple data algorithms, along with anonymized population density and movement reports.

Etisalat supported the education sector by enabling the Ministry of Education's (MoE's) "distance learning" initiative and by assisting students during the pandemic. The company provided students with zero-rated access to educational Uniform Resource Locators (URLs), free mobile data, and free access to the Madrasa platform on eLife and remote learning apps.

A number of new services and benefits were launched in 2020, due to the pandemic. These include CloudTalk, a remote working solution offering real-time communication and collaboration for enterprises. Businesses received free access to CloudTalk during the lockdown.

In addition to the above, Etisalat UAE created a superb experience for all users of its in-home services, as customers have been spending significantly more time at home. High-speed packages were upgraded, and users have been receiving free access to richer content for the whole family. It goes without saying that the aim behind these initiatives is to encourage people to "stay home; stay safe."

With the majority of government entities and corporates shifted to work from home, Etisalat rapidly expanded and upgraded its network to accommodate more local and international traffic, meeting the surging demand for higher bandwidth services and online deliveries, with ease.

The company maintained commercial momentum during the year and remained focused on growing digital business-to-business (B2B) and business-to-consumer (B2C) revenue; enriching core services; driving value by harnessing new technologies (namely artificial intelligence , data monetization, and 5G); and increasing the adoption of digital channels.

In 2020, Etisalat UAE's digital unit made great strides in its digital B2B services, particularly in the areas of cybersecurity, the Internet of Things (IoT), and cloud connectivity. In the cybersecurity space, the integration of Help AG operations concluded in the UAE and Kingdom of Saudi Arabia (KSA), thereby creating the region's strongest cybersecurity unit. This will be a key enabler of secure, seamless, and effective digital transformation for customers.

The company also partnered with the Dubai Police to deliver the Oyoon project. The aim of the project is to raise awareness of e-crime and to improve safety for all citizens, residents, and tourists, using Etisalat's video cloud platform and its AI capabilities. Moreover, Etisalat has worked with the Dubai Multi Commodities Center (DMCC) to create the first smart, sustainable district in the region using the company's 5G network and IoT solutions. Etisalat and the Ministry of Interior (MOI) are, furthermore, continuing to run the Hassantuk project, the first smart fire alarm solution in the region that will cover more than 400,000 villas across the seven emirates.

> Ensured **seamless delivery of quality services**, particularly in critical sectors like education and healthcare

> Digital unit made great strides in its **digital B2B** services, particularly in the areas of cybersecurity, IoT and cloud connectivity

In addition to the above, Etisalat has evolved towards a Cloud Managed Services Provider, sustained by state-of-the-art platforms and infrastructure, partnerships with global industry leaders, hyperscale cloud service providers, and impressive multi-cloud consulting and operations. The company's cloud computing services are the foundation of digital transformation in all industries. The company has also been collaborating with Amazon Web Services (AWS) and Microsoft Azure to offer Etisalat's Cloud Express. The service enables secure, private connectivity between the customer's corporate network and their public clouds.

Etisalat UAE's focus on cloud services has led to the expansion of the company's data centers, with two new facilities opening in Dubai and Al Ain in 2020. Etisalat UAE received the Frost & Sullivan 2020 UAE Data Center Services Industry Company of the Year Award for its investment in data centers, signifying its leadership in this space. Cloud is the backbone of the company's "Business Edge", a newly launched business platform that offers a wide range of cutting-edge services from the cloud. The platform targets small and medium-sized businesses (SMBs), which remain an important engine of growth in the UAE.

At the heart of Etisalat UAE's focus on digital B2C services are video, content, and financial services. During the year, the company launched Switch TV—a brand new over-the-top (OTT) streaming service, available to all UAE residents. The service includes free and premium live TV channels in the sports, entertainment, and news genres.

Etisalat UAE also upgraded its eWallet features and capabilities by introducing seamless international money transfer services to 200 countries and expanding the merchant portfolio to more than 380 brands and 5,500 outlets across the UAE. Additionally, it reinforced the Smiles app as the most used lifestyle app in the UAE. A blockchain-powered rewards exchange feature was launched on the Smiles engagement platform to allow consumers to monitor their loyalty currencies and to exchange smile points for value-in-kind. The feature offers customers increased flexibility and numerous benefits.

Etisalat has long been committed to the enrichment of mobile and fixed core services. With regard to its mobile services, the company has launched new Freedom plans for postpaid customers. This means that for the first time in the UAE, customers have access to unlimited local and international calls clubbed with several benefits on Smiles and Switch TV , and launched the Wasel Gifts and Deals for You services, which target prepaid customers with instant prizes and personalized deals.

Business customers now have access to the Business First Plus postpaid plan, which gives them the ability to carry over unused minutes, and the Business Xtreme plan, which is the UAE's first "unlimited calling" option for executives and professionals. Additionally, businesses now have a Mobile Service Center—a new platform for real-time monitoring, service request management, and usage control. The platform has an intelligent and interactive recommendation engine that provides real-time offers based on the customer's preferences.

Etisalat UAE has also expanded its devices portfolio, adding the most up-to-date 5G devices and a number of other smart devices, like Smart Living. All devices can be purchased on their own or as part of a digital services bundle with flexible payment options. In 2020, Etisalat enhanced the latest business technologies to improve business value; for example, the company transformed its traditional business connectivity services by using virtualization technologies. Its Software-Defined Wide Area Network (SD-WAN) is being successfully deployed in governmental and private organizations to transform large networks into converged architectures. Moreover, Etisalat is using machine learning (ML) and AI tools to facilitate the launch of Make Your Own Deal, a first-of-its-kind feature that empowers customers to configure their own deal in real time. Robotics for the end-to-end (E2E) automation of key corporate and backend processes has also been rolled out. AI, ML, and robotics are an integral part of Etisalat UAE's internal digital transformation journey and a cornerstone of many of its new propositions, as it is destined to drive performance in all sectors, be it education, oil and gas, healthcare, logistics, tourism, or cybersecurity.

Furthermore, Etisalat UAE has launched fixed 5G services. This will assist the company in extending its broadband services to rural areas. Several 5G use cases and proof of concepts (PoCs) with key entities have also been tested, including for the Dubai Police, the Abu Dhabi National Oil Company (ADNOC), and DP World. Each of these organizations is exploiting the power of 5G technology to enable new services and features which were previously not possible.

Etisalat UAE was prepared for the COVID crisis in that its full infrastructure of digital channels, self-service channels, and logistics and delivery operations were all in place before the lockdown. While certain services were not in use then, the closure of Etisalat's stores facilitated the transition to greater digitization. This means that consumers and businesses have adopted significantly more digital channels during the lockdown.

Etisalat UAE's consumer and business apps and portals received several enhancements to functionalities and the look and feel of digital channels. Additional self-service features were also introduced, and an awareness campaign was launched to emphasize the benefits of digital channels.

At the same time, the company made numerous improvements to its traditional channels to cope with the digital shift. It launched a flagship next-generation digital store, aimed at providing a brand new retail experience with a strong focus on self-service. The self-service feature is made possible by multiple digital touchpoints, which encourage customers to explore and subscribe to Etisalat's products and services.

In terms of customer care operations, Etisalat UAE has upscaled its AI-powered Virtual Assistant, adding in new functionalities, extending the number of use cases, and expanding its use to cover more segments and digital channels. This has improved the customer experience and cost efficiency considerably by transforming traditional voice channels into robust self-care channels.

On the wholesale services front, Etisalat UAE continues to attract new customers from various regions across the globe. These include the Middle East, Africa, Europe, and the Asia-Pacific. New ustomers are reached through a wide range of high-quality, reliable wholesale services, such as voice and SMS hubbing, capacity, mobility solutions, roaming and broadcasting services.

In 2020, the company launched two new services. The first is Smart CloudTalk, which enables wholesale customers to offer a cloud-based, unified communication solution that combines voice and video conferencing and replaces legacy Private Branch Exchange (PBX) systems. The second service is Direct Inward Dialing (DID) enabling global wholesale customers make use of the service to meet the growing demand for local customer care numbers.

In 2020, Etisalat UAE built a second Open Innovation Center in Abu Dhabi to replicate the success of its Dubai-based center. This has proven to be an asset in helping customers to digitize their businesses using the newest technologies on the market.

#FutureNow program remains a key engine for open innovation while it has adjusted its operating model during the pandemic and shifted to a virtual collaboration mode. Furthermore, Etisalat UAE's scale-up program has reached more than 1,000 start-ups, which have applied to 10 challenges related to digital retail experience, delivery, automation, AI, and augmented reality, among others. A thriving ecosystem of digital partnerships has thus been created through the program.

> Etisalat UAE was awarded **the fastest mobile network in the world** by Ookla

Etisalat's remarkable achievements in 2020 were made possible by the company's world-class infrastructure. Due to continued investment in the company's networks, Etisalat UAE received an award by Ookla for being the fastest mobile network in the world. Moreover, The company became one of the first five operators around the world to test virtual RAN (vRAN) in a live network setup, a giant step towards optimizing the network's Total Cost of Ownership (TCO).

Despite the disruption caused by COVID-19, the company progressed with 5G network deployments that resulted in around 40% population coverage of the UAE's main cities. Over 99.7% of the UAE's cities has 4G coverage, enabling unparalleled first-class customer experience while accommodating the surge in data traffic, and supporting the company's drive to retire older mobile generations.

Etisalat UAE's achievements and well-established records facilitated its recognition as the Most Valuable Consumer Brand in the Middle East and Africa for the third consecutive year.

It was also recognized as the only telecoms brand in the region with an AAA brand rating. Furthermore, the company received the Best Regional Wholesale Carrier and the Best Middle Eastern and African Wholesale Provider awards at 2020 Telecoms World Middle East Awards Event.

The pandemic and subsequent lockdown were a black swan, casting a shadow of uncertainty on the country and leading to the cancellation and postponement of a number of important events. This necessitated adjustments to Etisalat's short-term and long-term plans.

During the year, the entire world watched the UAE in anticipation of the spectacular Expo 2020. Unfortunately, due to the pandemic, the event was unavoidably postponed until 2021. All preparatory work for the event is now almost complete, and Etisalat UAE is eager to demonstrate its digital mettle to the world in and support UAE in this cultural and economical festival.

> Most **Valuable Consumer Brand** in the Middle East and Africa for the fourth consecutive year

Etisalat UAE has reflected deeply on the lessons of 2020 and the impact of world events on the company's strategy. The disruption caused by the pandemic necessitated resilience, a re-evaluation of the basics, and transformation within the business's operations. Consequently, the company's digital agenda was accelerated during the year, with data monetisation, the deployment of 5G networks, the harnessing of AI, and an increase in the adoption of digital channels. Additionally, the company identified and boldly leveraged new opportunities by working closely with the government to assist the education and healthcare sectors.

The core traits of businesses that will thrive during ongoing and potentially drastic changes in the coming years are agility and the willingness to adapt. Etisalat UAE remains committed to sustaining its undisputed market leadership and its position as the trusted partner of the government, corporations and society

موبايلي
Mobily

SAUDI ARABIA

14.0
SAR BILLION
REVENUE

5.4
SAR BILLION
EBITDA

38%
EBITDA MARGIN

2.8
SAR BILLION
CAPEX

In 2020, Mobily commenced with the implementation of its new corporate strategy, "GAIN," which was designed to propel the company's growth and maximize profits over the coming years. The company is committed to delivering more value to its key stakeholders as it continues to align with Saudi Vision 2030 and ICT Sector Strategy 2023. The strategy is focused on accelerating digital revenue streams and improving customer service. Mobily has been successfully accomplishing this despite the COVID-19 pandemic, intense market competition, and other challenges within the Saudi telecommunications environment.

Mobily succeeded in delivering strong performance in 2020 with strong revenue growth supporting significant improvement in profitability. Top line growth was across segments such as consumer, business and wholesale. The company also witnessed growth of data revenues and expanded its mobile and FTTH active base. This growth in revenues associated with improvement in revenue mix and cost efficiency translated into growth in operating profit and margin. This performance enabled Mobily to resume the distribution of dividends for 2020, an affirmation of the company's return to profitability.

Mobily's **5G network coverage** was expanded to reach **50 cities**

It goes without saying that Mobily's operations have been affected by the ongoing pandemic. As part of the company's commitment to the community, it has been assisting in limiting the spread of COVID-19 and combating the effects of the virus. The company announced that it would exempt clients from paying their postpaid package bill for April, at the start of the quarantine that was imposed by the Ministry of Health (MoH). The aim of the initiative was to make it easier for those in quarantine to communicate with their loved ones within Saudi Arabia and to enjoy easier access to online services during the quarantine. In line with the precautionary measures taken by the government to support and encourage social distancing and staying at home, Mobily provided its postpaid customers additional 20% of their data package, for free.

In order to support teachers and their pupils during the pandemic, discounted packages for distance learning were launched. The packages were available for smartphones and fiber-optic broadband users. As part of the initiative, Mobily partnered with The Ministry of Education (MOE) to offer an unlimited education package, which allowed for unrestricted browsing on the Madrasati ("My School") platform. The package was available for a three-month subscription period for both postpaid and prepaid lines. Teachers and pupils also received a 50% discount on fiber services for one month.

Mobily's digital transformation accelerated growth in all the company's digital channels ranging from the portal and e-shop to the application. New registrations in the app doubled while online store visitors and eShop orders skyrocketed.

Despite COVID disruptions, Mobily maintained capital investment level in 2020 reflecting the company's commitment to invest in the infrastructure and improve the quality of service. The company acquired 5G spectrum in 2.6 GHz and 3.7 GHz, increased 5G sites rollout by over 5 times in comparison to prior year and extended FTTH coverage to 26 cities.

During the year, Mobily's 5G network coverage was expanded to reach 50 cities, including most regions in the Kingdom. The aim in doing so is to provide customers with the most advanced communication technologies available. The launching of 5G in Saudi Arabia enhances customer experience and creates an avalanche of new business opportunities in the country. The new network offers a wide range of features to address the enormous challenges that will arise in the emerging 5G era and the ever-increasing business traffic demand.

Furthermore, Mobily partnered with Ericsson to trial 5G on the 800 MHz and 1800 MHz bands using Ericsson Spectrum Sharing (ESS) technology that allows both 4G and 5G technologies to be deployed in the same band, enabling Mobily to manage network traffic more efficiently. This strategic step is assisting Mobily with the deployment of standalone 5G (SA 5G) using the same spectrum and radio assets that are utilized for 4G. In December, the company succeeded in testing the time division duplex (TDD) dynamic spectrum sharing feature between 4G and 5G in the 2600 MHz band. The tests demonstrated the effectiveness of technologies to enhance the service level and to speed up deployment of 5G services.

In fact, Mobily achieved SA 5G network capability for data services during 2020 offering independent 5G technology with zero reliance on the 4G network. This will improve the company's network capabilities needed to facilitate digital transformation for individuals, businesses, and government sectors.

Moreover, the company partnered with Open Broadband to provide Mobily Fiber services. Through the agreement with Open Broadband, 3.5 million homes now have access to fixed broadband services through fiber optic technology, offering customers a unique high-speed internet, video streaming and e-gaming experience.

Mobily prioritises **customer service** and acceleration of **digital revenue** streams

During the year, Mobily made its first successful 5G voice call in the Middle East. The call is known as Voice over New Radio (VoNR) and was made using the SA 5G network. Mobily also launched the "Mobily eSIM" service, which is available for newer smart devices through the Mobily e-Store.

In order to improve its service offerings and business processes, the company entered into a number of pivotal agreements. Mobily has extended its managed services partnership with Ericsson for an additional five years. Through this agreement, Mobily has received access to various cutting-edge products and solutions that are assisting the company in the deployment of its digital services to individuals, businesses and government sectors and in expanding the provision of Internet of Things (IoT) solutions. The latter includes the company's smart meter project, which is driven by the Saudi Electricity Company. In addition, Mobily entered into a cooperation agreement with the Local Content and Government Procurement Authority with the aim of developing local content in the telecommunications sector and launching a comprehensive strategy for the creation of local content for Mobily.

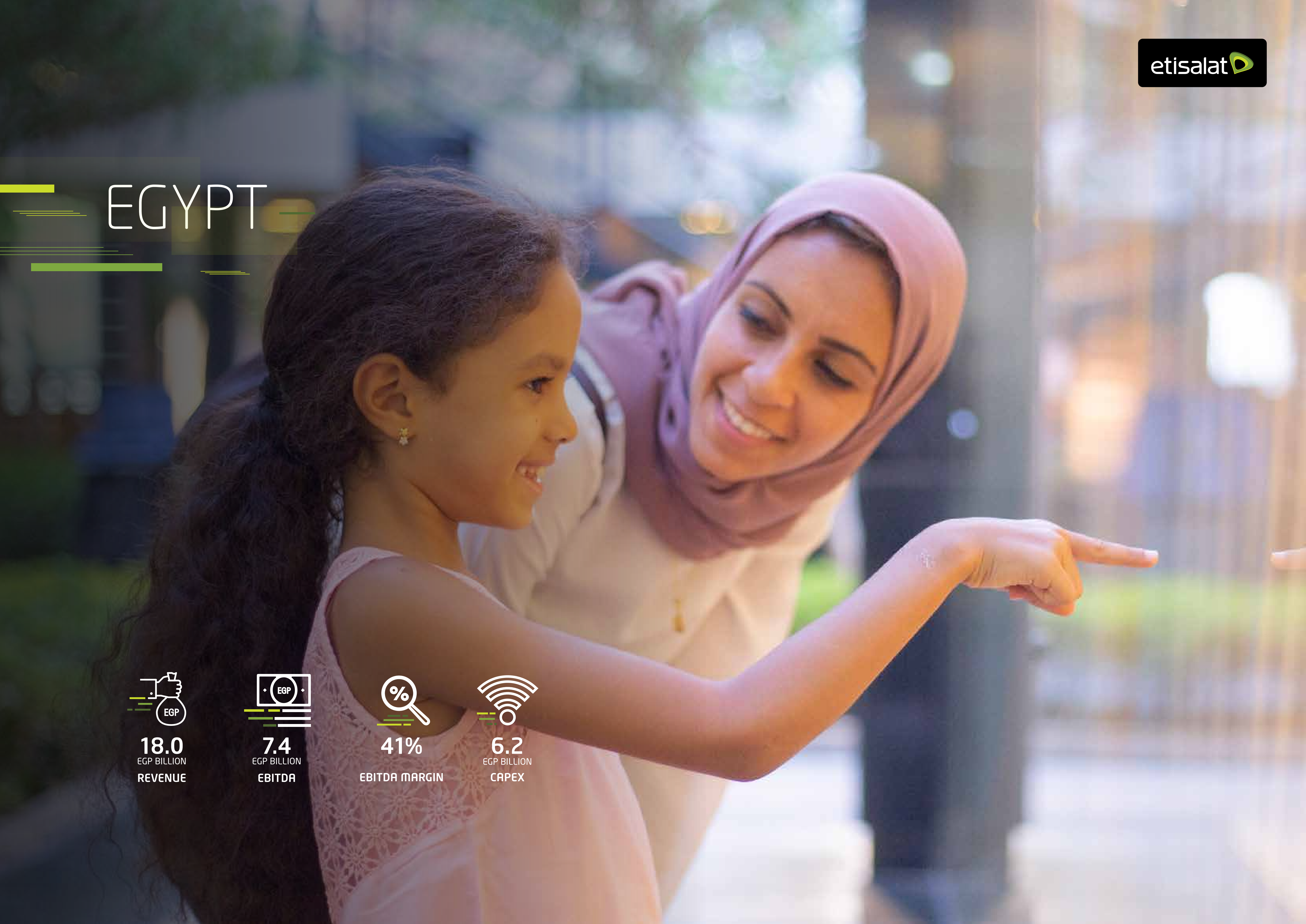
Mobily also signed a non-binding memorandum of understanding (MoU) with Zain KSA to assess various options for their tower assets. Under the MoU, both companies are seeking a potential bidder to buy their telecommunication towers, partnering with other investors to merge them into one company, or operate them on their behalf.

Moreover, Mobily announced a digital transformation partnership with global technology company SAP to energize its sales force automation. In line with its digital transformation strategy, Mobily aims to enhance business competitiveness by enhancing the customer experience, optimizing costs and sales, and bringing innovations to the market more rapidly.

The company also became the first telecom operator in the Middle East and North America (MENA) region to receive ISO 22301:2019 certification, for the new international standard for Business Continuity Management Systems). The ISO certification was received from the British Standards Institution (BSI) and reflects Mobily's commitment to applying international standards and ensuring the continuity of its services to its customers.

Finally, as a result of Mobily's continuous focus on improving customer experience, the company received the least customer complaints in comparison to other telecommunications providers in the Kingdom in 2020. This was evidenced by the Communications and Information Technology Commission (CITC), which rates service providers based on the number of customers' complaints that were escalated to the CITC.

Looking ahead, Mobily will continue to implement its "GAIN" corporate strategy as it aligns with Saudi Vision 2030 and ICT Sector Strategy 2023. In 2020, the company succeeded in transforming from mobile centric telco to integrated telco and it aims to become a digital telco in 2021. Mobily will prioritize customer service excellence and to ensure that the most advanced communication technologies are available to its customers



EGYPT

18.0	7.4	41%	6.2
EGP BILLION	EGP BILLION		EGP BILLION
REVENUE	EBITDA	EBITDA MARGIN	CAPEX

In Egypt, similar to most other markets, the pandemic has accelerated digital transformation, forcing more people to work and study from home. Online gaming and streaming have increased significantly since the start of the lockdown. Etisalat Misr continues to prioritise the connection of its customers during this time, ensuring they have access to high-quality and affordable telecom services while maintaining stable performance.

Etisalat Misr is the second largest operator in the market. Despite the lockdown, the company performed well financially. During the year, it surpassed the market in terms of service revenue growth rates. It continued to gain positive momentum in 2020, with double-digit, year-on-year growth rates. This was underpinned by the company's efforts to safeguard its active customer base and maintain steady growth.

The company's active customer base recovered in 2020 and reached its highest point thus far, due to focused customer segmented offerings and in particular in the mobile internet. As a result, the mobile internet users increased steadily during the year, as a number of innovative offerings were launched.

In terms of mobile internet speed, Ookla ranked Etisalat Misr as having the second fastest download/upload speeds while ranked first for latency. Given the focus on customer experience, the company maintained its second place across all customer experience metrics, these include TRI*M and Net Promoter Score (NPS).

Etisalat Misr's network was used extensively throughout the country during 2020. Traffic increased sharply as a result of the lockdown. There was also a shift in traffic within the network, from offices to homes due to the lockdown, leading to a significant increase in data traffic. The company paid particular attention to the network performance for its healthcare customers given the critical nature of the industry.

Digital adoption processes were accelerated due to the pandemic. Fortunately, the company's infrastructure was in a favourable position at the start of the lockdown, which made it easy to accelerate the digital adoption processes and to launch high-quality, relevant offerings, to assist individual and enterprise consumers during this time. The company provided support to its customers by increasing customer enablement, allowing contactless payment, providing digital entertainment and promoting exclusive online offers, all while encouraging its customers to keep safe through its #Staysafe awareness campaign.

Etisalat Misr has expanded beyond its core business, with a number of sophisticated offerings. During the year, the company capitalised on its previously implemented mobile internet tariffs that charge users per minute. A second campaign was launched, offering more value and specifically designed for those who are working from home. Etisalat Misr was the first telecom provider to implement such a tariff, which remains unmatched on the market.

Furthermore, the company increased its focus to family at home propositions and differentiated itself by being the first to market high value offerings with unlimited data coupled with entertainment value-added services (VAS).

The company was also the first to introduce a fully digital platform for enterprise customers. (Subscription is completed through the B-Digital app.) These packages can be subscribed to through the B-Digital app and have been designed to empower small and medium-sized businesses, especially during the lockdown. They assist customers in working and managing their teams remotely from any location. The primary services include ADSL and VDSL, VPN and APN, mobile broadband, bulk SMS, free intra-company minutes and access to Microsoft Teams.

In addition to the above, Etisalat Misr launched its own digital content platform, Etisalat TV. Etisalat TV is a streaming app that allows customers to watch their favourite TV shows, movies, sports and live news on the go. Two unique subscription packages are available, namely Premium and Basic. The Premium package contains over 95 channels with more than 11,000 hours of TV series, movies and a full STARZPLAY catalogue.

In terms of customer experience, the My Etisalat app was revamped to improve functionality and content. As a result, the app remains the highest-rated app on the market, compared to the apps of Etisalat's competitors.

Experienced **positive momentum** and launched **high-quality offerings** during lockdown

In order to improve the speed of its services, Etisalat Misr has capitalised on advanced digital tools. This has entailed further utilisation of the Etisalat's smart interactive voice response (IVR) system, to improve self-service, as well as a chatbot complaint management service through Whatsapp for Business. Robotic process automations are currently being utilised to reduce the handling time of complex interactions and processes, creating a digital workforce. Additionally, advanced modelling and analytics have been deployed to enrich customer value management (CVM) through Etisalat Misr's renowned *011# platform.

Through the company's ongoing efforts to improve the overall customer experience and to differentiate its brand, Etisalat Misr has raised the bar for its customers. The Net Promoter Score (NPS) has improved significantly and now matches the top-ranking operator on the market.

The company continued to invest in its network to improve customer experience. In 2020, capital expenditure increased by 89% year over year to AED 1.4 billion resulting in a capital intensity ratio of 35%, 12 percentage points higher than prior year. This increase was mainly attributed to the new spectrum and capacity enhancement.

Etisalat Misr also participated in a spectrum auction in November 2020, which was organised by the regulator. The company secured two 10 MHz blocks in the 2.6 GHz band, for $325 million. This improved the spectrum position of the company, which will in turn improve quality of services and customer experience.

This step was taken in conjunction with the company's efforts to improve the quality of its services by continuously developing its infrastructure and injecting new investments into the allocated spectrum. The aim in doing so is to improve the quality of services. The spectrum acquisition is in keeping with Telecom Egypt's strategy to transform from a fully integrated telecom provider to the leading ICT provider in Egypt.

In the previous years, Etisalat Misr managed to diversify its enterprise revenue streams further by entering into new deals with the government and private sector. These deals include offering communication infrastructure services such as triple play, fixed broadband, fixed telephone, local and international VPN, information protection, cloud computing and data security to various residential communities, retailers, business venues and industrial zones. Etisalat Misr continued its efforts in deploying these services and supplied the government sector with integrated intelligent solutions for electricity, water and gas services, in addition to road lighting, billboards and waste management. The private sector was supplied with triple play, fixed and wireless broadband services.

Although 2020 was a challenging year for many companies, Etisalat Misr continued to experience strong momentum in its financial performance and digital adoption processes. The company launched a number of high-quality offerings to support its customers during the lockdown. These included B-Digital, a fully digital platform for small and medium-sized businesses and Etisalat TV, a streaming app that allows customers to watch their favourite shows on the go. Etisalat Misr also prioritised the performance of its networks, making it easier and more enjoyable for individual customers to work, study and entertain themselves at home.

Etisalat Misr supported its country's healthcare heroes, who have been working day and night since the start of the pandemic (and even more so at the peak of the pandemic). The company partnered with a number of organisations in order to provide this support. These included the AmCham Egypt Foundation and the United Nations Children's Fund (UNICEF). Together, they donated 25,000 items of personal protective equipment (PPEs) worth EGP 5 million. The company also launched the paediatric department at the Om El Masryeen Hospital; donated medical equipment and connectivity to isolation hospitals; and provided 300 public hospitals, 1,000 primary healthcare units and 50 quarantine hospitals across the country with personal protective gear and emergency units.

Etisalat Misr also worked closely with all segments of society during the year. For example, the company partnered with the Deaf and Mute Health Knowledge Hub to provide 5,000 deaf and mute individuals with access to online courses and health talks. Access was also granted to 5,000 parents, caregivers and teachers of the children.

Going forward, the company will continue to invest in its networks to enable better quality of services and more network reach. In addition, it will continue in brining new innovative offerings to the market and new technologies. Thus, ensuring the utmost satisfaction of its customers

Ranked as the **second fastest mobile internet** while ranked **first for latency**

Maroc Telecom

MOROCCO

68.7 million mobile subscribers

2.3 million landline subscribers

1.9 million fixed broadband subscribers

36.8 MAD billion revenue

19.1 MAD billion EBITDA

52% EBITDA margin

6.0 MAD billion net profit

3.4 MAD billion CAPEX

Due to the COVID-19 pandemic, in 2020, the Maroc Telecom Group continued its commitment to making technological innovation accessible to as many users as possible and meeting the growing demand for new uses of digital technology. In all countries in which the Group operates, considerable resources were allocated to strengthening telecom infrastructure and deploying high-speed broadband, to meet the demand for voice and data services. The Group has also continued to implement its approaches to sustainable development and corporate social responsibility.

The customer experience is at the heart of Maroc Telecom's digital strategy. For this reason, new digital channels were set up so that customers can subscribe to mobile and internet offers online via the E-boutique service and manage their accounts remotely through the self-service Mon Espace MT.

The Group continued to invest in high speed broadband in 2020, in order to meet the growing demand for voice and data services. In all countries in which the Group operates, its investments have focused on strengthening infrastructure to improve mobile data coverage and network speeds. In Morocco, investments were directed towards the development of optical fibre through fibre-to-the-home (FTTH) technology and the improvement of mobile data speeds. Maroc Telecom's 4G mobile network coverage reached 99% of the Moroccan population during the year. In addition, the company's international subsidiaries leveraged the expansion of mobile networks coverage to increase its offering of mobile broadband services.

In 2020, the Group prioritised the health and well-being of its customers, ensuring that all of the authorities' COVID-19 regulations and guidelines were implemented. As part of its efforts to combat the virus and encourage self-isolation, the company provided customers with free access to all of the Ministry of National Education's websites and platforms for distance education and training, vocational training, higher education and scientific research.

The Maktabati service was launched as an online digital library for children and adolescents up to 15 years of age, which provides them with educational and cultural content. More than 10,000 educational books, novels and comics are available on the platform in French, Arabic and English.

As the company continually invests in technologies, it was well-equipped to implement the above changes and to deal with the increase in demand and rise of new uses that resulted from the lockdowns. This meant that the quality of Maroc Telecom's services was not hampered during the lockdowns.

In addition to the above initiatives, Maroc Telecom supported companies that were most affected by the global health crisis, with a particular focus on small and medium-sized enterprises (SMEs). SMEs received access to various offers, including 4G+ Business Box, the MT VISIO video conferencing service, several data centre hosting options, various fibre optic offers and the Microsoft 365 Business Basic package. The company also launched its Startup Challenge to encourage innovative start-ups and challenge project leaders in the health, education, agriculture, fintech and smart city technology fields. Participants were offered support through coaching and mentorship sessions.

In 2020, a new self-help service was launched enabling several services to be combined into a unified, user-friendly web page where customers can manage their mobile, landline and Internet lines in a more autonomous manner and through a single account. Regarding the digitalisation of customer identification, new features have been deployed on the mobile identification app used by prepaid customers. These features offer full digital access by securing the authentication of customers SIM card, scanning and automatic recognition of their identity document using their smartphone camera and capturing the electronic signature.

In addition, customers now have access to interactive payment terminals where they can pay their bills as well as recharge their prepaid lines. Payments can also be made via direct debit, the mobile app, the multiservice terminals, banking apps, ATMs, the Maroc Telecom website, the MT Cash service or through Maroc Telecom's large network of partners.

Because the protection of personal data is essential for creating a relationship of trust, Maroc Telecom has been ISO 27001 certified since 2007. The certification guarantees the protection of information and personal data used by the company. In order to comply with Law 09-08, also relating to the protection of personal data, and the General Data Protection Regulation (GDPR), the company then received its ISO 27001:2013 certification in 2015. Additionally, With regard to protection of personal data, Maroc Telecom has strengthened the processes that it already had in place through the declaration of personal data that has been newly processed by the National Commission for the Control of Personal Data Protection (CNDP). The company has also bolstered the protection of its information systems and online services against cyber-attacks by means of internal control measures and internal and external audits.

The corporate culture at Maroc Telecom is centred around sustainable development. The Group has long focused on reducing the digital divide in the countries in which it operates, on taking steps to foster the well-being of the population in these countries and on preserving the environment.

Maroc Telecom supports the social and economic development of the countries in which it operates through the ongoing deployment of high and very high-speed networks and the creation of jobs. It has also invested heavily in increasing territorial coverage, particularly in the most remote areas. Customers in these areas now have access to the most up-to-date technologies, which are tailored to their requirements. This means that the company's service offerings are adapted to the specific needs of the youth, families, students, professionals, start-ups, and so on.

Additionally, Maroc Telecom is committed to supporting the humanitarian work of a number of national foundations and to assisting associations that are committed to improving public health and protecting children.

In order to optimise the impact of its environmental initiatives, the Maroc Telecom Group continues to focus on using renewable energy, employing economical technologies, promoting dematerialisation and digitisation of business processes, and so on, while promoting employee awareness on energy usage savings. The Group is still participating in the Carbon Voluntary Compensation Program, run by the Mohammed VI Foundation for Environmental Protection, and in the Clean Beaches programme. It also maintains the Arsat Moulay Abdeslam Cyber Park, one of the largest botanical gardens in the city of Marrakesh.

Systems are in place to assess the company's environmental compliance and benchmark its efforts against national regulations and industry best practices. Audits are carried out regularly to measure compliance with the standards, assess environmental performance and identify areas that can be improved.

Since 2009, the Maroc Telecom Group has implemented extra-financial reporting. Environmental, social and societal data are being monitored and reported on an annual basis. Since 2017, the Group has been awarded the Vigeo Eiris 26000 certification at the Advanced level, which is the highest achievement. Renewal is required every 18 months, after an audit to measure compliance of commitments with the ISO 26000 standard as well as the company's progress.

The Group owes its growth and success primarily to the expertise and commitment of its employees. The company's HR policy is based on performance recognition, skills development, equity and equal opportunity, and training is at the heart of its strategic vision. Training is continually adapted to keep employees up to speed with technological, competitive and organisational changes. Most of Maroc Telecom's training takes place at its training academy in Rabat. Due to the COVID-19 pandemic, however, all training has been conducted virtually since March 2020.

Since the start of the COVID-19 pandemic, the company has taken all the necessary measures to ensure the health and safety of its employees and customers without disrupting services. Awareness-raising initiatives were put in place, and employees have the option to work from home. They are also provided with masks and other medical devices and benefit from regular screening campaigns.

The company also has an initiative to assist employees who smoke to understand the harmful effects of tobacco and to quit smoking, with the provision of medical monitoring services, smoking cessation products, and so on.

Going forward, the Maroc Telecom Group will continue to prioritise digital innovation, the provision of new services to as many users as possible, and the well-being and professional development of its employees. Additionally, the company remains committed to the implementation of its sustainable development and CSR initiatives

> Resources were allocated to strengthening **infrastructure** and deploying **high-speed broadband**

> Maroc Telecom's **4G mobile network** coverage reached **99%** of the Moroccan population

PAKISTAN

23.1 MILLION
MOBILE SUBSCRIBERS

2.5 MILLION
LANDLINE SUBSCRIBERS

1.5 MILLION
FIXED BROADBAND SUBSCRIBERS

129.4 PKR BILLION
REVENUE

40.0 PKR BILLION
EBITDA

31%
EBITDA MARGIN

3.3 PKR BILLION
NET PROFIT

32.0 PKR BILLION
CAPEX

PAKISTAN PTCL

ptcl hello to the future

Most countries and industries around the globe were impacted by the spread of the COVID-19 virus and the subsequent lockdown. However, the telecom industry remained relatively stable, primarily due to increased broadband consumption during this time.

In 2020, most of the growth experienced by the Pakistan Telecommunication Company Limited (PTCL) occurred in the company's digital services and retail data segments. Voice-related revenue declined in line with global trends.

During the lockdown, the sudden surge in demand for IP bandwidth revealed a strong and resilient fixed infrastructure, which ensured stable service delivery. Retail and corporate customers had to adapt to 'the new normal' created by the rapid digital transformation. It is clear from this transformation that businesses will be highly dependent on data in the future and that they will need to be digitally equipped for this.

PTCL maintained market leadership in the fixed-line market, despite growing competition from fibre-to-the-home (FTTH) operators. Bandwidth resellers continued to drop their prices per Mbps in order to penetrate low-income strata. As a result, competition in the industry remained high.

Digitalisation played a vital role across industries in safeguarding revenue during the pandemic and in modernising business processes. The trends in digitalisation are opening up new opportunities in the ICT sector, which are contributing positively to corporate and value-added service (VAS) revenue growth.

In 2020, the corporate and enterprise segment experienced an increase in its customers' requirements for managed services, cloud infrastructure and security solutions and accordingly PTCL is focusing on building organisational capability for ICT and thus enabling managed security solutions, cloud banking, data centres and managed services in the ICT landscape.

In addition to the above, a diversified product portfolio has been designed for carrier wholesale customers. The product portfolio covers digital/ICT services as well as traditional connectivity services, like managed capacity, an international private leased circuit (IPLC) and colocation.

PTCL also embarked on various strategic partnership initiatives with all telecom industry partners (Mobile/Long Distance & International/ Fixed Local Loop operators) and government and defence institutions, to build a growth engine for digital Pakistan. An aggressive marketing strategy was implemented, and PTCL key carrier customers noticed phenomenal growth in the infrastructure and sales capacity.

In September, the company extended its partnership with the subscription video-on-demand service STARZPLAY by Cinepax. This was to allow payment integration, making it easier for customers to pay for their STARZPLAY subscription as part of their monthly PTCL bill. The integration eliminates the need for them to share their credit or debit card details.

The company also revisited two of the innovations that it launched in 2019 – the new AI-based analytical Broadband Answering Model and the Upgrade Propensity Model. Based on over 200 variables, each model assigns a score to subscribers, who can then be targeted with greater precision for customer value management (CVM) campaigns. In 2020, both models were retrained to increase opt-in rates for all campaigns.

The CVM channel mix was expanded during the year and has provided substantial incremental revenues and opt-in rates. New channels, such as interactive voice response (IVR), emails and one-way and two-way SMS messages, were introduced to make it more convenient for customers to subscribe to various offers and promotions.

During the year, PTCL increased its investments considerably to reinforce its digital footprint for maximum reach and engagement. Due to the pandemic, all sales and marketing campaigns were promoted extensively on all of the company's digital platforms, including Facebook, Twitter, LinkedIn, Instagram and YouTube. The digital strategy included funnel marketing, with campaigns being executed through lead generation, geo-fencing, the Facebook pixel, Custom Audience, Google display and search ads, YouTube bumper and in-stream ads, and banner placements on popular blogs.

PTCL introduced various digital payment channels during the lockdown, so that customers could pay their bills from the comfort of their homes. These innovative solutions were especially developed so that they could switch to another mode of payment while the country grappled with the COVID-19 outbreak. The payment services were promoted through an animated television commercial. The level of engagement with the commercial on PTCL's digital platforms was impressive reaching approximately 158,000 people with roughly 237,000 views.

In addition to the above initiatives, PTCL prioritised customer-centricity in 2020 by spreading awareness about the COVID-19 virus, its symptoms and how to safeguard against infection. As a national carrier, the company understands its responsibility to the public. It made various diagrams available on its social media platforms in order to offer health and safety advice to citizens.

The company also partnered with organisations like the National Disaster Management Authority (NDMA), Pakistan Red Crescent Society (PRCS), Shaukat Khanum Memorial Cancer Hospital & Research Centre (SKMCH&RC) and the Government of Khyber Pakhtunkhwa, and made donations to assist healthcare workers in fighting the pandemic. This campaign highlighted the contributions made by PTCL during the pandemic and was promoted on digital platforms (in video format) and through press releases, as well as through captions of photographs in various print media. The digital videos garnered almost 277,000 views and reached 195,000 viewers. The print campaigns achieved approximately 4.6 million advertising value equivalency (AVE).

In December 2019, PTCL launched a new CharJi (wireless internet) package in Karachi and building on its success, the very same unlimited offering was extended to the Lahore region. Additionally, the company launched a new CharJi post-paid package in July, targeting landline users in Karachi, Lahore and Islamabad.

In an industry-first initiative, PTCL launched cash-on-delivery services that allowed customers to place orders for CharJi online or via a dedicated helpline. This provides access to a complete end-to-end service, with ease of payment, biometric verification and a top-up facility, at their doorstep.

Another initiative, in collaboration with Ufone, PTCL launched a campaign to reward customers who pay their bills via UPaisa, Ufone's mobile financial services brand. In order to provide high-quality seamless Internet content to PTCL's valued customers, the company expanded its existing content delivery network (CDN)/cache and added a new global content provider to the network. This will mean considerable savings on investments in international bandwidth and will also improve the quality of the experience, by serving content locally. Post completion of the Network Transformation Project, PTCL focused on targeted improvement in customer experience through capital investment. With regard to network coverage, PTCL's wireless services expanded and now offered in more than 1,000 towns and cities across Pakistan.

Additionally, the throughput capacity was augmented in the LTE core network to meet the traffic requirements of 4G subscribers. The core network has strengthened since the traffic capacity was added. It will therefore be able to meet the growing throughput requirements of broadband users for two more years. Similarly PTCL's FTTH network was expanded in selected areas. The fixed-line network covers all major cities in the country.

PTCL is improving its capability of providing robust, unmatched data services to its customers by diversifying its submarine cables portfolio. This is important as the voice business is on the decline globally.

In 2021 and beyond, PTCL aims to establish itself as the largest FTTH network operator, given the growth of FTTH and the demand for data in the market. The company will cater to the high data demand market segment, SMEs and corporate entities. A rapid deployment of the FTTH network is expected in the coming years, which will ensure that customers receive best-in-class data speeds and customer service.

PTCL experiences growth in **digital** services and **retail data** during pandemic

Fiberisation, another key area of growth for PTCL, will allow the company to support new technologies that require high data consumption for end users. Additionally, it will enable PTCL to provide the IP traffic backbone for CMOs. Rapid tower fiberisation will pave the way for the 5G era in Pakistan. By leveraging its diverse investments in digital solutions, PTCL also intends to improve its organisational capabilities to provide managed and ICT services. With its customer-centric approach and the correct infrastructure in place, the company is now in a position to deliver an unparalleled value proposition to high-value customers, through its high-speed data network.

Finally, in 2021, PTCL will focus on improving the quality of its services, especially at customer touchpoints, to create an enriched experience. Introducing advanced tools such as the Customer Happiness Index, automating customer engagement, digitalising the company's tools and further developing its workforce, will redefine the overall customer experience

PAKISTAN UFONE

During the pandemic, Ufone strived to provide its customers and the citizens of Pakistan with the best possible services and relief measures, through its mobile, financial and other digital channels. This despite spectrum constraints, precautionary restrictions and increasing cybersecurity challenges.

From the start of the pandemic, Ufone has undertaken a number of initiatives to assist customers and employees, and to provide relief in these unprecedented times. Products and offers were customised to address the need to work from home, and subsidised bundles ensured uninterrupted peer-to-peer communication. Ufone also provided citizens with free access to the Government of Pakistan's (GoP's) emergency helplines, including emergency lines for COVID-19 call centres and for labs, hospitals, ambulances and Pakistan Red Crescent. Subsidised recharge offers and free fund transfer facilities were also provided to make it easier for customers to top up during this time.

The pandemic created a number of challenges for businesses. Ufone addressed them by implementing online invoice submissions and processing, to ensure the continuation of business services during this time while maintaining social distancing. In addition, a vendor portal was created and linked to the accounts payable system, to allow automated invoice submission by the vendors. Payments are made directly into the vendors' bank accounts and through secure electronic means.

Ufone also collaborated with PTCL during the year to offer SME bundle plans. These include bundles for mobile connectivity and wireless broadband as well as fixed connectivity 'Triple Play' bundles. The bundles incorporate a number of off-the-shelf solutions that cater to the most critical business requirements of SMEs, from productivity to collaboration, to marketing and sales and more. The solutions are immediately available to customers and are easy to manage.

Users are able to access and manage their bundle plans themselves. They can view their usage, extract their monthly bills and make online payments as well as detailed data usage through Ufone's Web portal, 'BizEaze'. Going forward, the company plans to improve its bundle offerings, with cloud and digital services, and business SMSes, among other things. There is huge potential for revenue growth in the SME sector, and the PTCL Group has the ability to meet consumers' needs in this market.

Another one of Ufone's innovations in 2020 was the Kinetic Sales Lead Management System. The company developed the app to improve end-to-end sales lead management and to track the progress of sales leads and the performance of sales staff. Equipped with advanced analytics, the application helps Ufone to track all customer interactions and information from a single location. The Kinetic Sales dashboards allow the user to review and manage valuable information at a glance.

In addition to the above, in 2020, Ufone prioritised customer-centricity. The company implemented a new state-of-the-art spam shield solution, which provided additional machine learning (ML) capability and artificial intelligence (AI)-based rules to change the behaviour, content and techniques of spammers. This, in turn, led to more effective analysing and blocking of traffic, thereby ensuring a better customer experience.

In addition, Ufone deployed a state-of-the-art geo-redundant SS7 security firewall solution in order to reduce security vulnerabilities and protect customers' sensitive information from adverse elements. The company is the first operator in the Pakistani cellular industry to have implemented a customer-centric solution of this nature. The SS7 security solution blocks threats, is compliant with GSMA standards, and offers advanced analytics and a threat dashboard.

Despite the challenges that arose during the COVID-19 outbreak, Ufone maintained its ranking as one of the top three operators in Pakistan in 2020, in terms of customer satisfaction. The company's all-in-one Super Family package remained Ufone's champion product, and Ufone upgraded its customers from the Super Card package to a Super Card Plus package, due to more effective pricing. New post-paid packages were also introduced during the year, to assist in growing the post-paid customer base. Changes to the Prime packages were advertised through regular upselling and cross-selling campaigns. The public was also exposed to positive feedback about the simplicity of the new Prime packages via 'word of mouth' on social media.

In addition to the above, Ufone relaunched its mobile financial services brand, 'UPaisa', with a fresh look and feel. As part of the relaunch, a mobile app was introduced for iOS and Android users. The app allows all essential transactions, including QR-based payments. The financial services portfolio started gaining momentum, as eWallets increased significantly in the past year, supplemented by synergies within the PTCL Group.

As part of Ufone's data strategy, the company focused on upgrading customers' Internet packages to higher-value packages. This was achieved through smart pricing, a network upgrade and the optimisation of portfolio dynamics. Location-based offers were also introduced to improve product engagement and attract new Internet customers.

Ufone's value-added services (VAS) strategy for the year was to consolidate the existing VAS portfolio and launch new digital initiatives. Google direct carrier billing (DCB) was introduced to the company's entire customer base. Customers can therefore purchase mobile applications and in-app accessories digitally, using their mobile balance. The inclusion of DCB has opened up a new revenue stream for Ufone. The company acts as a payment collection agent for a number of (new) partners while making digital content available to customers and offering them convenience.

Key business initiatives to improve revenue were **digitalisation** and focus on **customer value management**

Additionally, a number of initiatives were rolled out to restore revenue to pre-COVID levels. Digitalisation and a strong focus on customer value management (CVM) were two of the initiatives. The focus on CVM helped to increase the CVM revenue contribution, while the focus on digitalisation created a spike in the number of recharges online.

Ufone's capital expenditure in 2020 amounted to PKR 17.7 billion, resulting in a CAPEX intensity ratio of 33%. A major business achievement was the launch of additional 4G/LTE sites across Pakistan by re-farming Ufone's existing spectrum. The primary objective was to capitalise on the growing need for data utilisation among subscribers and to improve the customer experience. By expanding its LTE capacity and footprint, Ufone, increased customer stickiness and bridged the gap between the company and its competition. The LTE services are now available in more than 70 cities, with more than 10 million customers making use of the services. So far, 47% of the company's network has been upgraded to LTE, which is helping to add more subscribers to its network.

As technology evolves and application security gains more traction, mobile operators around the world are finding it challenging to gauge the customer experience of their data subscribers. To address this, Ufone became the first operator in Pakistan to enable enhanced deep flow inspection (EDFI) to monitor application-level key quality indicators (KQIs) for encrypted traffic on its quality of service (QoS) monitoring and customer experience management platform, 'Smart Care'.

The enablement of EDFI resulted in identification of encrypted traffic protocols/sub-protocols, like Web streaming, file access, instant messaging (IM) and voice over internet protocol (VoIP) services through a flow-based signature detection methodology. The methodology can be used for the modelling of KQIs and to manage the customer experience of Ufone's data subscribers.

In its pursuit of quality excellence, in 2020, the Ufone Technology Department focused on consistent and continual improvement in terms of Ufone's QoS. In order to renew the ISO 9001:2015 certification, the department had to comply with three external audits by Bureau Veritas (BV), the French-based external certification body. The Technology Department demonstrated its compliance with the standards in 2019 and 2020 audits, and certification was awarded. Ufone Technology's ISO 9001:2015 standard certification remains valid until September 2021. Moreover, Ufone was the first company in the industry to acquire ISO 9001:2015 certification for its HR Department.

In addition, Ufone was the first operator in Pakistan to launch real-time data charging for post-paid subscribers during roaming in UAE and Saudi Arabia, which allowed customers to use data roaming without concern about receiving an exorbitant bill. The company targeted a number of corporate accounts by launching the most economical data roaming buckets for the Etisalat network (in the UAE). In 2021, Ufone will prioritise network expansion and is anticipating an auction for more spectrum. Mobile data will remain a crucial driver of revenue growth and this necessitates increased focus on improving data capacity. Ufone will target to increase its market share by focusing on customer experience and launching new offers


THE WORLD'S FASTEST MOBILE NETWORK FOR A DIGITAL TOMORROW
Based on analysis by Ookla® of Speedtest Intelligence® data Q2-Q3 2020

AFGHANISTAN

Etisalat Afghanistan prioritised business performance and the connection of its customers during the unprecedented events of 2020. Numerous innovative solutions were implemented during this time, to address the challenges caused by the pandemic.

First, the company introduced a wide range of voice and data bundles with more benefits. The theme of the launch was 'Stay home; stay connected', and the aim was to make it easier for customers to connect with friends and family and to support those who were working and studying remotely.

The company also made it easier for citizens to access healthcare services during the pandemic. Access to medical facilities is limited in the country, which caused a lot of additional stress for members of the public who required the services of a medical practitioner. In the second quarter of 2020, the company addressed the problem by rolling out its Doctor in Your Phone service.

Additionally, the company supported the education sector during this time. Along with the country's other mobile network operators, Etisalat Afghanistan partnered with the Ministry of Education to find a solution to possible interruptions in education. Given Afghanistan's device penetration and connectivity issues, it would not have been practical to use an existing online model, such as Google Classroom or Microsoft Teams. The company thus rolled out an affordable eLearning platform that makes the curriculum materials available in text form.

With social distancing measures in place during the pandemic, it was difficult for citizens to pay their electricity bills. This was addressed by the company's mobile financial service, mHawala, that allowed citizens to conveniently pay their electricity bills during the pandemic and continues to lead the way in mobile wallet/payment services in the country.

Etisalat's 4G network was rolled out in the Kandahar Province in July 2020. In order to promote the launch in a province where its competitor has a high market share, the company partnered with Eskimi, a digital signal processing agency, to create a number of digital advertisements. This was a first-of-its-kind initiative for any industry in the Afghanistan market.

During the year, Etisalat expanded its 4G TE services and accelerated the process of upgrading LTE in Kabul, the most densely populated province in the country, by adding 35 sites during the year, taking the overall LTE penetration to more than 60% of sites in Kabul.

It is clear that the company faced major challenges during the year due to the external environment. These included restrictions by the Afghanistan Telecom Regulatory Authority (ATRA), the national lockdown due to the COVID-19 virus and a shutdown of over 300 mobile sites in June and July due to security issues. Nonetheless, the company witnessed a strong performance in the data business, with consumer engagement levels growing exponentially.

The same growth is evident in the traffic carried by the Etisalat network on a daily basis. The network currently carries over 125 TB of traffic per day, which is 60% more than in 2019. This increase in traffic was driven by consistent growth in the serious data user base (greater than 100 MB), a true reflection of the growth in data user engagement.

In 2021, Etisalat Afghanistan will continue to enhance customer experience while rollig out its network and upgrading its technology. A detailed strategy has already been set in motion to ensure the company meets its objectives for the year and to strengthen its competitive advantage

E-VISION

During 2020, E-Vision remained focused on its strategic directions. The first area was diversification and comprehensive content aggregation services offered to pay-TV operators in both consumer and hospitality segments. The focus was on multiple genres and market segment ethnicities, for linear and VoD services across Internet Protocol television (IPTV) and OTT platforms. The second direction was increasing service offerings by providing more linear channels (both free-to-air and premium), Transaction Video on Demand (TVoD), Subscription Video on Demand (SVoD), content management and servicing, an electronic programme guide (EPG) and so on. Lastly, the company focused on increasing its customer base and partnerships .

Throughout 2020, E-Vision improved its offerings during the year, adding multiple new high-definition (HD) and 4K channels from different categories in its catalogue. In doing so, the company is targeting multiple customer segments and providing better service for the consumer and hospitality markets.

E-Vision key focus on customer satisfaction resulted in increasing content offerings to end users during Ramadan that included premium TV series and Day & Date (D&D) as part of the SVoD offering. Such initiatives supported the government's 'stay at home' directive by enticing viewers with a diverse and unique range of programmes. E-Vision also invested in high quality Arabic content and increased its offering to more than 4,000 hours, catering to the company's IPTV and OTT audience and covering all of the regions that the company serves.

E-Vision secured the exclusive cricket broadcasting rights for the Board of Control for Cricket in India (BCCI) and the International Cricket Council (ICC) from STAR TV in addition to the New Zealand Cricket, the South African T20 League and the Pakistan Super League (PSL). To broadcast this spectrum, E-Vision created two in-house channels dedicated to cricket under the brand 'CricLife' and 'CricLife 2'. In addition, E-Vision enlisted three sports channels, including Combat Sports and e-Sports, to maintain its eLife Sports bundle and offer viewers a variety of content.

The company's SVoD offerings increased further due to partnerships with several leading content providers, including Voot (by Viacom 18), GN4ME and Eros Now. It continues to explore the many highly fragmented SVoD offerings available on the market, in order to provide its partners with the best content catalogue.

After securing strategic partnerships with Etisalat Misr and Mobily, by becoming the turnkey TV/content solution provider to both entities, E-Vision collaborated with both partners and launched OTT services in Egypt and KSA. The services were launched under the brands 'Etisalat TV' and 'Mobily TV'. E-Vision provides its partners with prepaid TV service solutions, over 100 TV channels and over 13,000 TV viewing hours, based on demand.

During the year, the company launched three products in collaboration with the Pakistan Telecommunication Company Ltd. (PTCL): eJunior SVoD, StarzPlay SVoD and TVoD services. This was made possible through E-Vision's partnerships with a number of leading Hollywood studios. Furthermore, E-Vision partnered with Amazon to offer its Prime membership services to viewers in the UAE and to make Prime Video available in Egypt.

Since its early days as a home-grown service, E-Vision's acclaimed eJunior brand has expanded its linear and SVoD reach by launching the eJunior app, available across the Middle East and North Africa (MENA) region. Multiple partnerships have been formed (including in the UAE, KSA and Oman) in order to expand the offering.

The company also successfully launched Television Audience Measurement (TAM) services, worked closely with Etisalat on targeted user interface advertising and soft-launched the OctoAds services in the fourth quarter

ETISALAT SERVICES HOLDING

In 2020, Etisalat Services Holding (ESH) proudly diversified its products and services, leveraging its capabilities to reduce business impact and support customers during the COVID-19 pandemic. This was achieved, in part, by implementing strict safety measures in all of its business units (BUs).

Tamdeed Projects

At the start of the year, Tamdeed Projects LLC (TP), an ESH company, prioritised cost optimisation. The company took a focused approach to project completion in terms of maintaining its existing network, improving the user experience through its operational activities and improving the network footprint. Despite the impact of the COVID-19 virus, TP completed these tasks effectively and efficiently.

Various projects were successfully completed for major customers, including Etisalat, Expo 2020, the General Headquarters of the UAE Armed Forces, the Ministry of Infrastructure Development and the Ministry of Education.

TP also deployed a public Wi-Fi network in the Razeen Camp. This allowed workers within the quarantine camp to remain connected with their family members and loved ones.

For the Dubai Expo project, TP managed the installation of more than 4,000 access points and installed more than 1,000 km of fibre. It then completed the relevant last-mile works. Picocells and distributed antenna system (DAS) were also installed, and more than 8,000 antennas were designed, installed and validated. Even with the challenges presented during the pandemic, TP completed the project with high-quality workmanship and integrated and commissioned the site successfully.

Tamdeed also completed work in the Al Ain Hospital. This included the installation of extra-low voltage (ELV) systems and the deployment of 29,000 data points and 2,100 CCTV cameras. Roughly 4,000 km of cable was used to integrate all the systems.

Etisalat Facilities Management (eFM)

The Integrated Facility Management (IFM) segment of eFM started its new line of business during the year, namely disinfection services. The business was launched by fully optimising costs by utilising in-house resources and by complying with COVID-19 protocols. The business is marketed through the IFM call centre and the Etisalat Information Services (eIS) channel partner. IFM established a smart disinfection tunnel/gate service, which it provided to external clients as well.

eFM Integrated Projects Management (IPM) provided a variety of energy solutions for Etisalat's Global System for Mobile Communications (GSM) sites, including a free cooling and supercapacitor energy storage system. IPM also ensured the provision of AC and DC power sources for Etisalat's 5G projects throughout the UAE.

In addition, after obtaining a Private Security Business (PSB) license to operate across the UAE, eFM expanded its PSB services to the Northern Emirates and Abu Dhabi, with offices in Ajman, Dubai and Abu Dhabi. Furthermore, the company introduced new services, such as those of safety marshals and traffic marshals.

During the year, eFM received its ISO 18788 Security Management certification as well as its PSBD/PSFRD certification from the Ministry of Interior (MoI). It is one of only three companies in the world to have these certifications.

Etisalat Information Services (eIS)

eIS launched a number of new services in 2020, including WhatsApp for Business and marketing automation. The digital website for eIS was developed and the Yellowpages.ae website was renovated.

eIS improved its customer relationship management (CRM) to optimise collection insights and is currently in the process of automating billing by implementing CRM integration with Etisalat's billing system. eIS also entered into a contract with Etisalat Smiles and launched a new commercial package.

Although eIS's business activities were significantly affected by the lockdown, its commercial efforts successfully minimised any decreases in revenue. The company's focus on customer retention paid off, as the retention rate more than tripled in comparison to 2019, while the number of Tier 1 customers doubled in comparison to the previous year.

Emirates Data Clearing House (EDCH)

As the most trusted and reliable value-added services (VAS) provider in the Middle East, EDCH aims to continually improve its performance for its mobile operators and the overall experience for its subscribers. EDCH's suite of products has been designed according to GSM standards and enables both mobile operators and enterprises to offer their end users a seamless customer experience.

In 2020, EDCH entered into a number of new agreements adding new customers such as Nepal Telecom in Asia (data clearing), MegaFon in the Commonwealth of Independent States (CIS) (roaming financial settlement agreement), Orange Jordan in the Middle East (special financial collections agreement), Timor Telecom in Asia (Smart Protect/application-to-person messaging [A2P]), Viva Kuwait in the Middle East (PRA settlement), Azerfone in the CIS (financial clearing), and Telecom Egypt in North Africa (financial clearing).

Ebtikar Card Systems (ECS)

ECS is a major provider of smart card solutions in the region. ECS has been awarded a GSM Association's Security Accreditation Scheme (SAS) Certificate for SIM and Smart Card Manufacturing. The BU also has ISO 9001, ISO 14001, ISO 45001 and OHSAS 18001 certifications for quality, health and safety standards.

In 2020, ECS improved its internal production capacity to support market growth, demonstrating its ability to produce high volumes of top-quality SIM cards while adhering to strict, standardised security criteria (namely the GSMA SAS policies). ECS also introduced numerous new products, including machine-to-machine (M2M) SIM cards, 4G/5G/Long-Term Evolution (LTE) SIM cards, multiple SIM card sizes, a variety of eco-friendly SIM packs, and so forth.

In addition, the company ensured operational excellence while drastically reducing operational expenditure by negotiating with its reliable suppliers and vendors. This resulted in significant savings in procurement costs. In accordance with market growth and demand, the company launched an eSIM and enhanced its new products, to support value added services on the physical SIM cards and the eSIMs.

Some of the ECS'smajor achievements in 2020 were expanding its portfolio by adding new customers and introducing a cloud-based eSIM for Etisalat UAE and 9mobile Nigeria.

Etisalat Academy (EA)

Although 2020 was a challenging year, it offered EA an opportunity to accelerate digital transformation and to reassess its priorities. Despite the impact of the lockdown, including the mobility restrictions that affected EA's ability to provide on-site training, customer requirements were EA's core focus during the year. For this reason, the company implemented virtual service delivery. This helped to ensure business continuity. EA also partnered with prominent UAE government entities, including the Prime Minister's Office, the Dubai Police, the Telecommunications Regulatory Authority (TRA) and the MoI to deliver innovative solutions during this time.

One of the company's most notable achievements in 2020 was the delivery of its virtual camp, which served more than 2,400 students in the country. The programme was branded a 'technical interactive lab in every home'.

Outsource Management Business (OMB)

In January 2020, OMB was established as a separate entity in order to tap into the growing need for shared services and outsourcing in the region. It was previously incorporated under ESH management, providing manpower and outsourcing services to Etisalat and its subsidaries.

With its commitment to providing smart and flexible solutions to its customers from both the private and public sector, OMB aims to be a market leader in the business process outsourcing (BPO) industry. In its first full year of operation, the company has grown to be one of the largest players in the industry in the UAE, offering multiple services to some of the best blue-chip companies in the region.

E-marine

E-marine has been the leading provider of submarine cable solutions in the Middle East, East Africa and on the Indian sub-continent for nearly three decades. Today, E-marine's fleet consists of five ships and one shallow water survey boat.

To generate new revenue streams, the company explored new opportunities and developed a successful new vessel chartering business. Marine survey operations was then created as a new line of business to complement its existing core installation and maintenance services. Marine survey operations offers comprehensive solutions and equipment for both shallow and deep water marine surveys. E-marine has been registered and pre-qualified with major oil and gas (O&G) and utility companies.

In 2020, eMarine received prestigious marine survey and installation projects, which required a record number of kilometres to be installed. It also expanded its cable maintenance coverage by acquiring new contracts. In addition, the company completed repair operations that were equivalent to over 633 days of work

HUMAN CAPITAL

Etisalat understands that its most valuable assets are its people. In 2020, great strides were made, once again, in creating a positive working environment, improving learning and development and ensuring the health and well-being of all employees across the Etisalat Group.

The UAE is the regional hub for Etisalat's business, which operates in various markets across the Middle East and Africa. Etisalat UAE's human capital vision is to be a strategic business partner, with world-class standards. Etisalat has a diverse workforce that comprises employees from 74 countries. The company strives to deliver innovative, value-added human resources (HR) solutions, through one team, to satisfy the requirements of stakeholders, the business as a whole, employees and the community.

In 2020, Etisalat gave utmost priority and took proactive steps in their decision-making to preserve continuity and build resilience. The focus is to prioritize people safety and continuous engagement and ensuring the safety and wellbeing of the employees in the workplace. With regards to employee health and safety during the unprecedented events of 2020, a number of measures were put in place to prevent the spread of the COVID-19 virus and providing clear guidelines for remote working and flexi work models introduced.

In parallel, during the year, Etisalat's HR department focused on maximising long-term shareholder value and enhancing future-ready talent and a culture of collaboration within the company. The main goal is to ensure that employees remain motivated and are equipped for future roles in the company.

One of HR's key priorities is to support and maintain a performance-driven culture within the organisation. For this reason, continuous feedback and digital channels have been introduced to foster a positive employee experience. Etisalat UAE's strategic focus is:

- To enhance the employee experience through a culture of engagement, which results in the overall well-being of employees and better performance of the company as a whole;
- To invest in the development of employees by ensuring they are equipped with the latest digital skills and capabilities for current and future roles;
- To oversee matters relating to organisational efficiency and rightsizing using the agile operating model;
- To drive HR excellence and leverage technological innovation to ensure successful business outcomes;
- To deliver a digital employee experience and leverage our employee value proposition to enable a digital society; and
- To attract and retain top talent through robust assessment and selection methods and by promoting a diverse and inclusive high performing culture throughout the organization.

At Etisalat, we believe that through engaged, energised, and enabled employees we will be able to lead in the era of digital disruption. We provide our employees open communication channels to voice their opinion. The Employee Engagement Index increased from 85% in 2019 to 86% in 2020. The Performance Excellence Index stood at 90% in 2020, also improving from the previous year. According to Etisalat UAE's latest employee engagement survey results:

- 95% of staff are proud to work at Etisalat;
- 9% of employees feel that Etisalat is a great place to work; and
- 94% of employees are confident in the commitment of senior leaders to provide high-quality products and services.

In 2020, Etisalat UAE's HR Manual was reviewed in full, and changes were instituted to the company's employment policies to ensure they are aligned with market best practices. The company also transitioned to a new system for its contingent workforce's needs, resulting in quicker turnaround times, a more efficient way to manage outsource agencies.

In Morocco, human resources management (HRM) plays a pivotal role in the performance of Maroc Telecom. The company relies heavily on the expertise and commitment of its employees. Its HR policy is based on performance recognition, skills development, equity and equal opportunity.

Training is at the heart of the Maroc Telecom Group's strategic vision and is continually adapted to keep employees up to speed with technological, competitive and organisational changes. Most of the company's training takes place at its training academy in Rabat. Due to the COVID-19 pandemic, however, since March 2020, employees have only had access to virtual/remote training.

Etisalat UAE launched **iQra**, an AI-powered **learning platform**

Each year, we conduct a training needs analysis exercise to determine the gaps in staff training. This year, we successfully completed 96% of the analysis requests with a training effectiveness of 3.79 out of 4.00. In 2020, Etisalat UAE re-shaped the learning strategy by focusing more on the online component, as the COVID-19 pandemic demanded this acceleration.

To support online and remote learning, the organisational learning shifted to a more social approach that is better suited to our workforce's dynamics. For this, Etisalat UAE relies on best-in-class AI learning technologies and is committed to deploying intelligent learning solutions to address current gaps in skills and to cater to future opportunities. The company introduced a new learning and development strategy in 2020 in the UAE with the launch of iQra, an AI-powered learning platform, and LinkedIn Learning. The platform offers a high-quality digital learning experience on any device, regardless of where the user is based. It delivers an array of content, from microlearning videos, to podcasts and audio books. iQra brings curated, personalised learning content to all our employees, and can be accessed on any device, anytime and anywhere. It supports gamification and encourages learners to become leaders with access to peer-to-peer learning. LinkedIn Learning platform and VLT Sessions (Virtual Learning) for employees resulted in higher training hours and sessions while employees attended remotely.

Etisalat UAE's strategic focus is to improve the employee experience, and thereby the performance of the company, and to invest in employees' digital skills and capabilities, so they are well equipped for their current and future roles. The strategic focus is also on leveraging technological innovation to ensure successful business outcomes, delivering a digital employee experience and leveraging the company's employee value proposition (EVP) for a digital society.

In 2020, Etisalat UAE enhanced the digital employee experience by integrating blockchain technology for the issuance of employee letters and documents, making it the first in the region to apply this advanced digital technology in the field of human resources.

Enhancement in **digital employee experience** by integrating **blockchain technology** in HR

Etisalat UAE has also improved the employee experience by implementing Robotic Process Automation (RPA) at various employee touchpoints and processes. These include creating job postings, sourcing of CVs, the hiring and onboarding of employees, local duty travel requests, education claims and other high volume reimbursements, and responding to policy related queries via chatbots.

In Morocco, Maroc Telecom also places a strong focus on employee satisfaction. A dynamic social policy is in place to ensure that the company meets as many of its employees' needs as possible. Employees receive compulsory medical insurance and are able to opt into additional coverage for their health and retirement. Other employee benefits include subsidies for housing, transport and sabbaticals as well as discounts and special offers on holiday accommodation.

In Pakistan, Ufone prioritised employee morale during the year through its recognition programme, 'Shout-Out 2 U'. Over 400 employees received recognition for their efforts in 2020. In addition, the '#YouAreAwesome' campaign was launched to thank peers and team members who provided tremendous support to Ufone during the unprecedented events of 2020, helping the organisation to continue reaching its targets. All employees received digital '#YouAreAwesome' posters to circulate on Ufone's communication platforms (while tagging their peers and team members). This fostered a culture of 'digital recognition' and positivity, with employees celebrating each other's 'awesomeness'. The U-Warriors Recognition drive was also launched, to pay tribute to Ufone employees who went above and beyond to ensure business continuity during the lockdown.

In Pakistan, digitisation was also a key theme for PTCL, the Pakistan Telecommunication Company Ltd. The entire organisation switched to remote work and digitised its principal and peripheral functions. As this is the first time that the organisation has allowed remote work, it was necessary to develop guidelines, e-learning modules and monitoring methods in the initial months of the COVID-19 lockdown.

PTCL's leadership development programme, 'FUEL', was adapted to a digital format during the year. In addition, the company's performance management system was upgraded in order to replace annual reviews with regular/quarterly check-ins. The system was digitised using the Oracle HCM (Human Capital Management) cloud service.

Digitisation was also prioritised by PTCL's subsidiary, Ufone. The company's employees started working from home at the start of the pandemic. As such, digital town halls and management meet-up sessions were organised on Microsoft Teams.

An open discussion platform, 'From the Desk of Internal Communications', was also launched by Ufone. Subject matter experts are invited to use the forum to address various trending topics. The aim of the platform is to promote an open culture and provide insights into functional activities, processes and projects.

In addition to the above, Ufone organised various virtual engagements during the year, in celebration or honour of Mother's Day, Father's Days, World Water Day, Zero Discrimination Day, International Women's Day, World Health Day, Pakistan's Independence Day, and so forth. Furthermore, a week-long initiative was run in honour of World Mental Health Day, to sensitise employees to issues concerning mental health.

In Saudi Arabia, Mobily proudly launched its e-learning initiative in partnership with a number of top training institutions. In order to continue upskilling its employees and to develop more pioneers in the different fields of expertise within the company, staff are receiving the best in training and development.

In addition, PTCL prioritised digital learning and development during the year by encouraging self-paced learning on digital platforms like LinkedIn; PTCL's digital library, 'LearnEx'; and the corporate values app, 'VApp'. The company also hosts webinars on a weekly basis. These address skills development, employee engagement and mental health during periods of uncertainty.

During the year, PTCL's subsidiary, Ufone, substituted its flagship Summer Internship Program with virtual master class sessions (due to the pandemic). The programme comprised seven insightful sessions, with more than 7,000 students participating over a period of six weeks. Participants from 150+ cities in Pakistan and abroad benefited from the programme. More than 160 universities and colleges participated in it, a few of which were foreign institutes.

In terms of recruitment, nationals were once again given priority in both the UAE and Saudi Arabia. Etisalat plays an important role in nurturing and developing UAE's national talent. The company's focus on the development of nationals contributed to an exponential improvement in organisational performance and a significant cultural shift within the company. Each year, Etisalat UAE attracts more local talent and future leaders in the making. The company is committed to participating in all programs led by MOHRE (Ministry of Human Resources & Emiratisation) and prioritises the recruitment of UAE nationals with the aim of 'improving performance today and securing sustainable talent for tomorrow'. The company's network with top-rated UAE schools, colleges and universities continues to be strengthened strategically.

In the first quarter of 2020, Etisalat UAE participated in career fairs and recruitment campaigns with all local universities including American University of Sharjah, New York University and Sorbonne University and offered internship opportunities, work placements and summer placements and trainings to high calibre national students.

The company has a 15-month graduate training and development programme for newly graduated UAE nationals. The comprehensive 15-month programme comprises an induction, orientation, mentorship, training, rotation and on-the-job learning. The objectives are to welcome, develop and prepare new Emirati graduates, so they can begin their career journey with Etisalat. Five in-class modules, individual career development plans, individual and group coaching sessions, learning projects and assessments, and e-learning and experiential learning are included in the curriculum.

At Etisalat, our vision is aligned with UAE AI Strategy 2031 by bringing AI to the core of our business. One of the key initiatives is the establishment of the AI Graduate Program 2020. This program focuses on fresh graduate Emiratis, who are then hired and assigned to the AI developmental journey for nine months. The new generation of employees are known by Etisalat as the 'AI Graduates', as they are entering Etisalat's digital era, in which there is a reliance on smart applications, cloud services, big data, AI and other emerging technologies.

The AI Graduate Program journey involves various stages, including a two month foundation exposure followed by a three to six month specialisation leading them to choose various future tracks (e.g. Data Scientist, Data Engineer, AI Engineer, Advanced Python etc.). We have partnered with Microsoft, Accenture and Emirates ICT Innovation Centre (EBTIC) to build the right foundations for AI Next Generation by coaching and training on a range of AI, data and industry-centric topics. The program has already completed more than 4,500 hours, growing talent across different tracks while providing hands-on experience. With this program, Etisalat aims to become a technology leader in Artificial Intelligence in the region. The outcome of this program intends to incubate and on-board emerging AI technologies and solutions; enable autonomous solutions for planning, operations and service assurance; enable intelligent predictive solutions across telecom technology; and enable scalable AI as a service for internal and external customers.

As part of the world's first Ministry of Artificial Intelligence, in the UAE, and their flagship program, BRAIN (Building a Responsible AI Nation), related AI driven pilot projects would be supported by UAE government. Building a Responsible AI Nation (B.R.A.I.N) is the flagship program of the world's first Ministry of Artificial Intelligence, in the UAE, where relevant AI driven pilot projects would be supported by the country's government. Etisalat intends to explore this area further and work closely with the government on the UAE's AI national agenda.

The Qadat Al Mostaqbal ('Leaders of the Future') Programme continued with special focus on UAE nationals and aims to empower the next generation of corporate leaders in the company. It has been designed in line with Etisalat's corporate values and caters to the specific aspirations of the nominated candidates, who represent multiple leadership audiences across the organisation. The programme is aligned with the company's goal of paving the way for a sustainable and connected digital future and includes six in-class modules, individual development plans, individual and group coaching, Etisalat-specific case studies, action learning projects (ALPs), e-learning and business simulations.

As mentioned previously, Mobily in Saud Arabia has also been prioritising the development of nationals. Mobily was the first telecommunications company in the Kingdom to be recognised as an Authorized Training Employer of the Institute of Chartered Accountants in England and Wales (ICAEW). The partnership, which supports Saudi Vision 2030, means that Mobily can now offer Saudi nationals ICAEW's prestigious Associate Chartered Accountant (ACA) qualification. The new partnership is part of the company's strategy to not only develop the Kingdom's telecommunications and IT sector but also to reinforce its commitment to the Kingdom's Saudization policies.

Mobily also participates in the Future Skills initiative, which was launched by the Ministry of Communications and Information Technology (MCIT). The aim of the initiative is to build a sustainable environmental system in order to develop digital skills and assist in bridging the gap between supply and demand, according to the requirements of the labour market. The MCIT is achieving this by providing more training opportunities for national talent (locally), providing more affordable training and developing more quality partnerships. In this way, distinguished national talent is being equipped to meet the requirements of the current and future job market.

Saudi youth had the option of participating in the Future Skills initiative, which took the form of virtual sessions with local leaders and career development specialists who understand the Saudi job market. The objective was to empower Saudi youth by developing their skills and expertise through innovative co-op training, in order to meet the requirements of the labour market.

At Etisalat, we constantly look for ways to support women. We seek to empower women and promote gender equality and encourage women's participation across all business levels. We have equality policies in place that ensure women's rights are protected and exercised, and that our working culture is respectful of their rights. To support the empowerment of women in our society, we celebrated International Women's Day. Etisalat UAE also celebrated Emirati Women's Day in August, where every female staff was gifted a flower and a Snapchat filter was created specifically to celebrate the day.

In 2020, Etisalat started a remote working initiative for mothers. The well-being of women and young children has always been a priority at Etisalat. Moreover, it is important that children who have a working mother receive the necessary attention to learn and grow in the safe environment of their home.

Etisalat is a United Nations Global Compact (UNGC) signatory and upholds its support of the UNGC's ten principles, including human rights. The principles are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption (UNCAC). Etisalat UAE is proud to have a zero-tolerance policy concerning abuses of human rights. The company reserves the right to terminate business with any supplier that has committed serious breaches of these standards.

Furthermore, Etisalat has always adhered to safe labour practices and local laws regarding labour standards and working hours, and the health and safety of all employees is supported through the promotion of a healthy lifestyle. Employees have access to training on health, safety and environment (HSE).

Etisalat UAE also prioritises support for employees and customers with special needs. In order to ensure lasting relationships with customers who have special needs, the staff in Etisalat's customer service centres are trained to manage their telecom requirements.

Going forward, Etisalat and its subsidiaries will continue to develop a positive, diverse and equal opportunity environment for its employees. Additionally, the company will continue to provide high-quality training and incentives, and to safeguard the health, happiness and well-being of all employees in all divisions of the company

CORPORATE SOCIAL RESPONSIBILITY

In the modern world, technology and connectivity are the glue that holds society together and are key in establishing a digital future that benefits everyone. Etisalat's key goals include building a digital society that facilitates socio-economic progress and improves the quality of people's lives. As a communications and technology company connecting billions of people and organisations of all sizes to a digital society, Etisalat is committed to empowering people to make the most of life to support their daily routines, families, careers and businesses. Etisalat also maintains its commitment to the United Nations Global Compact (UNGC) regarding relevant initiatives across the Group's international footprint.

Etisalat's networks have played a critical role in building a resilient digital society and ensuring rapid, comprehensive and coordinated responses to support various sectors during this time of uncertainty. During the year, all of the Group's teams were dedicated to providing critical connectivity and communication services and maintaining the digital ecosystem.

In the UAE, Etisalat supported its citizens and communities during this challenging time by backing the government's efforts to keep citizens safe. In a show of solidarity, Etisalat changed its network name to 'Stay at Home' to help flatten the curve in the country.

Etisalat is committed to **empowering people** to support their daily lives

The company supported remote learning by providing free access to distance learning applications on both fixed and mobile networks making it possible for students to use both audio and visual communications. At least 1 million students in the UAE received free access to distance learning websites and platforms made available through Etisalat's advanced network. Additionally, more than 10 million Etisalat mobile subscribers enjoyed free browsing of over 800 websites related to education, health and safety.

Etisalat also partnered with the Ministry of Education (MoE) and the Telecommunications Regulatory Authority (TRA) to provide free mobile data to over 12,000 students who did not have access to the Internet at home, making it possible for them to study remotely. The company also provided access to nine apps and platforms, namely Google Hangouts, Microsoft Teams, Blackboard, Zoom, Skype for Business, Cisco Webex, Avaya Spaces, BlueJeans and Slack. Etisalat provided the access on its fixed and mobile networks in collaboration with the TRA.

In addition to the above, the company supported the 'Education Uninterrupted' campaign, a fundraising campaign by the MoE and Dubai Cares that tackles the impact of the COVID-19 pandemic on children's education in the UAE. The donations provide children from low-income families with devices required to study from home during the pandemic (and to continue their learning outside of the classroom thereafter).

Local authorities were under immense pressure to ensure the safety of citizens during the unusual events of 2020. Free access to the Dubai Police's app and website facilitated access to critical services for the public. The healthcare sector was the most overburdened, providing the most critical services, particularly at the peak of the COVID crisis with all available assistance going to frontline workers in quarantine and the many citizens who required COVID-19 testing and treatment. Etisalat allocated extra network resources and services providing connectivity to quarantined and other critical areas in the healthcare sector.

As a token of appreciation for the selfless service and dedication of the UAE's frontline heroes, Etisalat launched certain special offers aimed exclusively at this group. The offers curated in collaboration with the Frontline Heroes Office made sure that all frontline heroes remain connected providing them with convenience, flexibility and access to a variety of value propositions.

Remote customer service took precedence over on-site service, with consumers using mobile and online services to complete their transactions and making purchases on the 'My Etisalat UAE' app, business mobile app and business portals. Etisalat teams ensured that citizens had access to the services and connectivity tools they required to communicate with one another and conduct their business activities. Subscribers were fortunate to have access to the fastest fixed broadband and mobile network in the region during this time.

With the world undergoing these major lifestyle changes, it has put tremendous pressure on the telecom networks requiring upgrades and enhancements. Etisalat's vision of 'driving the digital future to empower societies' enabled the society with digital capabilities to harness the power of this network to create added value for subscribers, shareholders and the communities that Etisalat serves.

Etisalat also supported UAE citizens by working with government organisations to create awareness about the COVID-19 virus across multiple channels (via SMS, network ID, ringtones and social media). The company also supported HH Sheikh Mohammed Bin Rashid Al Maktoum's initiative in providing 10 million meals to citizens in need during the pandemic.

Etisalat's employees and technical teams were required to follow the UAE government's directives by sterilising themselves correctly, following social distancing guidelines and correct health and safety protocols when providing services and Internet installations for homes, businesses and government entities. The company launched a temperature screening solution designed to detect skin-surface temperatures in order to carry out a rapid, safe preliminary screening. Frontline staff members also received gloves, masks, temperature guns and other protective equipment. Etisalat launched an internal awareness programme for high-risk staff to educate them on the necessary precautionary measures.

Embodying the spirit of '**Together Matters**' supported every segment of the society during COVID

Customer care contingency measures were also put in place with support provided at multiple locations. Etisalat incorporated smart services to empower customers to help themselves (through AI-powered virtual assistance and automated self-support). They also had the option of accessing self-service channels like Interactive Voice Response (IVR) automation, Unstructured Supplementary Service Data (USSD), and mobile and online services, including the Etisalat Business Mobile App and business portals.

In 2020, Etisalat's network managed the exponential increase in traffic through an increase in the local network capacity. The company also increased its network's international data capacity to ensure that all customers had the best possible experience while learning, working and enjoying entertainment from home.

Etisalat also put numerous measures in place to ensure that its network, services and teams were equipped to support all customers during the pandemic. For example Etisalat's teams worked non-stop to provide government departments, enterprises and subscribers across the country with connectivity. New fixed LTE stations were implemented inside cities and rural areas with fixed LTE network capacity expanded and upgraded to mitigate the increase in traffic and ensure a stable experience for customers. Additional mobile sites were deployed to cater to the increase in demand and strategic locations, as per the authorities' requirements. Existing sites were expanded to cope with the requirements of people working and studying from home. The transit network was expanded to enable seamless traffic routing in and out of the UAE, towards other operators' networks.

Business continuity plans were key during the pandemic while protecting the health of employees, ensuring connectivity and minimising the impact on the delivery and quality of services. With Etisalat managing and hosting critical service infrastructure in the country, the company's field and operational teams were prepared to attend to any disruptions. All teams associated with cloud, the Internet of things (IoT), the Customer Network Operations Centre (CNOC), the Security Operations Centre (SOC), core, IT operations, call centres and critical network elements were tested for disaster recovery and full readiness. They worked closely with their team members and with customers to safeguard continuity of operations. Processes and best practices were put in place to build operational resiliency in the event of an outbreak. Critical buildings and infrastructures were monitored closely, and business continuity plans were tested and implemented.

Remote services with fast resolutions were implemented during the year, and incidents that were reported by customers (particularly relating to home education, offices and large enterprises) were monitored remotely. A remote device operation centre was established for predictive maintenance.

Meanwhile, Saudi Arabia's digital giving initiative 'Attaa Digital' launched the 'Kollona Attaa' campaign to support the government during the pandemic. Mobily lent its support by providing 40,000 data SIMs free of charge.

Mobily also supported its subscribers by allowing them to browse the national educational portal and the unified education system free of charge. The two platforms provide advanced educational tools and content. This gave subscribers access to the Sehha application allowing them to access free medical consultations on their smart devices avoiding the visit to a healthcare centre.

In celebration of the 90th Saudi National Day, Mobily launched its 'Green is Go' campaign. The theme song of the campaign was composed and performed by a group of inspiring Saudi musicians – it celebrates the unity of the Kingdom and honours the country's efforts during the pandemic.

In Morocco, Maroc Telecom offered citizens free access to all of the Ministry of National Education and Vocational Training, Higher Education and Scientific Research's distance education and training websites in Morocco.

Maroc Telecom also lent its support to companies affected by the COVID crisis, with a particular focus on small and medium businesses. Special offers and services were made available to these companies which included special business packages, video-conferencing services and several promotions on datacentre hosting and fibre optics.

Etisalat Misr in Egypt supported the healthcare heroes working day and night since the start of the pandemic. The company partnered with a number of organisations in order to provide this support

Collective measures taken to support low-income families with **digital tools** to continue **remote learning**

mainly American Chamber Egypt Foundation and the United Nations Children's Fund (UNICEF). Together, they donated 25,000 items of personal protective equipment (PPEs). The company also supported the opening of the paediatric department at the Om El Masryeen Hospital, donated medical equipment and connectivity to isolation hospitals, and provided 300 public hospitals, 1,000 primary healthcare units and 50 quarantine hospitals across the country with personal protective gear and emergency equipment.

Etisalat Misr made it possible for new quarantine sites (in Marsa Alam) to be erected in only 72 hours and ensured that field maintenance teams had the necessary permits to operate during curfew hours. In addition, it donated 10,000 food boxes to more than 25,000 families in need.

Another country that played a key role during the pandemic was Pakistan. The country was globally recognised for its efforts in stopping the spread of the virus. The World Health Organization (WHO) called Pakistan's response to the threat 'timely', noting that it was 'one of the world's best national response programs against the virus'. The Pakistan Telecommunication Company Limited (PTCL) played a key role in this success, donating a PKR 1.9 billion relief and support package to the families in need. The Group's top priority was to keep Pakistani individuals, organisations and government institutions connected during the crisis to prevent interruptions in their communications, work and studies.

PTCL ran a 'Heroes of PTCL' campaign on the company's efforts for frontline workers who put themselves at risk to ensure seamless connectivity across Pakistan during the pandemic. The campaign consisted of a number of blog posts and a video highlighting the bravery and hard work of the frontline staff that was promoted on PTCL's digital platforms reaching approximately 700,000 people and had almost 3 million views. PTCL's heroes made it possible for customers to work from home, provide online education for their children, receive news updates and remain connected with their loved ones, all from the safety of their homes.

The PTCL Group also participated in a number of COVID-19-related initiatives, for example: it distributed medical kits and grocery items to 250 families at the largest quarantine facility in the country at the time.

At the peak of the pandemic, the company did its part to reduce the spread of the virus through advocacy and public awareness campaigns. It partnered with the International Rescue Committee (IRC), on behalf of the Pakistan government, and the National Health Emergency Preparedness and Response Network (NHEPRN) to share credible information about the virus and post a series of social media messages on important topics, including social distancing and the necessity of frequent hand washing.

In addition, PTCL donated to the Prime Minister's COVID-19 Pandemic Relief Fund to provide grants to more than 8,000 poverty-stricken families across the country. A donation was also made to the Pakistan Red Crescent Society's Corona Care Hospital covering the cost of approved COVID-19 medications for patients at the hospital.

As part of its COVID-19 humanitarian response, PTCL invited all employees to donate their earnings towards helping communities in need. The collections were directed towards a nationwide food distribution campaign, called Ramazan Dastarkhwan ('Food Spread' in the holy month of Ramadan). As part of the campaign, 7,000 families received monthly grocery donations. PTCL's employee volunteers distributed the food packs in collaboration with PTCL's partners covering 30 cities across the country.

In Afghanistan, Etisalat supported the community by making it easier to access medical care. The 'Doctor in your phone' service was well-received across the country with users increasing every month.

Other major challenges in the country were connectivity issues and a low device penetration. Etisalat Afghanistan worked closely with the government to roll out an affordable eLearning platform for all students making curriculum materials available in text form.

Etisalat also focused on a number of social engagement initiatives during the year. For example, in the UAE, the government's key objectives are to foster an ecosystem for the next generation, encourage innovation and creative thinking, address development, education, social and cultural engagement, employee wellness, and so on. Etisalat supported this during UAE Innovation Month by showcasing its youth empowerment efforts. The month-long festival contributes to the country's position as a global hub of

Etisalat is strongly committed to **reduce environmental impact**

innovation. More than 30 students from UAE's leading universities visited the Open Innovation Centre giving them insight into the future of the network and the technologies.

Etisalat UAE also partnered with the Al Ihsan Charity Association to provide complimentary medical care and medication for people in need. 'Medicine drop boxes' were placed across ten main Etisalat buildings collecting unused medicines from all employees.

In addition, the company partnered with Noor Dubai to provide over 25 million individuals from Africa and Asia with free treatment and preventive healthcare, including free surgeries, eyeglasses and medication. During Ramadan, Etisalat partnered with Emirates Red Crescent to make SMS donations to those in need during this period. Loyalty programme 'Smiles' collaborated with 'Make a Wish Foundation' creating an opportunity for customers to donate their Smiles points.

During the year, the company also participated in a number of events to raise awareness in particular sections of society. One of these events in the UAE was the International Therapeutic Food Conference with a focus on caring for autistic children and raising awareness about related diseases. In addition, Etisalat supported a special initiative for the elderly, called Zakhr Card that assists elderly citizens by offering them a 20 percent discount on particular services.

In Saudi Arabia, Mobily served as one of the partners at the Biban Forum 2020 in Riyadh, as part of its social engagement efforts and to support small businesses in their digital transformation. Sports is a key event in the country, which saw the operator participating at the Hail Nissan International Rally, the second sport event after the partnership at the Spanish Super in Jeddah.

Additionally, the company took part in the Kingdom's national housing Jood Eskan community campaign that makes it possible for families in need to purchase a home via an online platform. Mobily invited its employees to participate to lend a helping hand by making generous donations towards a secure home for families in Saudi Arabia.

In Morocco, Maroc Telecom received recognition as the Top CSR Performers' in the region and was also listed on the Casablanca ESG 10 list – the Casablanca Stock Exchange's list of the 10 most successful companies in Morocco in social responsibility.

One of the company's noteworthy initiatives is the Maktabati service, a new online digital library containing educational and cultural content for children and adolescents. The platform comprises more than 10,000 educational books, novels and comics, etc. in French, Arabic and English. The telco is also committed to assisting various national foundations and associations that assist in initiatives related to public health and protecting children.

Maroc Telecom launched the Startup Challenge, a contest for the most innovative Moroccan start-ups and project leaders in the fields of health, education, agriculture, fintech and smart cities. Participants received free coaching and mentoring sessions.

The company also contributes in promoting culture in the country. Since 2002, it has hosted the Maroc Telecom Beach Festival at several cities in the Kingdom, and at the same time supports national events and institutions that promote culture and the preservation of national cultural heritage through music, painting, theatre, literature, and so on.

Maroc Telecom encourages and supports national sports with a particular focus on training talent by working with several national sports federations and associations related to football, athletics, tennis, golf, equestrian sports etc.

Etisalat Misr in Egypt also worked closely with different segments of society during the year. The company partnered with the Deaf and Mute Health Knowledge Hub to provide access to online courses and health talks to 5,000 deaf and mute individuals and the same number of parents, caregivers and teachers of the children.

In Pakistan, 2020 proved to be a momentous year for inclusivity at PTCL. The company launched its flagship programme for persons with disabilities (PWDs), the 'Justuju' (Strive) internship programme. A cohort of 22 interns were paired with a mentor from PTCL assisting them in their development and measuring their progress against a scorecard. The initiative paved the way for an even more inclusive PTCL, where people from all backgrounds and all levels of ability can hone their skills to establish a promising career in the corporate world.

Etisalat uses pandemic to catalyse **digital adoption** and global **socio-economic progress**

PTCL's Razakaars (volunteers) also mentored the 2020 cohort of Experia (PTCL's flagship paid summer internship programme) interns and assisted in developing digital webinar modules on a series of professional development topics, including creating an impressive LinkedIn profile, preparing for a job interview, networking, resilience and motivation, digital learning, money management and working smart.

Furthermore, PTCL ran a number of gender inclusivity initiatives during the year including well-being programmes for the female staff and organised power yoga sessions during the month of Ramadan.

In terms of public health and safety, the company set up 72 mobile medical health units across Pakistan and, in doing so, was able to assist approximately 4,655 citizens who have limited access to healthcare. The medical services team also hosted over 270 health awareness sessions to provide underserved communities with pertinent health-related information.

Etisalat carried out a number of CSR initiatives that were geared towards the environment. Over the years, climate change has received attention globally and in the UAE. Etisalat has also committed to reducing its environmental impact and continues to work across its operations to reach its goals in this regard. Internal focus on using energy-efficient equipment and solutions for the data centres, in order to reduce the power consumption of cooling systems.

A critical part of managing its environmental impact is ensuring sustainable consumption, thereby preventing and reducing waste generation. One of the major focus areas in this regard is the recycling of waste achieved by reusing equipment and recycling network waste, IT equipment and other office equipment.

As part of our 'Go Green' initiative, all of Etisalat's customers are now receiving eBills instead of hard copy paper bills. Etisalat's stores have adopted a paperless approach utilising smart, interactive tools to deal with customers. As part of its awareness-raising initiatives, the company encourages employees to reduce paper usage as well.

In Morocco, the Maroc Telecom Group has been working to reduce the geographical and social digital divide by taking steps to ensure the well-being of the population and to preserve the environment. The company has invested heavily in increasing territorial coverage, especially in remote areas. Advanced technologies and innovations were used in the expansion of its networks, which has helped to support the social and economic development of the country by creating jobs.

The company remains environmentally compliant by reporting sustainability related data since 2009, and by abiding with national regulations and industry best practices. Regular audits are carried out to measure compliance with the standards, assess environmental performance and identify any necessary improvements. Since 2017, Maroc Telecom has been awarded the Vigeo Eiris 26000 certification. The certification is awarded to companies that comply with the ISO 26000 standards.

In order to optimise the impact of its activities on the environment, the company's focus is continually on the use of renewable energy, the deployment of sustainable technologies, the dematerialisation and digitisation of business processes, awareness-raising among employees, and so forth. The company participated in the Mohammed VI Foundation's Voluntary Carbon Compensation programme and is a regular participant in the countrywide Clean Beaches programme. Maroc Telecom also maintains Arsat Moulay Abdeslam Cyber Park, one of the largest gardens in the city of Marrakech.

In Pakistan, PTCL contributed positively to the environmental efforts by donating 40,900 trees to numerous cities in the country. In this way, it contributed towards the government's vision of a Clean Green Pakistan (CGP). PTCL also invited senior government officials from the Ministry of Information Technology and Telecommunication to participate in a tree plantation activity as an endorsement of the Prime Minister's '10 Billion Trees Tsunami' initiative. Etisalat Afghanistan organised a tree plantation drive where employees participated on a voluntary basis.

In keeping with its belief that 'Together Matters', Etisalat celebrates diversity and believes that its focus on providing equal opportunities is key to its success. The company aims to maintain an inclusive work environment at all levels of employment. It also encourages a culture of volunteerism by providing staff with the right opportunities and environment to volunteer their time and contribute to society in meaningful ways.

Focused on **social engagement initiatives** to encourage innovation and creative thinking

Etisalat is a UNGC signatory and adheres to the ten principles, including its principles related to human rights. The company therefore has a zero-tolerance policy regarding human rights violations in its value chain. In addition, the company is guided by the UAE's labour laws, thus ensuring that its employment practices are equitable and sustainable.

Etisalat also embodies the togetherness spirit by supporting the UAE's national vision of empowering youth. The company serves as a catalyst for the employment of youth and supporting the next generation. Similarly, the company empowers women by ensuring that their rights are exercised and protected in the workplace, and it promotes gender equality, in keeping with the UAE's Vision 2021 aspirations. In doing so, it is helping local communities and businesses to prosper.

Etisalat is also committed to the highest standards of health and safety in the workplace. To this end, it has established a Health, Safety and Environmental (HSE) policy for all UAE HSE-related legislations. The policy applies to all Etisalat UAE staff, contractors, suppliers, consultants, visitors and partners, on its premises and at project locations as well.

Etisalat also promotes a healthy lifestyle by hosting a number of events on health and safety in the workplace, where employees received advice on how to maintain a healthy lifestyle. One of the main programmes, the 'Employee Wellness and Well-being Programme', was introduced in 2010 with a focus on 'Eat, think, live'. Over the years, various seminars have been hosted, addressing topics like nutrition, health screenings, smoking cessation, stress management, weight loss and exercise programmes, and so forth. Every year, Etisalat also implements and participates in various health and fitness initiatives. The annual Etisalat Marathon is one such event, which sees wide participation from Etisalat employees.

Although 2020 was a challenging year for businesses and individuals due to the global lockdowns, the pandemic gave Etisalat Group an opportunity to catalyse digital adoption and global socio-economic progress. 2020 will be a year to remember in which the Group's combined efforts made it possible for everyone to study, work, receive medical care and access essential services online during the global pandemic. Throughout this period, Etisalat supported every segment of the society across its operations, embodying the spirit of 'Together Matters'

etisalat

CORPORATE GOVERNANCE

The General Assembly

The General Assembly (GA) is composed of all the shareholders and exercises all the powers granted thereto under the Company's Incorporation Law (Company Law) and its Articles of Association (AoA), as amended.

The GA of the Company is in charge of all the matters related to the Company, as stipulated in the Company's Incorporation Law and its AoA, and is, particularly including but not limited to, entrusted with approving the Annual Report on the Company's activities and the Company's financial position during the preceding financial year; appointing external auditors, setting their fees and approving their reports; and discussing and approving the balance sheet and the profit and loss accounts for the previous year. The GA also has the power to approve the Board of Directors' recommendations concerning dividend payouts and bonus shares, if any.

The GA is vested with the authority to elect the Board members who are not appointed by the Government Shareholder (Emirates Investment Authority [EIA]) and to review and set Board members' remunerations. The GA is the authority that absolves Board members and external auditors of liability, discharges them, or files liability lawsuits against them, as the case may be.

The Board of Directors

The Board exercises all powers required to carry out the Company's business except those retained for the GA by virtue of the law and the AoA of the Company.

Etisalat's Board of Directors currently consists of 11 members. Seven of them, including the Chairman and Vice Chairman, were appointed by the EIA. The other four members were elected during the GA meeting, which was held on the 21st of March 2018 by the shareholders, who own 40% of the Company's shares (i.e. those shares that are not held by the Government Shareholder).

Etisalat Group is committed to applying best practices in corporate governance, taking into consideration the applicable best international standards and UAE laws. Therefore, the Company takes into account the requirements of the legislations related to Governance Rules and Corporate Discipline Standards regarding the Board members' capacity, where all current Board members are non-executive and independent.

The Committees of the Board of Directors

Three Committees have been established to assist the Board in discharging its responsibilities. These are the:

1. **Audit Committee,**
2. **Nominations and Remunerations Committee, and**
3. **Investment and Finance Committee.**

The Audit Committee

The Audit Committee undertakes its duties in accordance with its Charter, which complies with the requirements of the Governance Rules and Corporate Discipline Standards and the relevant legislation in the UAE. The Charter is considered a delegation from the Board to the Audit Committee to undertake the tasks mentioned therein. The tasks include the following:

- Reviewing the financial and accounting policies and measures in the Company.
- Monitoring and reviewing the soundness and integrity of the Company's financial statements and reports (annual, semi-annual and quarterly) and its control system. It also assists in updating the Company's policies, procedures and control systems on an annual basis, and it considers all the matters related to the external auditor's work and action plan. It includes the notes, suggestions and reservations raised by the external auditor concerning, the auditor receives a timely

response from Management to his fundamental notes. It also looks into any significant and uncustomary items that are included or that should be included in the reports and financial statements. The Committee approves the additional duties that the external auditor carries out and the fees paid to them against such duties. Finally, the Committee pays attention to the matters raised by the Company's Chief Financial Officer (CFO), Compliance Officer and the internal and external auditor.

- Developing and implementing a policy for contracting with the external auditors and raising its recommendation to the Board on their selection, resignation or discharge. In addition, the Committee ensures their compliance with the applicable rules, regulations, resolutions and the Company's AoA; it follows up with and monitors their independence; and it meets with them to discuss the nature, scope and efficiency of their audit and all relevant matters.
- Reviewing, appraising and overseeing the Company's internal audit and risk management systems, discussing these systems with the Board and ensuring that the Internal Control and Audit Department carries out its duty of establishing efficient internal control systems. The Committee studies the above-mentioned department's reports and follows up on the rectification measures for the shortcomings raised therein, to ensure that it is undertaking its duties accurately. The Committee provides the required tools for internal audit and to review and monitor the efficiency thereof. It also reviews the external auditor's evaluation of the internal audit measures and ensures coordination between the internal and external auditors. Finally, the Committee looks into the outcomes of the fundamental investigations on internal audit-related matters, which are assigned to the Committee by the Board or initiated by the Committee and approved by the Board.
- Monitoring the Company's abidance by the relevant laws and regulations and by the code of conduct as well as setting out controls that enable the Company's employees to report potential violations in the financial statements or the internal control along with measures that warrant fair and independent investigations of the same.
- Monitoring the related parties' dealings/transactions with the Company, ensuring that there are no conflicts of interest and making recommendations to the Board on such transactions before signing the same.

The Committee's Charter has detailed the Audit Committee's duties, composition, conditions and quorum for convening its meetings and its decision-making mechanisms. The Committee comprises five members who are well-versed and experienced in financial and accounting matters. Four of the Committee's members were selected from among the non-executive and independent members of the Board of Directors, and the fifth is an external member who holds finance-related qualifications with relevant experience. The Committee convenes six times per year, or whenever necessary.

The Nominations and Remunerations Committee

In compliance with the applicable laws in the field of governance and implementation of its best practices, the Board of Directors has constituted the Nominations and Remunerations Committee to undertake the duties stipulated in the Committee's Charter. The duties are in line with the requirements of the Governance Rules and Corporate Discipline Standards and the relevant rules and legislations in the UAE. The Charter is viewed as a delegation from the Board of Directors to the Committee to discharge its duties mentioned therein.

The main objective of constituting the Nomination and Remuneration Committee is to ensure that the Board of Directors is undertaking its duties competently and diligently. The Committee also reviews the composition of the subsidiaries' Board of Directors and the changes that can be carried out in those Boards. Furthermore, the Committee carries out an annual review of the skills, capabilities and qualifications required for membership on the Board, and it directly oversees the appointments of the Group's top management.

In addition, the Committee is responsible for organising and following up on the nomination procedures for Board membership, in line with the UAE's applicable rules and regulations and with the Securities and Commodities Authority's (SCA's) resolutions. The Committee also links the bonuses and increments with the Company's performance in the short and long term.

The Committee is further entrusted with determining the Company's talent needs at the level of executive management and staff, as well as their selection criteria. It is also entrusted with developing policies for training, human resources (HR) and the granting of remuneration, incentives and salaries to the Company's Board members, executive management and employees in a manner that fulfils the Company's objectives and which is commensurate with its performance.

The Committee's Charter provides for the detailed powers of the Committee and its composition, as well as the conditions and quorum of its meeting conventions and decision-making mechanisms. In the course of exercising its functions, the Committee considers the competitive nature of the Company's strategy and fair compensations that are commensurate with such strategy to attract new recruits, ensure gender diversity in the workplace and retain talented employees in order to achieve the best possible results.

The Nominations and Remunerations Committee is composed of four non-executive independent members from the Board of Directors. The Committee holds at least six meetings per year, or convenes when necessary.

The Investment and Finance Committee

In addition to the Audit Committee and the Nominations and Remunerations Committee provided for in the legislation related to Governance Rules and Corporate Discipline Standards, the Board of Directors established the Investment and Finance Committee to assist the Board in carrying out its functions related to the Company's internal and external investments. The Charter of the Committee defines the functions and duties assigned to the Committee and specifies the cases in which the Committee is entitled to make decisions as it deems appropriate. At the same time, it provides for those cases in which the Committee's role is confined to making recommendations to the Board for making appropriate resolutions thereon. The Charter is deemed an authorisation by the Board for the Committee to carry out the functions and responsibilities stipulated therein.

The Committee assumes a wide array of responsibilities. The most important ones are conducting reviews and making recommendations to the Board concerning the policies and frameworks related to the treasury; investment and divestment strategies; the capital structure of the Company and its subsidiaries; the Company's dividend policies, which are related to regulatory requirements and have an impact on surplus funds; issuance of guarantees and pledges; and definition of operational and financial targets, plans and key performance indicators (KPIs).

The Investment and Finance Committee comprises five independent non-executive members from the Board of Directors. The Committee holds at least six meetings per year, or convenes when necessary.

The Company's Operating Structure

The Company's operating structure is designed to manage its international expansion strategy, protect value resulting from the Company's operations in the UAE and overseas, and gain the trust of its stakeholders by implementing a solid structure based on best governance practices and Corporate Discipline Standards.

At the level of the UAE, the Etisalat Group provides licensed telecom services. Some of these services are provided through its companies and subsidiaries.

Etisalat Services Holding (ESH), wholly owned by the Etisalat Group, was established to provide various services to the Group and third parties. The International Operations Department is responsible for the Company's investments overseas. The department manages the Company's shareholdings in Maroc Telecom, Mobily, Etisalat Misr, Etisalat Pakistan, Etisalat Afghanistan, etc.

The Company carries out a wide array of activities and responsibilities and defines the framework for the same. It also establishes the critical policies of its operating companies (OpCos), prepares their plans, monitors their operational and financial performance, and presents regular reports on the same to the Board of Directors.

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INTERNAL CONTROL

Etisalat's Internal Control function is responsible for the Group's enterprise risk management (ERM) and group compliance. The Internal Control and Audit Department oversees the internal control function and, more specifically, the establishment and maintenance of the Group ERM framework and methodology. The department is also responsible for assisting executive management and the greater group, including its operating companies (OpCos), with regard to risk management and for helping managers to establish and maintain effective risk management processes in their areas of responsibility.

Etisalat Group's compliance function maintains a group-wide framework to ensure that management, the board and individual OpCos have independent, timely and reliable assurance of the effectiveness of the Group and OpCos' compliance programmes. The internal control function develops annual plans outlining the ERM and compliance activities, which are approved by the audit committee. These plans strengthen the existing lines of defence by supporting the maturity of the ERM and compliance processes across the OpCos and through ongoing participation in risk identification and analysis, combined assurance activities and the coordination and oversight of non-licence compliance and risk activities across the Group and OpCos.

Enterprise Risk Management

Etisalat recognises that proactive management of risk is essential for achieving the company's strategic objectives. The company's position on ERM is that it is fundamental to the way the company does business and an integral part of its day-to-day operations. Through the Group's ERM policy, the Etisalat board has committed to adopting a framework for effectively managing business risks in a way that contains the impact of the risks. The framework is aligned with international best practices.

Etisalat adopts the Three Lines of Defence model as part of its robust approach to ERM and the internal control environment. This approach requires an understanding of strategic and operational risks and the identification and assessment of the underlying mitigation strategies. The approach also enables alignment with the different assurance providers across the Group.

ERM Governance and Process

The continuous review and monitoring of organisation-wide risks is undertaken by ERM Committees (ERMCs) and executive management committees, which are established across each OpCo as well as for the Etisalat Group as a whole. The ERMCs meet on a regular basis and review important risk-related information, such as current risk drivers, existing controls, the status of key risk indicators (KRIs) and the status of planned risk mitigation actions. Consolidated risk reports are tabled at the Group Audit Committee, for their consideration.

Etisalat's Principal Risks

High-level risks are divided into subcomponents, providing a deeper and broader understanding of entity-level risks. KRIs are defined and monitored on an ongoing basis.

While the following table does not provide an exhaustive list of threats across Etisalat's operations, it identifies the most significant threats and explains how these are being managed:

Type	Risk	Description	Management
Strategic Challenges	Geopolitical Threats	Ongoing geopolitical uncertainty poses continuous challenges.	Local expertise and knowledge is being leveraged to combat these challenges. The security of local employees is also being proactively managed.
	Macroeconomic Conditions	Changes in regional and global economic conditions within several markets continue to present challenges.	Fluctuating economic factors are considered during the annual financial budgeting and planning processes. Market conditions are analysed regularly and are assessed within the company's key markets.
	Over-the-Top (OTT) Operators	The presence of OTT operators is a common threat across the telecommunications industry. It affects mobile voice revenues in several of Etisalat's more mature mobile markets. The increase in the use of Voice over Internet Protocol (VoIP) applications is cannibalising traditional telecom operators' revenues.	Various commercial strategies in response to such OTT threats are being considered and implemented by respective commercial teams across Etisalat.
Operational Threats	COVID-19 Pandemic Risk	The COVID-19 pandemic emerged as a new threat in recent months and may carry long-term risks due to its prolonged effects on business operations.	COVID-19 mitigation strategies are centrally coordinated and cover staff and customer safety, business continuity, social responsibility and financial sustainability.
	Cybersecurity	The threat of external cyber-attacks across the Etisalat network and IT infrastructure is ever-present.	Network and IT security teams proactively monitor activity across the Group's networks to identify and mitigate possible cybersecurity threats and data privacy breaches.
	Competition and Pricing Pressures	The markets in which Etisalat operates are characterised by high levels of competition (existing and new), pricing pressure, technological substitution, market and product convergence, and customer churn.	The company closely analyses and monitors the trends within these markets and invests in its networks, products and service offerings in order to compete effectively. The growth and development of digital products and services is a further means of managing diverse competitive threats.
	Service Continuity	The sustained continuity of Etisalat's network across all of its operating companies is vital for its continued success. The company faces threats of disruption, malfunction and loss of/damage to network infrastructure due to natural disasters and other uncontrollable events.	The company has established a Business Continuity Management team to develop and test business continuity plans and crisis management arrangements. Insurance policies are in place to make provision for infrastructure and property damages.

Type	Risk	Description	Management
Compliance Challenges	Regulatory Challenges and Uncertainties	As the Etisalat Group operates in diverse and developing markets, it faces ongoing regulatory and legal challenges. Governments and regulatory agencies can alter existing policies and implement new ones, which can significantly influence the operations and financial performance of the Group.	These challenges are being managed by the regulatory departments of the Group's respective OpCos, with support from the Group's regulatory team.
	Litigation	As with any other organisation, Etisalat is subject to the risk of litigation by competitors, customers, regulators and other parties. This can affect the financial performance and reputation of the Group's OpCos.	Legal counsel within each OpCo oversees and actively manages such litigation cases. Where required, the Group's legal team also provides support to the OpCos.
Financial Threats	Foreign Exchange Exposures	Etisalat is exposed to the uncertainty of exchange rate volatility in some of the countries in which it operates. This volatility may affect consolidated results and the overall value of the company's investments in overseas operations.	Group Finance has established policies, procedures and tools to monitor, manage and report such exposures.
	Other Financial Exposures	The Group's financial assets and liabilities are exposed to additional financial threats, including interest rate risk, liquidity risk and credit risk.	Financial risk management is discussed in greater detail in the 'Financial Instruments' section of the 2020 Annual Report.

Group Compliance

Etisalat is committed to complying with the laws and regulations of the various jurisdictions where it operates. Compliance with national and international laws, regulations and best practices is of the utmost importance in order to protect the company's reputation, ensure that the company remains competitive in the market, grow the business and avoid penalties.

Compliance Governance and Culture

Tone at the Top

Etisalat's leadership is fully committed to promoting the highest ethical and lawful standards possible by prohibiting corrupt, illegal or fraudulent business practices and complying with all legal and regulatory obligations. This commitment is reflected in the Group's policies, procedures and code of conduct.

Compliance Culture

In order to facilitate a culture of compliance, the company strives to ensure that all staff, outsourced providers and contracting parties adhere to the company's policies, processes and procedures. This is accomplished through the provision of information and training.

Governance

Compliance governance goes beyond the organisational chart, as it is central to establishing its importance amongst the board and senior management and for embedding a culture of compliance across Etisalat. Compliance governance ensures that there are checks and balances at every level of the company, enabling transparency and the monitoring of potential incidents of noncompliance.

Etisalat Group's Board of Directors appointed the Group Chief Compliance Officer (GCCO) to oversee group-wide compliance. The GCCO oversees the planning and execution of compliance initiatives that are necessary for the establishment and strengthening of the company's compliance programme. He also engages in activities that promote an ethical culture and adherence to the highest level of ethical standards. The GCCO reports to the Etisalat Group Board of Directors, through the Group Audit Committee, on the state of compliance across the Group.

Education and Training

Etisalat provides employees at all levels with compliance training, to assist them in making ethical choices. Many of the training programmes are designed to reinforce the company's values. Compliance training and awareness resources foster a culture of compliance across the company, ensure that employees are kept up to speed with compliance matters and assist in preventing incidents of noncompliance.

Channels of Communication

The Group's employees have access to a variety of open communication channels where they can raise questions and receive guidance on compliance matters. Their first point of contact is generally their line manager. Employees can also raise their concerns with the Compliance, Legal, Human Resources and Special Audit departments.

Whistleblowing Policy

The company understands that there are times when employees will feel uncomfortable raising their concerns with management. The global whistleblowing process allows them to speak directly to another staff member, in confidence and without fear of retaliation. The process promotes openness in the workplace and encourages employees to report instances of unethical behaviour, actual or suspected fraud and violation of Etisalat's policies, processes and any applicable laws and regulations.

The information that is received during this process is recorded and then categorised according to the type of complaint made, the source of the complaint and the frequency. This process helps to ensure that appropriate and timely recommendations or remediation strategies are made/implemented


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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Emirates Telecommunications Group Company PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emirates Telecommunications Group Company PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (Continued)
Key Audit Matters (continued)

Key Audit Matter
Revenue recognition

Refer to notes 3, 4 and 6 to the consolidated financial statements.

Revenue recognition is considered a key audit matter because of:

- reliance on multiple, complex information technology (IT) systems and tools used in the initiation, processing and recording of revenue transactions;

- variety of customer offerings with multiple pricing and tariff structures, which may frequently change during the course of the year;

- judgments and estimates involved in revenue recognition of multiple element arrangements; and

- large volume of transactions.

Revenue recognition involves the exercise of a number of key judgments and estimates around the identification of performance obligations that the Group has in its contracts with the customers, determination of stand-alone selling prices, allocation of transaction prices to the various performance obligations and the timing of fulfilling those obligations.

We also identified a risk of management override through inappropriate manual topside revenue journal entries as revenue is a key performance indicator for management performance.

Refer to notes 3 and 4 for accounting policies and critical accounting judgements and key sources of estimation uncertainty.

How our audit addressed the key audit matter

Our procedures included, amongst others, those described below:

- We understood the significant revenue processes and performed walkthroughs to identify key systems, IT controls and manual controls that are relevant to revenue recognition;

- We evaluated the design and tested the operating effectiveness of the manual controls and general information technology controls & application controls around the Group's IT environment relevant to initiation, processing and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of IT system controls, including interface controls between different IT systems;

- We tested the reconciliations between the general ledgers and the IT systems for all the key revenue streams;

- We undertook analytical reviews and performed substantive analytical procedures on significant revenue streams;

- On a sample basis, we tested that the revenue recognised during the year agrees with underlying contractual arrangements for digital and non-digital services;

- On a sample basis, we evaluated the revenue recognition relating to multiple element arrangements with customers in accordance with the applicable financial reporting framework; and

- On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts.

Independent Auditors' Report (Continued)
Key Audit Matters (continued)

Key Audit Matter
Federal Royalty

Refer to notes 4, 7 and 25 to the consolidated financial statements

The Group is liable to pay federal royalty to the UAE Government in accordance with the Cabinet of Ministers decision no. 320/15/23 dated 9 December 2012 "(the Decision"), the new Federal Royalty Scheme issued by UAE Ministry of Finance ("MoF") dated 20 February 2017 ("the Scheme) and the subsequent clarifications and correspondences with MoF. The federal royalty charge for the year ended 31 December 2020 and the federal royalty liability as of that date is AED 5,594 million and AED 5,594 million, respectively.

As disclosed in notes 4 and 7, computation of the federal royalty charge requires exercise of critical judgments around the segregation of revenue and costs between regulated and non regulated activities and determination of which particular items are eligible to be excluded in arriving at that charge and liability.

How our audit addressed the key audit matter

Our procedures included, amongst others, those described below:

- We obtained and inspected the Decision and the Scheme issued by the MoF, and subsequent clarifications and correspondences with the MoF;

- We tested the Group's federal royalty computations for reasonableness, including assessing the critical judgements made in the computation of the federal royalty charge for the year;

- We tested, on a sample basis, the classification of regulated and non-regulated revenues and costs in the computation of the federal royalty charge for the UAE telecom operations;

- We tested, on a sample basis, the items which are eligible to be excluded in computing the federal royalty charge and liability;

- We tested the allocation of indirect costs on non-regulated operations based on the clarifications received from MoF;

- We checked the arithmetical accuracy of the computation of the federal royalty charge for the year; and

- We inspected the correspondence between the Group and the MoF with respect to federal royalty to corroborate the accuracy of the associated federal royalty charge and liability in the consolidated financial statements for the year ended 31 December 2020.

Independent Auditors' Report *(Continued)*
Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Assessment of carrying value of goodwill and investments in associates and joint ventures *Refer to notes 3, 4, 11, 12 and 17 to the consolidated financial statements* The Group holds significant investments in telecommunication and related businesses in various geographical locations. The carrying value of goodwill as of 31 December 2020 totaled AED 11,842 million after the recognition of an impairment loss of AED 148 million for the year then ended. Moreover, the Group's investments in associates and joint ventures totaled AED 4,250 million as of 31 December 2020. The carrying value of the goodwill is assessed for impairment on the occurrence of a triggering event or at least annually in accordance with IAS 36 Impairment of Assets. Investments in associates and joint ventures are assessed for impairment where indicators of impairment are present. The impairment testing of goodwill requires management to identify cash-generating units ("CGUs") in accordance with IAS 36 Impairment of Assets. In arriving at the carrying value of a CGU, judgment is applied by management on which assets and liabilities form part of that CGU. For the CGUs which contain goodwill and investments in associates and joint ventures subject to impairment testing, the determination of recoverable amount, being the higher of fair value less costs of disposal and value in use, requires judgment on the part of management. The testing then requires comparing the carrying value of each CGU or investment to its recoverable amount, which was estimated as the current value of its future projected cash flows.	Our audit approach included an understanding and assessment of the design and operating effectiveness of controls over the impairment assessment process. With respect to the recoverable amount, we challenged the Group's methodology in relation to identification of CGUs given our understanding of its operating and business structure, process of management review and reporting and the independence of the cash flows associated with the respective CGUs. With respect to each identified significant CGU and investment in associate and joint venture subject to impairment testing, our procedures included, amongst others, those described below: • We tested the operating effectiveness of controls over the impairment assessment process; • We tested management judgments around which assets and liabilities should form part of a CGU for reasonableness; • We engaged our valuation specialists and external experts to test the reasonableness of the key assumptions underpinning the valuation, including each CGU's or investment's respective discount rate, terminal growth rate and the valuation of any other assets underpinning the recoverable amount; • We tested the mathematical accuracy and integrity of the respective impairment workings;

Independent Auditors' Report *(Continued)*
Key Audit Matters *(continued)*

Key Audit Matter	How our audit addressed the key audit matter
Assessment of carrying value of goodwill and investments in associates and joint ventures *Refer to notes 3, 4, 11, 12 and 17 to the consolidated financial statements* The estimation of the recoverable amount involves significant judgments, including assumptions around the current and future market conditions in the various geographies that the Group has operations, forecast cash flows, discount rates and any other assets underpinning the recoverable amount. The estimation uncertainty increased during 2020 as a result of the effects of the COVID-19 pandemic on the macroeconomic factors used in arriving at the assumptions which underpin valuations.	• We reconciled the cash flows used in the valuation workings to business plans approved by the Group's Board of Directors; • We assessed the reasonableness of the Board approved cash flow projections used in the impairment models, including consideration of impact of the COVID-19 pandemic on the assumptions underpinning the cash flow forecasts; • We assessed whether the estimates with respect to cash flow projections made in prior periods were reasonable compared to actual performance; • We evaluated the adequacy of impairments that were recognized during the year; • We conducted sensitivity analyses around the key inputs; and • We assessed the adequacy of disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.

Independent Auditors' Report *(Continued)*

Key Audit Matters *(continued)*

Key Audit Matter

Provisions and contingent liabilities

Refer to notes 3, 4, 7, 9, 10, 25, 31 and 37 to the consolidated financial statements

The Group has exposures to legal, regulatory, tax and other commercial disputes in various geographical jurisdictions in which it operates. The consolidated financial statements include provisions with respect to these exposures, and note 37 describes those exposures that represent contingent liabilities.

The recognition of provisions and disclosure of contingent liabilities involves significant judgment around the merit of the Group's legal and commercial positions. These provisions are based on judgments and estimates made by management in determining the likelihood and magnitude of claims.

How our audit addressed the key audit matter

Our procedures included, amongst others, those described below:

- For legal cases, we obtained a summary of all the legal disputes that the Group is engaged in, discussed the status of the significant cases with the Group's legal counsel and, where we deemed appropriate, also liaised with the Group's external legal counsel and obtained their opinions on the merits of the Group's legal positions to corroborate with those of management. In view of these procedures we assessed the Group's positions on significant legal cases and their accounting treatments for reasonableness.

- For regulatory exposures we enquired of relevant management teams to understand the status of the disputes/ assessments, reviewed any relevant correspondence between the Group and the counter party and assessed any historical experience with the respective counter parties to evaluate the merit of the Group's calculation of the provision for these exposures. We also considered the sufficiency and reasonableness of the associated disclosures provided in the consolidated financial statements.

- For provisions and exposures relating to other significant commercial positions we enquired of relevant management teams to understand the status of the disputes, reviewed any relevant correspondence between the Group and the counter party, assessed any historical experience with the respective counter parties to evaluate the merit of the Group's calculation of the provision for these exposures and liaised with the Group's internal counsel and obtained legal opinion around the merit of the Group's legal position with respect to each significant dispute.

- Where considered necessary we also obtained independent advice on the interpretation of clauses in legal agreements from legal counsel retained by us. We also considered the sufficiency and reasonableness of the associated disclosures provided in the consolidated financial statements.

- For tax related exposures we obtained an understanding of the status of the tax cases, the merits of the Group's position in view of tax rules, historical experience of their resolutions and cited correspondence with the relevant tax authorities, where applicable.

In light of the above, we assessed the adequacy of disclosures in the consolidated financial statements.

Independent Auditors' Report *(Continued)*

Key audit matter

Property, plant and equipment

Refer to notes 3, 4 and 13 to the consolidated financial statements

The carrying value of the Group's property plant and equipment ("PPE") amounts to AED 45,803 million, which represents 34% of the Group's total assets as of 31 December 2020. This reflects the Group's wide-spread footprint of network infrastructures and the technological and highly specialised nature of these assets. We focused on this area of the consolidated financial statements, due to the significance of the PPE balance and management's judgments and estimates involved in relation to its carrying value.

There are a number of areas where management judgments and estimates impact the carrying value of PPE. Key judgments and estimates made by the management in accounting for PPE include:

- assessment of whether the costs incurred are eligible for capitalisation; and
- the annual review of assets' useful lives and their residual values, if any.

Refer to notes 3 and 4 for accounting policies and critical accounting judgments and key sources of estimation uncertainty.

How our audit addressed the key audit matter

Our audit approach included a combination of controls and substantive testing as described below:

- We evaluated the design and implementation and tested the operating effectiveness of relevant controls for the PPE capitalization and depreciation.

- On a sample basis, we performed test of details on costs capitalized during the year ended 31 December 2020 which included examination of management's assessment as to whether the costs met the criteria set forth in IAS 16 Property, Plant and Equipment.

- On a sample basis, we evaluated the reasonableness of depreciation rates and residual values assigned to asset categories. We also tested on a sample basis, whether depreciation commenced when these were available for use as intended by management and recomputed the depreciation charge for the year.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Chairman's Statement and Group CEO's Statement, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of the auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG Lower Gulf Limited

Signed by:
Richard Ackland
Registration number: 1015
Abu Dhabi, UAE
22 February 2021

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) these consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Chairman's Statement is consistent with the books of account of the Group;

v) as disclosed in note 15 to these consolidated financial statements, the Group has purchased additional shares during the year ended 31 December 2020;

vi) note 19 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2020; and

viii) notes 7 and 42 to the consolidated financial statements disclose the social contributions made during the year.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Consolidated statement of profit or loss for the year ended 31 December

	Notes	2020 AED'000	2019 AED'000
Revenue	6 (a)	51,708,211	52,186,413
Operating expenses	7 (a)	(31,839,996)	(32,225,456)
Impairment loss on trade receivables and contract assets	35 (b)	(1,159,364)	(1,114,703)
Impairment loss on other assets - net	12	(296,704)	(1,185,903)
Share of results of associates and joint ventures	16	197,407	(36,254)
Operating profit before federal royalty		18,609,554	17,624,097
Federal royalty	7 (b)	(5,594,431)	(5,826,594)
Operating profit		13,015,123	11,797,503
Finance and other income	8	1,112,374	1,363,042
Finance and other costs	9	(2,361,052)	(2,051,524)
Profit before tax		11,766,445	11,109,021
Income tax expenses	10	(1,450,709)	(1,614,443)
Profit for the year		10,315,736	9,494,578
Profit attributable to:			
Owners of the Company		9,026,522	8,692,516
Non-controlling interests	15(c)	1,289,214	802,062
		10,315,736	9,494,578
Earnings per share			
Basic and diluted	39	AED 1.04	AED 1.00

Chairman

Board Member

The accompanying notes on pages 118 to 184 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 103 to 112.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

	Notes	2020 AED'000	2019 AED'000
Profit for the year		10,315,736	9,494,578
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations - net of tax		103,136	37,008
Share of other comprehensive loss of associates and joint ventures – net of tax		(12,669)	(1,456)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1,508,303	(470,726)
(Loss) / gain on net investment hedge during the year	28,34	(720,856)	56,416
Fair value loss arising on cash flow hedges during the year		(76,498)	(64,602)
(Loss) / gain on revaluation of financial assets during the year		(4,635)	42,552
Cumulative loss transferred to profit or loss on disposal of foreign operation		-	23,924
Share of other comprehensive loss of associates and joint ventures – net of tax		(11,546)	(12,079)
Total other comprehensive income / (loss) - net of tax		785,235	(388,963)
Total comprehensive income for the year		11,100,971	9,105,615
Total comprehensive income attributable to:			
Owners of the Company		9,402,898	8,663,042
Non-controlling interests		1,698,073	442,573
		11,100,971	9,105,615

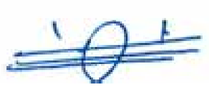
The accompanying notes on pages 118 to 184 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 103 to 112.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Consolidated statement of financial position as at 31 December

	Notes	2020 AED'000	2019 AED'000
Non-current assets			
Goodwill and other intangible assets	11	26,276,442	24,966,218
Property, plant and equipment	13	45,803,436	45,069,729
Right-of-use assets	14	2,700,102	2,744,332
Investments in associates and joint ventures	17	4,250,007	4,077,380
Other investments	18	3,160,512	3,018,182
Other receivables	21	343,459	320,219
Finance lease receivables	23	159,535	167,922
Contract assets	22	450,242	478,750
Deferred tax assets	10	175,489	65,188
		83,319,224	80,907,920
Current assets			
Inventories	20	704,908	783,020
Trade and other receivables	21	14,572,812	14,640,653
Current income tax assets		630,896	612,944
Finance lease receivables	23	-	4,838
Due from related parties	19	75,300	112,852
Contract assets	22	1,295,065	1,547,510
Other investments	18	1,074,823	-
Cash and bank balances	24	31,344,883	29,656,596
		49,698,687	47,358,413
Total assets		133,017,911	128,266,333
Non-current liabilities			
Other payables	25	1,407,792	2,203,389
Borrowings	27	13,819,946	17,349,932
Payables related to investments and licenses	29	73,155	-
Derivative financial instruments	28	16,027	51,331
Deferred tax liabilities	10	2,540,592	2,637,109
Lease liabilities	30	2,211,130	2,159,210
Provisions	31	345,572	422,735
Provision for employees end of service benefits	32	1,194,993	1,287,639
Contract liabilities	26	30,885	44,053
		21,640,092	26,155,398
Current liabilities			
Trade and other payables	25	29,040,664	28,097,830
Contract liabilities	26	3,055,458	3,119,051
Borrowings	27	12,881,074	6,539,159
Payables related to investments and licenses	29	11,022	11,022
Current income tax liabilities		278,074	280,502
Lease liabilities	30	573,748	549,773
Provisions	31	4,652,246	5,619,093
Derivative financial instruments	28	149,053	14,321
Due to related parties	19	84,083	548
Provision for employees end of service benefits	32	102,376	112,537
		50,827,798	44,343,836
Total liabilities		72,467,890	70,499,234
Net assets		60,550,021	57,767,099
Equity			
Share capital	33	8,696,754	8,696,754
Reserves	34	28,400,580	27,812,896
Retained earnings		11,936,605	10,101,659
Equity attributable to the owners of the Company		49,033,939	46,611,309
Non-controlling interests	15	11,516,082	11,155,790
Total equity		60,550,021	57,767,099

Chairman



Board Member

To the best of our knowledge, the financial information included in these consolidated financial statements presents fairly, in all material respects, the financial position, results of operations and cash flows of the Group as of, and for, the years presented therein.

The accompanying notes on pages 118 to 184 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 103 to 112.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Consolidated statement of changes in equity for the year ended 31 December 2020

	Notes	Attributable to owners of the Company					
		Share capital AED'000	Reserves AED'000	Retained earnings AED'000	Owners' equity AED'000	Non-controlling interests AED'000	Total equity AED'000
Balance at 1 January 2019		8,696,754	26,904,769	9,345,504	44,947,027	12,298,376	57,245,403
Profit for the year		-	-	8,692,516	8,692,516	802,062	9,494,578
Other comprehensive (loss) / income for the year		-	(47,758)	18,284	(29,474)	(359,489)	(388,963)
Total comprehensive (loss) / income for the year		-	(47,758)	8,710,800	8,663,042	442,573	9,105,615
Other movements in equity		-	-	(44,364)	(44,364)	22,858	(21,506)
Transfer to reserves		-	955,885	(955,885)	-	-	-
Transactions with owners of the Company:							
Repayment of advances to non-controlling interests		-	-	-	-	(23,839)	(23,839)
Dividends	38	-	-	(6,954,396)	(6,954,396)	(1,584,178)	(8,538,574)
Balance at 31 December 2019		8,696,754	27,812,896	10,101,659	46,611,309	11,155,790	57,767,099
Balance at 1 January 2020		8,696,754	27,812,896	10,101,659	46,611,309	11,155,790	57,767,099
Profit for the year			-	9,026,522	9,026,522	1,289,214	10,315,736
Other comprehensive income for the year		-	334,582	41,794	376,376	408,859	785,235
Total comprehensive income for the year		-	334,582	9,068,316	9,402,898	1,698,073	11,100,971
Other movements in equity		-	5,222	(31,094)	(25,872)	4,118	(21,754)
Transfer to reserves		-	247,880	(247,880)	-	-	-
Transactions with owners of the Company:							
Dividends	38	-	-	(6,954,396)	(6,954,396)	(1,341,899)	(8,296,295)
Balance at 31 December 2020		8,696,754	28,400,580	11,936,605	49,033,939	11,516,082	60,550,021

The accompanying notes on pages 118 to 184 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 103 to 112.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Consolidated statement of cash flows for the year ended 31 December

	Notes	2020 AED'000	2019 AED'000
Operating profit		13,015,123	11,797,503
Adjustments for:			
Depreciation		6,203,909	5,878,239
Amortisation		1,695,888	1,586,994
Impairment loss on other assets - net		296,704	1,185,903
Share of results of associates and joint ventures		(197,407)	36,254
Provisions and allowances		(1,198,892)	154,463
Unrealised currency translation loss / (gain)		745,698	(169,197)
Operating cash flows before changes in working capital		20,561,023	20,470,159
Changes in:			
Inventories		84,421	(65,206)
Due from related parties		37,552	6,657
Trade and other receivables including contract assets		811,300	922,396
Trade and other payables including contract liabilities		(521,673)	161,228
Cash generated from operations		20,972,623	21,495,234
Income taxes paid		(1,786,826)	(1,884,506)
Payment of employees end of service benefits		(217,311)	(184,978)
Net cash generated from operating activities		18,968,486	19,425,750
Cash flows from investing activities			
Proceeds from disposal of investments at amortised cost		-	113,655
Acquisition of investments at amortised cost		(658,433)	(333,344)
Acquisition of subsidiaries (net of cash and bank balances acquired)	41	(153,059)	(420,864)
Acquisition of investments classified as fair value through profit or loss		(1,168,939)	(355,210)
Proceeds from disposal of investments classified as fair value through profit or loss		624,724	48,939
Acquisition of investments classified as fair value through other comprehensive income ("OCI")		(1,668)	(16,616)
Proceeds from disposal of investments classified as fair value through OCI		13,645	24,503
Purchase of property, plant and equipment		(6,073,778)	(7,793,989)
Proceeds from disposal of property, plant and equipment		128,756	87,415
Purchase of intangible assets		(1,021,812)	(979,163)
Proceeds from disposal of intangible assets		1,997	136
Dividend income received from associates, joint ventures and other investments		80,744	24,006
Term deposits made with maturities over three months		(18,692,281)	(56,934,961)
Term deposits matured with maturities over three months		27,359,270	47,623,611
Cash flows from unwinding of derivative financial instruments - net	28	-	(67,013)
Finance and other income received		1,098,518	1,064,942
Net cash from / (used in) investing activities		1,537,684	(17,913,953)
Cash flows from financing activities			
Proceeds from borrowings	27(c)	4,599,030	7,291,969
Repayments of borrowings	27(c)	(3,372,872)	(6,856,965)
Payments of lease liabilities		(739,592)	(682,875)
Equity repayment to non-controlling interests for acquisition of a subsidiary		-	(23,839)
Dividends paid		(8,401,773)	(8,531,076)
Finance and other costs paid		(1,528,272)	(875,093)
Net cash used in financing activities		(9,443,479)	(9,677,879)
Net increase / (decrease) in cash and cash equivalents		11,062,691	(8,166,082)
Cash and cash equivalents at the beginning of the year		2,827,314	10,819,008
Effect of foreign exchange rate changes		(684,475)	174,388
Cash and cash equivalents at the end of the year	24	13,205,530	2,827,314

The accompanying notes on pages 118 to 184 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 103 to 112.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

1. General information

Emirates Telecommunications Group Company PJSC (''the Company''), formerly known as Emirates Telecommunications Corporation ("the Corporation") was incorporated in the United Arab Emirates ("UAE"), with limited liability, in 1976 by UAE Federal Government decree No. 78, which was revised by the UAE Federal Act No. (1) of 1991 and further amended by Decretal Federal Code No. 3 of 2003 concerning the regulation of the telecommunications sector in the UAE. In accordance with Federal Law No. 267/10 for 2009, the Federal Government of the UAE transferred its 60% holding in the Corporation to the Emirates Investment Authority with effect from 1 January 2008, which is ultimately controlled by the UAE Federal Government.

The Decree by Federal Law no. 3 of 2015 ("the New Law") has amended certain provisions of the Federal Law No. (1) of 1991 and new articles of association of Emirates Telecommunications Group Company PJSC (the "New AoA") have been issued. Subsequent to the New Law and the New AoA, Emirates Telecommunications Corporation has been converted from a corporation to a public joint stock company and is subject to the provisions of UAE Federal Law no. 2 of 2015 on Commercial Companies (the "Companies Law") unless otherwise stated in the New Law or New AoA. Accordingly, the name of the corporation has been changed to Emirates Telecommunications Group Company PJSC.

Federal Decree - Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the applicable requirements thereof no later than one year from the date on which the amendments came into effect.

Under the New Law and the New AoA: i) Two types of share have been introduced, i.e. ordinary shares and one Special Share held by the Emirates Investment Authority ("the Special Shareholder") which carries certain preferential rights related to the passing of certain decisions by the Company or the ownership of the UAE telecommunication network. ii) The minimum number of ordinary shares held by any UAE government entity in the Company has been reduced from at least 60% of the Company's share capital to not less than 51%, unless the Special Shareholder decides otherwise. iii) Shareholders, natural or legal person, who are Non UAE National may own up to 20% of the Company's ordinary shares, however, the shares owned by such persons / entities shall not hold any voting rights in the Company's general assembly, although holders of such shares may attend such meeting. On 11 October 2018, the Board of Directors of Etisalat Group approved by circulation to lift the restrictions on voting rights of foreign shareholders so that they shall enjoy the same voting rights of UAE citizens. Accordingly, a special resolution was passed during the Annual General Meeting held on 20 March 2019 to that effect, all required approvals were obtained and all necessary amendments were incorporated in the New AoA to put the afore-said resolution in place. Etisalat Group's Board of Directors, in its meeting on 20 January 2021, recommended to increase the foreign ownership limit from 20% to 49% of the Company's share capital subject to the approval of Etisalat Group's General Assembly scheduled on 17 March 2021 and the approval of the competent authorities.

The address of the registered office of the Company is P.O. Box 3838, Abu Dhabi, United Arab Emirates. The Company's shares are listed on the Abu Dhabi Securities Exchange.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "the Group").

The principal activities of the Group are to provide telecommunications services, media and related equipment including the provision of related contracting and consultancy services to international telecommunications companies and consortia. These activities are carried out through the Company (which holds a full service license from the UAE Telecommunications Regulatory Authority valid until 2025), its subsidiaries, associates and joint ventures.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 22 February 2021.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

2. Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the applicable provisions of UAE Federal Law No. (2) of 2015. The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the application of the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 4. These consolidated financial statements are prepared under the historical cost convention except for the revaluation of certain financial instruments and in accordance with the accounting policies set out herein.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the Company's functional and presentational currency, rounded to the nearest thousand except where otherwise indicated.

3. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

New and amended standards issued and effective

The following revised new and amended standards have been adopted in the consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

There has been no material impact on the consolidated financial statements of the Group upon adoption of the above new and amended standards.

New and amended standards issued but not yet effective

At the date of these consolidated financial statements, the following standards, amendments and interpretations have not been effective and have not been early adopted:

New and amended standards not effective and not yet adopted by the group	Effective Date
iFRS 16 Leases – COVID 19 Rent Concessions ñ Relief for Lessees	Periods beginning on or after 1 June 2020 (earlier application permitted)
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
IFRS 17 insurance contracts	1 January 2023
Amendments to IFRS 17	1 January 2023
Classification of liabilities as current or non-current (amendments to ias 1)	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 *and IAS 28)*	Optional
Interest rate benchmark reform – phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

3. Significant accounting policies (continued)

New and amended standards issued but not yet effective (continued)

These new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Group:

• has power over the investee;
• is exposed or has rights, to variable returns from its involvement; and
• has the ability to use its power to affect its returns.

The existence and effect of potential voting rights that are currently substantive and exercisable or convertible are considered when assessing whether the Group has the power to control another entity.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests share of changes in equity since the date of the business combination. Total comprehensive income within subsidiaries is attributed to the Group and to the non-controlling interest even if this results in non-controlling interests having a deficit balance.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are excluded from consolidation from the date that control ceases.

Intercompany transactions, balances and any unrealised gains/losses between Group entities have been eliminated in the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Purchase consideration is measured as the aggregate of the fair value, at the date of exchange, of the assets given, equity instruments issued and liabilities incurred or assumed. The acquiree's identifiable assets and liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date. Acquisition related costs are recognised in the consolidated statement of profit or loss as incurred.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the acquisition-date net fair value of the acquiree's identifiable assets and liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated statement of profit or loss.

The non-controlling interest in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised at acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3. Significant accounting policies (continued)

Business combinations (continued)

Step acquisition

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Associates and joint ventures

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement and has corresponding rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Associates are those companies over which Group exercises significant influence but it does not control or have joint control over those companies. Investments in associates and joint ventures are accounted for using the equity method of accounting except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Investments in associates and joint ventures are carried in the consolidated statement of financial position at cost, which includes transaction costs, as adjusted by post acquisition changes in the Group's share of the net assets of the associates and joint ventures less any impairment in the value of individual investments. Losses of the associates and joint ventures in excess of the Group's interest are not recognised unless the Group has incurred legal or constructive obligations.

The carrying values of investments in associates and joint ventures are reviewed on a regular basis and if impairment in the value has occurred, it is written off in the period in which those circumstances are identified.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition is recognised as goodwill and included as part of the cost of investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associates at the date of acquisition is credited to the consolidated statement of profit or loss in the year of acquisition.

The Group's share of associates and joint ventures results is based on the most recent financial statements or interim financial information drawn up to the Group's reporting date. Accounting policies of associates and joint ventures have been adjusted, where necessary, to ensure consistency with the policies adopted by the Group.

Profits and losses resulting from upstream and downstream transactions between the Group (including its consolidated subsidiaries) and its associates or joint ventures are recognised in the Group's financial statements only to the extent of unrelated group's interests in the associates or joint ventures. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Dilution gains and losses arising on deemed disposal of investments in associates and joint ventures are recognised in the consolidated statement of profit or loss.

Revenue recognition

Revenue is measured at an amount that reflects the consideration, as specified in the contract, to which an entity expects to be entitled in exchange for transferring goods or services to customers, excluding amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over goods or services to its customers.

Revenue from telecommunication services mainly comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, data and connectivity services, providing information and communication technology (ICT) and digital solutions, connecting users of other fixed line and mobile networks to the Group's network. Services are offered on a standalone basis as well as part of multiple element arrangements along with other services and/or devices.

For multiple element arrangements, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the package and if a customer can benefit from it). The consideration is allocated between separate product and services (i.e. distinct performance obligations, "POs") in multiple element arrangements, based on their stand-alone selling prices.

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis, where standalone selling prices are not directly observable, estimation techniques are used maximizing the use of observable inputs. Suitable methods for estimating the standalone selling price include adjusted market assessment approach, cost plus margin approach or residual approach.

3. Significant accounting policies (continued)
Revenue recognition (continued)

Performance obligations and revenue recognition policies:

The following is a description of nature of distinct PO and timing of revenue recognition for key segments from which the Group generates its revenue. The amount of revenue recognised is adjusted for expected discounts and volume discounts, which are estimated based on the historical data for the respective types of service or product being offered.

Service/ Product category	Nature of performance obligations	Point of revenue recognition and significant payment terms
Mobile services contracts	• Voice, data and messaging and value added service (VAS), • Loyalty points	Revenue recognition for voice, data, messaging and VAS is recognized over the period when these services are provided to the customers. Revenue recognition for loyalty points is when the points are redeemed or expire. Mobile services contracts are billed on a monthly basis based as per agreed terms of contract for respective services, which is generally either fixed recurring rentals and/or usage.
Unlocked devices contracts	• Unlocked devices provided along with a service contract	Revenue is allocated to unlocked device in the ratio of relative standalone selling price and recognised on date of transfer of control, which is generally on the date of signing the contract. In case of device sales, transfer of control is immediate, whereas the billing terms may be either full upfront billing or installment billing.
Consumer fixed contracts	• TV service • Unlocked devices (IP Phone and Routers) • Broadband services • Fixed telephone service	Revenue recognition for services is over the contract period, whereas revenue recognition for unlocked devices is upon transfer of control to the customer (i.e. Day 1). The services are billed on a monthly basis as per the agreed terms of contract for respective services, which is generally either fixed recurring rentals and/or usage.

3. Significant accounting policies *(continued)*

Revenue recognition (continued)

Performance obligations and revenue recognition policies *(continued)*

Service/ Product category	Nature of performance obligations	Point of revenue recognition and significant payment terms
Business Solutions contracts	• Connectivity service (IPVPN, leased lines, etc) • Managed Services • IPTV services	Revenue is recognised over the period when these services are provided to the customers. Where hardware (e.g. routers) are provided as part of the contract, the Group recognises these as distinct PO only if the hardware is not locked and if the customer can benefit from them either by selling for more than scrap value or using with services from other service providers. If the customer cannot benefit from hardware on its own, then it is not considered distinct POs and revenue is recognised over the service period. The contracts are billed and paid on monthly basis.
Digital Solutions con-tracts	Digital and ICT solutions	The separable components of the solution are distinct POs. Revenue is recognised based on output measures (such as the proportion of units delivered) to measure progress towards complete satisfaction of POs where such measures are available. The contracts are billed as per contract terms.

Principal versus agent

The Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for those goods or services to be provided by the other party. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

In the case the Group is an agent, it does not control the specified good or service provided by another party before that good or service is transferred to the customer. As an agent, the Group's performance obligation is to arrange for the provision of specified good or service by another party and accordingly it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

The Group as lessee

Right-of-use asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. Significant accounting policies *(continued)*

Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c. amounts expected to be payable under a residual value guarantee; and
d. the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment..

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term lease of equipments that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as lessor

At inception or on modification of a contract that contain a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Foreign currencies

i) Functional currencies

The individual financial statements of each of the Group's subsidiaries, associates and joint ventures are presented in the currency of the primary economic environment in which they operate (its functional currency). For the purpose of these consolidated financial statements, the results, financial position and cash flows of each company are expressed in UAE Dirhams, which is the functional currency of the Company, and the presentation currency of these consolidated financial statements.

In preparing these financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recorded at exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the entity's functional currency at rates prevailing at reporting date.

3. Significant accounting policies (continued)

Foreign currencies (continued)

i) Functional currencies (continued)

Non monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

ii) Consolidation

On consolidation, the assets and liabilities of the Group's foreign operations are translated into UAE Dirhams at exchange rates prevailing on the date of end of each reporting period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are also translated at exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences are recognised in other comprehensive income and are presented in the translation reserve in equity except to the extent that they relate to non-controlling interest. On disposal of overseas subsidiaries or when significant influence or joint control is lost, the cumulative translation differences are recognised as income or expense in the period in which they are disposed of.

iii) Foreign exchange differences

Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise except for exchange differences that relate to assets under construction for future productive use. These are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings. Exchange differences on transactions entered into to hedge certain foreign currency risks and exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation are recognised initially in other comprehensive income and reclassified from equity to the consolidated statement of profit or loss on disposal of net investment. Exchange differences on qualifying cash flow hedges to the extent the hedges are effective are also recognised in other comprehensive income.

iv) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investment revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

Government grants

Government grants relating to non-monetary assets are recognised at nominal value. Grants that compensate the Group for expenses are recognised in the consolidated statement of profit or loss on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated statement of profit or loss on a systematic basis over the expected useful life of the related asset upon capitalisation.

3. Significant accounting policies *(continued)*

Employees' end of service benefits.

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Provision for employees' end of service benefits for non UAE nationals is made in accordance with the Projected Unit Cost method as per IAS 19 Employee Benefits taking into consideration the UAE Labour Laws. The provision is recognised based on the present value of the defined benefit obligations.

The present value of the defined benefit obligations is calculated using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate. The discount rates are set in line with the best available estimate of market yields currently available at the reporting date with reference to high quality corporate bonds or other basis, if applicable.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period. 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. Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets 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 liabilities on a net basis.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax is calculated using relevant tax rates and laws that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is charged or credited in the consolidated statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available in the future against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, from investments in 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 or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets 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 liabilities on a net basis.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able

3. Significant accounting policies *(continued)*

Taxation *(continued)*

to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and any impairment. Cost comprises the cost of equipment and materials, including freight and insurance, charges from contractors for installation and building works, direct labour costs, capitalised borrowing costs and an estimate of the costs of dismantling and removing the equipment and restoring the site on which it is located.

Assets in the course of construction are carried at cost, less any impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

Other than land (which is not depreciated), the cost of property, plant and equipment is depreciated on a straight line basis over the lesser of the lease period and the estimated useful life as follows:

Buildings:	Years
Permanent	20 – 50
Temporary	4 – 10
Civil works	10 – 25
Plant and equipment	**Years**
Submarine – fibre optic cables	10 – 20
– coaxial cables	10 – 15
Cable ships	15 – 25
Coaxial and fibre optic cables	10 – 25
Line plant	10 – 25
Exchanges	5 – 15
Switches	8 – 15
Radios/towers	8 – 25
Earth stations/VSAT	5 – 15
Multiplex equipment	10 – 15
Power plant	5 – 10
Subscribers' apparatus	3 – 15
General plant	2 – 25
Other assets:	**Years**
Motor vehicles	3 – 5
Computers	3 – 5
Furniture, fittings and office equipment	4 – 10

3. Significant accounting policies *(continued)*

Property, plant and equipment *(continued)*

The assets' depreciation methods, residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Intangible assets

Recognition and measurement

(i) Goodwill

Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other non-financial assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of an associate, joint venture, or a subsidiary or where Group ceases to exercise control, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Licenses

Acquired telecommunication licenses are initially recorded at cost or, if part of a business combination, at fair value. Licenses are amortised on a straight-line basis over their estimated useful lives from when the related networks are available for use. The estimated useful lives range between 10 and 25 years and are determined primarily by reference to the license period, the conditions for license renewal and whether licenses are dependent on specific technologies.

(iii) Internally-generated intangible assets

An internally-generated intangible asset arising from the Group's IT development is recognised at cost only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives of 3-10 years. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

(iv) Indefeasible Rights of Use

Indefeasible Rights of Use ("IRU") corresponds to the contractual right to use a certain amount of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset. Generally, the right to use optical fibres or dedicated wavelength bandwidth is for the major part of the underlying asset's economic life. These are amortised on a straight-line basis over the lesser of the expected period of use and the life of the contract which ranges between 10 to 20 years.

3. Significant accounting policies *(continued)*
Intangible assets *(continued)*
Recognition and measurement (continued)

(v) Other intangible assets

Other intangible assets comprising of trade names, customer relationship and other intangible assets are recognised on acquisition at fair values. They are amortised on a straight-line basis over their estimated useful lives. The useful lives of customer relationships range from 3-23 years and trade names have a useful life of 15-25 years. The useful lives of other intangible assets range from 3-10 years.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets whenever there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life (including goodwill) is tested for impairment annually. For impairment testing, assets are grouped together into the smallest group of assets that generate cash flows that are largely independent of other assets or cash-generating units.

Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventory

Inventory is measured at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Allowance is made, where appropriate, for deterioration and obsolescence. Cost is determined in accordance with the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies *(continued)*
Financial instruments *(continued)*

i) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction
between market participants at the measurement date in the principal market, regardless of whether that price is directly observable or in its absence, the most advantageous markets to which the group has access at that date, estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

ii) Financial assets

Financial assets are classified into the following specified categories: 'amortised cost', 'fair value through other comprehensive income with recycling', 'fair value through other comprehensive income without recycling' and 'fair value through profit or loss'. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset and is determined at the time of initial recognition.
All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

iii) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition less the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at fair value through other comprehensive income ("FVTOCI"). Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

iv) Fair value through OCI – with recycling

These instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in the consolidated statement of profit or loss. The amounts that are recognised in the consolidated statement of profit or loss are the same as the amounts that would have been recognised in the consolidated statement of profit or loss if these instruments had been measured at amortised cost. All other changes in the carrying amount of these instruments are recognised in other comprehensive
income and accumulated under the heading of investment revalua-

3. Significant accounting policies *(continued)*
Financial instruments *(continued)*
iv) Fair value through OCI – with recycling *(continued)*

tion reserve. When these instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss.

v) Fair value through OCI – without recycling

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

A financial asset is held for trading if it is:
- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- a derivative (except for a derivative that is a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to the consolidated statement of profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings .

Dividends on these investments in equity instruments are recognised in the consolidated statement of profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 15 "Revenue from Contracts with Customersî, unless the dividends clearly represent a recovery of part of the cost of the investment.

vi) Fair value through profit and loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see note 3 (iii to iv)) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss includes any dividend or interest earned on the financial asset Fair value is determined in the manner described in note 3 (i).

vii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

viii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments.

The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, lease receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. Significant accounting policies *(continued)*
Financial instruments *(continued)*
viii) Impairment of financial assets *(continued)*

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if

i) the financial instrument has a low risk of default,
ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

b) Definition of default

In case of trade receivables, the Group considers that default occurs when a customer balance moves into the "Ceased" category based on its debt age analysis for internal credit risk management purposes. Ceased category refers to category of customers whose telecommunication services have been discontinued.

For all other financial assets, the Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.
- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. Significant accounting policies *(continued)*
Financial instruments *(continued)*
viii) Impairment of financial assets *(continued)*

c) Credit – impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

d) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group may use various sources of data, that may be both internal and external. Possible data sources include internal historical credit loss experience, internal ratings, credit loss experience of other entities and external ratings, reports and statistics.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

ix) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' ("FVTPL") or "amortised cost".

x) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as such. A financial liability is classified as held for trading if it has been incurred principally for the purpose of disposal in the near future or
it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of profit or loss.

3. Significant accounting policies *(continued)*
Financial instruments *(continued)*

xi) Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

xii) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

xiii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss.

xiv) Hedge accounting

The Group may designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign exchange risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges where appropriate criteria are met.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

xv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity.
If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for

3. Significant accounting policies *(continued)*

Financial instruments *(continued)*

xv) Derecognition of financial assets *(continued)*

the proceeds received.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Transactions with non-controlling interests

The Group applies a policy of treating transactions with non controlling interest holders as transactions with parties external to the Group. Disposals to non-controlling interest holders result in gains and losses for the Group and are recorded in the consolidated statement of profit or loss.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Dividends

Dividend distributions to the Group's shareholders are recognised as a liability in the consolidated financial statements in the period in which the dividends are approved.

Disposal of Assets / assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Assets may be disposed of individually or as part of a disposal group. Once the decision is made to dispose of an asset, it is classified as "held-for-sale" and shall no longer be depreciated, and any equity-accounted investee is no longer equity accounted. Assets that are classified as "held-for-sale" must be disclosed in the financial statements.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.
An asset is considered to be held-for-sale if its carrying amount will be recovered principally through a sale transaction, not through continuing use. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted. The criteria for classifying an asset as held-for-sale are as follows:

3. Significant accounting policies *(continued)*

Disposal of Assets / assets held-for-sale *(continued)*

- It must be available for immediate sale in its present condition,
- Its sale must be highly probable, and
- It must be sold, not abandoned.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below.

Critical accounting judgements

i) Fair value of other intangible assets

On the acquisition of mobile network operators, the identifiable intangible assets may include licenses, customer bases and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset, where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets. The relative size of the Group's intangible assets, excluding goodwill, makes the judgements surrounding the estimated useful lives critical to the Group's financial position and performance.

The useful lives used to amortise intangible assets relate to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset.

ii) Classification of interests in other entities

The appropriate classification of certain interests in other entities requires significant analysis and management judgement as to whether the Group exercises control, significant influence or joint control over these interests. This may involve consideration of a number of factors, including ownership and voting rights, the extent of Board representation, contractual arrangements and indicators of de facto control. Changes to these indicators and management's assessment of the power to control or influence may have a material impact on the classification of such investments and the Group's consolidated financial position, revenue and results. Specific judgements regarding the classification of the Group's interests in Maroc Telecom and Pakistan Telecommunications Company Limited are disclosed in Note 15 and interests in associates are disclosed in Note 17.

iii) Federal royalty

The computation of federal royalty as disclosed in the note 7(b) of these consolidated financial statements requires a number of calculations in accordance with the Cabinet of Ministers decision No.320/15/23 dated 9 December 2012 (the "Decision") and the new Federal Royalty Scheme issued by UAE Ministry of Finance ("MoF") dated 20 February 2017 (the "Scheme") and the subsequent clarifications and correspondences exchanged between the Group and MoF (the "Correspondence"). In performing these calculations, management has made certain critical judgments, scribed in Note 3, the management is required to make judgements, interpretations and assumptions. These mainly relate to the segregation of items between regulated and other activities and items which the Company judged as not subject to federal royalty or which may be set off against profits which are subject to federal royalty.

The mechanism for the computation of federal royalty for the year ended 31 December 2020 was in accordance with aforementioned Scheme and the Correspondence.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Critical accounting judgements *(continued)*

iv) Revenue recognition

The key areas of judgement in revenue recognition are as follows:

Identifying performance obligations and determining standalone selling prices

Where a contract with a customer consists of two or more performance obligations that have value to a customer on a standalone basis, the Group accounts for individual performance obligation separately if they are distinct i.e. if goods or service is separately identifiable from other items in the contract and if a customer can benefit from it.

The transaction price is allocated between separate performance obligations based on their stand alone selling prices. The Group applies judgement in identifying the individual performance obligation, determining the stand-alone selling prices and allocating the transaction price between them.

Determination of transaction price

The estimate of the transaction price will be affected by the nature, timing and amount of consideration promised by a customer. In determining the transaction price, the Group considering these following aspects:

a. variable consideration
b. constraining estimates of variable consideration
c. the existence of a significant financing component in the contract
d. non-cash consideration
e. consideration payable to a customer

Refer to Note 3 for additional details on the identification of performance obligation, determination of stand alone selling prices and timing of revenue recognition for the major products and services.

Key sources of estimation uncertainty

i) Impairment of goodwill and investment in associates

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which the goodwill has been allocated.

The value-in-use calculation for goodwill and associates requires the Group to calculate the net present value of the future cash flows for which certain assumptions are required, including management's expectations of:

- long term forecast cash flows;
- working capital estimates;
- discount rates;
- capital expenditure; and
- expected proceeds from disposal of non-operational assets.

The key assumptions used and sensitivities are detailed on Note 12 of these consolidated financial statements. A change in the key assumptions or forecasts might result in an impairment of goodwill and investment in associates.

ii) Impairment of other intangible assets

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- long term forecast cash flows;
- working capital estimates;
- discount rates;
- capital expenditure; and
- expected proceeds from disposal of non-operational assets.

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty *(continued)*

iii) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the total assets of the Group. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful economic life and the expected residual value at the end of its life. Increasing/decreasing an asset's expected life or its residual value would result in a reduced/increased depreciation charge in the consolidated statement of profit or loss.

iv) Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

v) Provisions and contingent liabilities

The management exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigations, assessments and/or other outstanding liabilities and claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provisions.

Refer to Note 31 for details on provisions against such pending litigations/claims and Note 37 for details on the contingent liabilities.

vi) Provision for income tax

The Group recognizes income tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Group's tax liability, are recorded on the final determination of such liability. Deferred income tax is calculated at the rates that are expected to apply to the period when these temporary differences reverse, based on tax rates that have been enacted or substantively enacted, by the reporting date. Estimates regarding deferred tax include the Group's future tax results and expected changes in temporary differences between assets and liabilities.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

4. Critical accounting judgements and key sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty *(continued)*

5. Segmental information

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker and used to allocate resources to the segments and to assess their performance.

a) Products and services from which reportable segments derive their revenues

The Group is 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 UAE. Outside of the UAE, the Group operates through its subsidiaries and associates in sixteen countries which are divided into the following operating segments:

- Morocco
- Egypt
- Pakistan
- International - others

Revenue is attributed to an operating segment based on the location of the Company reporting the revenue. Inter segment sales are charged at mutually agreed prices.

The Group's share of results from associates and joint ventures has been allocated to the segments based on the geographical location of the operations of the associate and joint venture investments. The allocation is in line with how results from investments in associates and joint ventures are reported to the Board of Directors.

b) Segment revenues and results

Segment results represent operating profit earned by each segment without allocation of finance income, finance costs and federal royalty. This is the measure reported to the Group's Board of Directors ("Board of Directors") for the purposes of resource allocation and assessment of segment performance.

c) Segment assets

For the purposes of monitoring segment performance and allocating resources between segments, the Board of Directors monitors the total and non-current assets attributable to each segment. Goodwill is allocated based on separately identifiable CGUs as further disclosed in Note 12. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

The segment information has been provided on the following page.

5. Segmental information *(continued)*

		International					
	UAE AED'000	Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	Eliminations AED'000	Consolidated AED'000
31 December 2020							
Revenue							
External revenue	30,751,960	7,366,733	4,113,156	2,852,043	6,624,319	-	51,708,211
Inter-segment revenue	261,281	442,070	57,294	87,953	71,378	(919,976)	-
Total revenue	31,013,241	7,808,803	4,170,450	2,939,996	6,695,697	(919,976)	51,708,211
Segment result	13,497,238	2,923,808	885,008	(225,282)	1,528,782	-	18,609,554
Federal royalty							(5,594,431)
Finance and other income							1,112,374
Finance and other costs							(2,361,052)
Profit before tax							11,766,445
Income tax expenses							(1,450,709)
Profit for the year							10,315,736
Total assets	71,411,942	34,083,374	10,328,705	11,890,144	18,950,804	(13,647,058)	133,017,911
Non-current assets *	31,392,811	30,180,303	9,097,508	8,468,723	15,090,816	(11,086,426)	83,143,735
Depreciation and amortisation	2,675,405	1,862,148	837,988	907,683	1,616,573	-	7,899,797
Impairment and other losses	(37,250)	-	(687)	334,641	-	-	296,704
31 December 2019							
Revenue							
External revenue	32,024,495	7,424,417	3,362,458	3,102,887	6,272,156	-	52,186,413
Inter-segment revenue	274,203	543,185	67,132	75,169	95,189	(1,054,878)	-
Total revenue	32,298,698	7,967,602	3,429,590	3,178,056	6,367,345	(1,054,878)	52,186,413
Segment result	13,074,391	2,801,735	654,461	17,776	1,075,734	-	17,624,097
Federal royalty							(5,826,594)
Finance and other income							1,363,042
Finance and other costs							(2,051,524)
Profit before tax							11,109,021
Taxation							(1,614,443)
Profit for the year							9,494,578
Total assets	70,107,231	33,381,997	9,316,313	11,700,297	16,952,664	(13,192,169)	128,266,333
Non-current assets *	30,399,833	29,523,581	8,242,904	9,199,513	14,552,563	(11,075,662)	80,842,732
Depreciation and amortisation	2,379,210	1,886,588	711,491	975,958	1,511,986	-	7,465,233
Impairment and other losses	26,849	-	(4,598)	1,163,652	-	-	1,185,903

* Non current assets exclude derivative financial assets and deferred tax assets.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

6. Revenue

a) The following is the disaggregation of the Group's revenue:

	UAE AED'000	International: Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	Consolidated AED'000
31 December 2020						
Mobile	10,789,290	4,320,897	3,748,690	1,021,794	6,035,165	25,915,836
Fixed	11,199,092	2,701,272	228,274	1,355,835	491,886	15,976,359
Equipment	1,728,915	146,064	74,302	11,717	10,510	1,971,508
Others	7,034,663	198,500	61,890	462,697	86,758	7,844,508
Total revenue	30,751,960	7,366,733	4,113,156	2,852,043	6,624,319	51,708,211
31 December 2019						
Mobile	12,307,170	4,511,975	2,920,180	1,245,051	5,654,713	26,639,089
Fixed	11,315,463	2,539,877	154,647	1,440,566	488,058	15,938,611
Equipment	1,925,994	103,880	70,946	13,080	13,466	2,127,366
Others	6,475,868	268,685	216,685	404,190	115,919	7,481,347
Total revenue	32,024,495	7,424,417	3,362,458	3,102,887	6,272,156	52,186,413

b) Revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date:

31 December 2020	Within one year AED'000	More than one year AED'000	Total AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	9,382,130	1,894,656	11,276,786

31 December 2019	Within one year AED'000	More than one year AED'000	Total AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	5,902,421	2,204,519	8,106,940

c) Timing of revenue recognition:

	UAE AED'000	International: Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	Consolidated AED'000
31 December 2020						
PO satisfied at the point of time	2,351,280	182,128	78,108	50,756	2,216	2,664,488
PO satisfied over a period of time	28,400,680	7,184,605	4,035,048	2,801,287	6,622,103	49,043,723
Total revenue	30,751,960	7,366,733	4,113,156	2,852,043	6,624,319	51,708,211
31 December 2019						
PO satisfied at the point of time	2,738,337	103,880	73,281	49,844	4,677	2,970,019
PO satisfied over a period of time	29,286,158	7,320,537	3,289,178	3,053,043	6,267,478	49,216,394
Total revenue	32,024,495	7,424,417	3,362,459	3,102,887	6,272,155	52,186,413

7. Operating expenses and federal royalty

a) Operating expenses

		2020 AED'000	2019 AED'000
Direct cost of sales		12,344,708	12,353,910
Staff costs		4,619,424	4,904,751
Depreciation		6,203,909	5,878,239
Network and other related costs		2,569,522	2,536,804
Amortisation		1,695,888	1,586,994
Regulatory expenses	(i)	1,426,910	1,377,920
Marketing expenses		887,497	1,294,675
Consultancy costs		649,315	778,247
Operating lease rentals		36,526	23,385
IT costs		311,548	407,192
Foreign exchange (gains) / losses - net		(165,370)	58,887
Other operating expenses		1,260,119	1,024,452
Operating expenses (before federal royalty)		31,839,996	32,225,456

Operating expenses include an amount of AED 101.1 million (2019: AED 55.3 million), relating to social contributions made during the year.

i) Regulatory expenses:

Regulatory expenses include ICT Fund contributions required to be paid by the Company to the UAE Telecommunications Regulatory Authority (TRA) at 1% of its net regulated revenues annually.

ICT Fund Contribution	2020 AED'000	2019 AED'000
UAE Net Regulated Revenue	19,530,283	21,419,814
ICT Fund Contribution	195,303	214,198

b) Federal Royalty

In accordance with the Cabinet decision No. 558/1 for the year 1991, the Company was required to pay a federal royalty, equivalent to 40% of its annual net profit before such federal royalty, to the UAE Government for use of federal facilities. With effect from 1 June 1998, Cabinet decision No. 325/28M for 1998, it was increased to 50%.

On 9 December 2012, the Cabinet of Ministers of UAE issued decision no. 320/15/23 of 2012 in respect of a new royalty mechanism applicable to the Company. Under this mechanism a distinction was made between revenue earned from services regulated by Telecommunications Regulatory Authority ("TRA") and non-regulated services as well as between foreign and local profits. The Company was required to pay 15% royalty fee on the UAE regulated revenues and 35% of net profit after deduction of the 15% royalty fee on the UAE regulated revenues. In respect of foreign profit, the 35% royalty was reduced by the amount that the foreign profit has already been subject to foreign taxes.

On 25 February 2015, the MoF issued revised guidelines (which were received by the Company on 1 March 2015) for the computation of federal royalty for the financial years ended 31 December 2014, 2015 and 2016 (the "Guidelines"). In accordance with the Guidelines, the royalty rate for 2016 was reduced to 30% of net profit after deduction of the 15% royalty fee on the UAE regulated revenues.

On 20 February 2017, the MoF announced the federal royalty scheme to be applied on the Group for the periods 2017 to 2021 ("the new royalty scheme").

7. Operating expenses and federal royalty *(continued)*

b) Federal Royalty *(continued)*

According to the new royalty scheme, the Group will pay 15% royalty fees on the UAE regulated revenue and 30% royalty fees on profit generated from regulated services after deduction of the 15% royalty fees on the UAE regulated revenue. Royalty fees on profits from international operations shall be considered only if similar fees paid in the country of origin are less than the fees that could have been imposed in the UAE. Consequent to the issuance of the new royalty scheme, clarifications were obtained and correspondences were exchanged between the Group and MoF (the "Correspondence").
The mechanism for the computation of federal royalty payable for the period ended 31 December 2020 was in accordance with the new royalty scheme and the Correspondence.

The federal royalty has been classified as an operating expense in the consolidated statement of profit or loss on the basis that the expenses the Company would otherwise have had to incur for the use of the federal facilities would have been classified as operating expenses.

8. Finance and other income

	2020 AED'000	2019 AED'000
Interest on bank deposits and amortised cost investments	648,794	852,013
Gain on forward foreign exchange contracts	12,938	43,871
Net (loss) / gain on financial assets designated as FVTPL	(65,018)	238,050
Other income	515,660	229,108
	1,112,374	1,363,042

9. Finance and other costs

	2020 AED'000	2019 AED'000
Interest on short term bank borrowings, loans and other financial liabilities	425,946	391,797
Interest on other borrowings	784,300	692,059
Ineffectiveness on net investment hedge	250,489	(162,678)
Foreign exchange gain on borrowings - net	(3,655)	(58,293)
Other costs	886,895	1,171,525
Unwinding of discount	17,077	17,114
	2,361,052	2,051,524
Total borrowing costs	2,369,477	2,062,387
Less: amounts included in the cost of qualifying assets (Note 11, 13)	(8,425)	(10,863)
	2,361,052	2,051,524

All interest charges are generated on the Group's financial liabilities measured at amortised cost. Borrowing costs included in the cost of qualifying assets during the year arose on specific and non - specific borrowing pools. Borrowing costs attributable to non - specific borrowing pools are calculated by applying a capitalisation rate of 10.20% (2019: 15.64%) for expenditure on such assets. Borrowing costs have been capitalised in relation to loans by certain of the Group's subsidiaries.

10. Taxation

	2020 AED'000	2019 AED'000
Current tax expense	1,747,073	1,768,803
Deferred tax credit	(296,364)	(154,360)
	1,450,709	1,614,443

a) Total tax

Corporate income tax is not levied in the UAE for telecommunication companies. The weighted average tax rate for the Group, based on tax rates applicable for international operations is 32.03 % (2019: 31.67%). The table below reconciles the difference between the expected tax expense, and the Group's tax charge for the year.

b) The income tax expenses for the year can be reconciled to the accounting profits as follows:

	2020 AED'000	2019 AED'000
Tax based on the applicable weighted average tax rate of 32.03 % (2019: 31.67%)	1,383,540	1,529,341
Tax effect of share of results of associates	10,731	(945)
Tax effect of expenses that are not deductible in determining taxable profit	271,375	318,205
Tax effect of utilization of tax losses not previously recognized	15,416	4,278
Effect on deferred tax balances of change in income tax rate	(32,195)	(32,419)
Effect on deferred tax balances due to purchase price allocation	(198,158)	(203,069)
Effect of income that is exempt from taxation	-	(948)
Income tax expenses recognised in profit or losses	1,450,709	1,614,443

c) Current income tax assets and liabilities

The current income tax assets represent refunds receivable from tax authorities and current income tax liabilities represent income tax payable.

d) Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when these relate to the same income tax authority. The amounts recognised in the consolidated statement of financial position after such offset are as follows:

	2020 AED'000	2019 AED'000
Deferred tax assets	175,489	65,188
Deferred tax liabilities	(2,540,592)	(2,637,109)
	(2,365,103)	(2,571,921)

10. Taxation *(continued)*

The following represent the major deferred tax liabilities and deferred tax assets recognised by the Group and movements thereon without taking into consideration the offsetting of balances within the same tax jurisdiction.

Deferred tax liabilities

	Deferred tax on depreciation and amortisation AED'000	Deferred tax on overseas earnings AED'000	Others AED'000	Total AED'000
At 1 January 2019	3,094,842	65,925	-	3,160,767
(Credit) / charge to the consolidated statement of profit or loss	(269,143)	-	15,289	(253,854)
Charge to other comprehensive income	-	-	724	724
Other movements	-	-	(648)	(648)
Exchange differences	(12,045)	-	(328)	(12,373)
At 31 December 2019 / 1 January 2020	2,813,654	65,925	15,037	2,894,616
(Credit) / charge to the consolidated statement of profit or loss	(180,013)	10,731	5,695	(163,587)
Charge to other comprehensive income	-	-	134	134
Other movements	(88,110)	(1,789)	3,148	(86,751)
Exchange differences	182,276	-	6,688	188,964
At 31 December 2020	2,727,807	74,867	30,702	2,833,376

Deferred tax assets

	Retirement benefit obligations AED'000	Tax losses AED'000	Others AED'00	Total AED'00
At 1 January 2019	104	149,686	218,525	368,315
Charge to the consolidated statement of profit or loss	-	(87,579)	(11,915)	(99,494)
Charge to other comprehensive income	(94)	-	(2,456)	(2,550)
Other movements	-	-	63,865	63,865
Exchange differences	(10)	(4,864)	(2,567)	(7,441)
At 31 December 2019 / 1 January 2020	-	57,243	265,452	322,695
(Charge) / credit to the consolidated statement of profit or loss	-	(25,526)	158,303	132,777
Credit to other comprehensive income	-	-	3,415	3,415
Other movements	-	(15,429)	(3,888)	(19,317)
Exchange differences	-	-	28,702	28,702
At 31 December 2020	-	16,288	451,984	468,272

Unused tax losses	2020 AED million	2019 AED million
Total unused tax losses	81	172
of which deferred tax assets recognised for	81	172

11. Goodwill, other intangible assets

	Goodwill AED'000	Licenses AED'000	Trade names AED'000	Others AED'000	Total AED'000
Cost					
At 1 January 2019	15,863,552	15,809,738	2,108,406	6,362,206	40,143,902
Additions	-	520,762	-	465,334	986,096
Transfer from investment property	-	-	-	8,864	8,864
Transfer from property, plant and equipment	-	-	-	330,093	330,093
Acquisition of subsidiary	303,563	208,474	-	38,773	550,810
Disposals	-	-	-	(1,597)	(1,597)
Exchange differences	(391,921)	423,172	(199,906)	93,174	(75,481)
At 31 December 2019	15,775,194	16,962,146	1,908,500	7,296,847	41,942,687

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

11. Goodwill, other intangible assets *(continued)*

	Goodwill AED'000	Licenses AED'000	Trade names AED'000	Others AED'000	Total AED'000
Amortisation and impairment					
At 1 January 2019	2,149,850	5,852,053	431,626	4,088,281	12,521,810
Charge for the year	-	747,454	119,958	752,782	1,620,194
Impairment losses (11.1)	2,631,587	-	-	(298)	2,631,289
Transfer from investment property	-	-	-	4,087	4,087
Acquisition of subsidiary	-	76,405	-	27,379	103,784
Disposals	-	-	-	(1,462)	(1,462)
Exchange differences	-	163,312	(39,173)	(27,372)	96,767
At 31 December 2019	4,781,437	6,839,224	512,411	4,843,397	16,976,469
Carrying amount					
At 31 December 2019	10,993,757	10,122,922	1,396,089	2,453,450	24,966,218
Cost					
At 1 January 2020	15,775,194	16,962,146	1,908,500	7,296,847	41,942,687
Additions	-	50,793	-	971,026	1,021,819
Transfer from property, plant and equipment	-	-	-	606,415	606,415
Acquisition of subsidiary	76,469	-	10,692	78,556	165,717
Disposals	-	-	-	(268,502)	(268,502)
Exchange differences	920,113	848,257	175,435	537,654	2,481,459
At 31 December 2020	16,771,776	17,861,196	2,094,627	9,221,996	45,949,595
Amortisation and impairment					
At 1 January 2020	4,781,437	6,839,224	512,411	4,843,397	16,976,469
Charge for the year	-	787,675	93,363	844,359	1,725,397
Impairment losses	148,157	6,417	73,525	106,542	334,641
Transfer from property, plant and equipment	-	-	-	52,283	52,283
Acquisition of subsidiary	-	-	-	1,421	1,421
Disposals	-	-	-	(266,504)	(266,504)
Exchange differences	(94)	314,388	(6,179)	541,331	849,446
At 31 December 2020	4,929,500	7,947,704	673,120	6,122,829	19,673,153
Carrying amount					
At 31 December 2020	11,842,276	9,913,492	1,421,507	3,099,167	26,276,442

Others – net book values

	2020 AED'000	2019 AED'000
Indefeasible rights of use	332,011	272,644
Computer software	1,347,059	1,224,217
Customer relationships	65,626	171,979
Others*	1,354,471	784,610
	3,099,167	2,453,450

* Included in others is an amount of AED 598 million advance payment made by Etisalat Misr for the acquisition of a new spectrum with 20MHz bandwidth. Given that the contractual agreement with the authorities has not yet been signed, the remaining payment has been recorded as capital commitments.

11.1. The impairment loss on PTCL CGU's goodwill for the year ended 31 December 2019 is presented in the consolidated statement of profit or loss net of the reduction in the provision for consideration payable for this acquisition of AED 1.5 billion, as it was contractually linked to the Group's interest for the PTCL CGU.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

12. Impairment loss on other assets

a) Impairment

The impairment losses / (reversals) recognised in the consolidated statement of profit or loss in respect of the carrying amounts of investments, goodwill, licenses and property, plant and equipment and other financial assets are as follows:

	2020 AED'000	2019 AED'000
Pakistan Telecommunication Company Limited (PTCL)	334,641	1,163,652
of which relating to goodwill - net	148,157	1,162,649
of which relating to other intangible assets (Note 11)	186,484	-
of which relating to property, plant and equipment (Note 13)	-	1,003
Etisalat UAE	(37,250)	26,849
of which relating to intangible assets (Note 11)	-	(298)
of which relating to property, plant and equipment (Note 13)	(37,250)	27,147
Others	(687)	(4,598)
of which relating to property, plant and equipment (Note 13)	**(687)**	**(4,598)**
Total impairment and other losses for the year	296,704	1,185,903

Impairment on PTCL CGU

The recoverable amount of this CGU was based on value in use. As of 31 December 2020 the carrying value of this CGU was assessed to be higher than its recoverable amount and an impairment loss was recognised in profit and loss for the year then ended. This loss represents an impairment loss on goodwill and other intangible assets of AED 334.6 million relating to decrease in the present value of the cash flows projected to be generated by this CGU. The reduction is mainly on account of the macroeconomic impact of COVID-19 pandemic which resulted in increase in the applicable discount rate and decrease in terminal growth rate. The impairment loss on PTCL CGU's goodwill for the year ended 31 December 2019 is presented in the consolidated statement of profit or loss net of the reduction in the provision for consideration payable. (Refer Note 11.1).

b) Cash generating units

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The carrying amount of goodwill (all relating to operations within the Group's International reportable segment) is allocated to the following CGUs:

Cash generating units (CGU) to which goodwill is allocated:	2020 AED'000	2019 AED'000
Maroc Telecom	9,427,018	8,679,524
Maroc Telecom international subsidiaries	2,326,834	2,151,830
Pakistan Telecommunication Company Limited (PTCL) group	-	150,678
Help AG group	76,469	-
Etisalat Misr (Etisalat) S.A.E.	11,956	11,725
	11,842,277	10,993,757

Goodwill has been allocated to the respective segment based on the separately identifiable CGUs.

12. Impairment loss on other assets *(continued)*

c) Key assumptions for the value in use calculations:

The recoverable amounts of all the CGUs containing goodwill are based on their value in use. The key assumptions for the value in use calculations are those regarding the long term forecast cash flows, working capital estimates, discount rates, capital expenditure and expected proceeds from disposal of non-operational assets.

To the extent possible, the estimates, assumptions and judgements used reflect the COVID-19 pandemic uncertainties in our impairment testing.

Long term cash flows and working capital estimates

The Group prepares cash flow forecasts and working capital estimates derived from the most recent annual business plan approved by the Board of Directors for the next five years. The business plans take into account local market considerations such as the revenues and costs associated with future customer growth, the impact of local market competition and consideration of the local macro-economic and political trading environment. This rate does not exceed the average long-term growth rate for the relevant markets and it ranges between 2.9% to 4.6% (2019: 3.8% to 5.1%).

Discount rates

The discount rates applied to the cash flows of each of the Group's operations are based on an internal study conducted by the management. The study utilised market data and information from comparable listed mobile telecommunications companies and where available and appropriate, across a specific territory. The pre-tax discount rates use a forward looking equity market risk premium and ranges between 8.74% to 19.76% (2019: 13.2% to 21.4%).

Capital expenditure

The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to continue rolling out networks in emerging markets, providing voice and data products and services, and meeting the population coverage requirements of certain licenses of the Group. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and other intangible assets.

Expected proceeds from disposal of non-operational assets

The estimate of net cash flows to be received for the disposal of non-operational assets (mainly land) of PTCL CGU is based on market approach and extrapolation analysis, considering the scale, geographic dispersion and diversity of such properties. The key assumptions for the determination of such expected proceeds are partly based on valuation by independent valuers and extrapolation of those values to remaining properties based on similar characteristics.

Sensitivity analysis

Following the impairment loss recognised in the PTCL CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

The estimated recoverable amount of the Maroc Telecom and Maroc Telecom International Subsidiaries CGUs exceeded their carrying values. Management has identified that a reasonably possible change in two key assumptions [2.3 % increase in discount rates and 1.5 % decrease in long term terminal growth rates (2019: 1.5 % increase in discount rates and 1 % decrease in long term terminal growth rates)] could cause the carrying amounts to exceed the recoverable amounts.increase in discount rates and 1 % decrease in long term terminal growth rates)] could cause the carrying amounts to exceed the recoverable amounts.

13. Property, plant and equipment

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computer, furniture AED'000	Assets under construction AED'000	Total AED'000
Cost					
At 1 January 2019	9,979,352	68,473,018	5,703,285	4,718,821	88,874,476
Additions	87,235	1,755,197	68,256	5,939,340	7,850,028
Transfer to intangible assets	-	-	(330,093)	-	(330,093)
Transfer from investment property	36,854	4,246	12,723	-	53,823
Transfers	194,769	4,526,791	716,650	(5,438,210)	-
Disposals	(10,074)	(1,095,904)	(55,486)	-	(1,161,464)
Acquisition of subsidiary	61,129	1,017,943	81,840	-	1,160,912
Exchange differences	(352,888)	(1,507,644)	54,204	(17,673)	(1,824,001)
At 31 December 2019	9,996,377	73,173,647	6,251,379	5,202,278	94,623,681
Depreciation and impairment					
At 1 January 2019	3,191,483	38,304,294	3,949,577	186,419	45,631,773
Charge for the year	267,639	4,643,259	507,289	-	5,418,187
Impairment losses - net	-	20,079	(608)	4,085	23,556
Disposals	(9,408)	(896,525)	(50,749)	-	(956,682)
Transfer from investment property	14,414	3,296	4,700	-	22,410
Acquisition of subsidiary	12,309	663,718	61,257	-	737,284
Exchange differences	(38,197)	(1,270,856)	(17,913)	4,390	(1,322,576)
At 31 December 2019	3,438,240	41,467,265	4,453,553	194,894	49,553,952
Carrying amount at 31 December 2019	6,558,137	31,706,382	1,797,826	5,007,384	45,069,729
Cost					
At 1 January 2020	9,996,377	73,173,647	6,251,379	5,202,278	94,623,681
Additions	109,132	901,104	181,457	4,879,868	6,071,561
Transfer to intangible assets	-	-	(606,415)	-	(606,415)
Reclassifications	(621,732)	472,015	149,717	-	-
Other movement	-	29,903	-	-	29,903
Transfers	184,515	3,459,930	926,972	(4,571,417)	-
Disposals	(7,643)	(1,303,652)	(164,318)	(11,425)	(1,487,038)
Acquisition of subsidiary	-	-	7,448	-	7,448
Exchange differences	353,503	2,993,941	206,981	(11,133)	3,543,292
At 31 December 2020	10,014,152	79,726,888	6,953,221	5,488,171	102,182,432
Depreciation and impairment					
At 1 January 2020	3,438,240	41,467,265	4,453,553	194,894	49,553,952
Charge for the year	242,965	4,841,041	544,648	-	5,628,654
Impairment reversals - net	-	(28,570)	-	(9,367)	(37,937)
Disposals	(3,372)	(1,227,852)	(152,608)	(3,564)	(1,387,396)
Other movement	(2,959)	30,303	222	-	27,566
Acquisition of subsidiary	-	7,402	4,862	-	12,264
Exchange differences	204,805	2,205,410	223,883	78	2,634,176
Reclassifications	(457,559)	246,698	210,861	-	-
	-	-	(52,283)	-	(52,283)
At 31 December 2020	3,422,120	47,541,697	5,233,138	182,041	56,378,996
Carrying amount at 31 December 2020	6,592,032	32,185,191	1,720,083	5,306,130	45,803,436

The carrying amount of the Group's land and buildings includes a nominal amount of AED 1 (2019: AED 1) in relation to land granted to the Group by the Federal Government of the UAE. There are no contingencies attached to this grant and as such no additional amounts have been included in the consolidated statement of profit or loss or the consolidated statement of financial position in relation to this.

An amount of AED 8.4 million (2019: AED 10.9 million) is included in property, plant and equipment on account of capitalisation of borrowing costs for the year.

Borrowings are secured against property, plant and equipment with a net book value of AED 3,981 million (2019: AED 1,702 million). Assets under construction include buildings, multiplex equipment, line plant, exchange and network equipment.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

14. Right of use assets

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computers, furniture AED'000	Total AED'000
Balance at 1 January 2019	1,303,679	890,250	41,387	2,235,316
Additions for the year	566,011	353,015	40,996	960,022
Disposals for the year	(33,347)	-	-	(33,347)
Depreciation for the year	(227,103)	(176,067)	(22,929)	(426,099)
Exchange differences	(60,121)	72,300	(3,739)	8,440
Balance at 31 December 2019 / 1 January 2020	1,549,119	1,139,498	55,715	2,744,332
Additions for the year	187,645	273,764	161,334	622,743
Disposals for the year	(56,961)	(158,481)	(8,635)	(224,077)
Depreciation for the year	(248,353)	(178,521)	(69,200)	(496,074)
Exchange differences	17,152	28,424	5,933	51,509
Acquisition of a subsidiary	1,669	-	-	1,669
Balance at 31 December 2020	1,450,271	1,104,684	145,147	2,700,102

15. Subsidiaries

a) The Group's principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Percentage shareholding 2020	2019
Emirates Telecommunications and Marine Services FZE	UAE	Telecommunications services	100%	100%
Emirates Cable TV and Multimedia LLC	UAE	Cable television services	100%	100%
Etisalat International Pakistan LLC	UAE	Holds investment in Pakistan Telecommunication Co. Ltd	90%	90%
E-Marine PJSC	UAE	Submarine cable activities	100%	100%
Etisalat Services Holding LLC	UAE	Infrastructure services	100%	100%
Etisalat Technology Services LLC	UAE	Technology solutions	100%	100%
Etisalat Afghanistan	Afghanistan	Telecommunications services	100%	100%
Etisalat Misr S.A.E.	Egypt	Telecommunications services	66.4%	66.4%
Atlantique Telecom S.A.	Togo	Telecommunications services	100%	100%
Pakistan Telecommunication Company Limited	Pakistan	Telecommunications services	23% *	23% *
Etisalat Investment North Africa LLC	UAE	Holds investment Société de Participation (dans les Télécommunications (SPT	91.3%	91.3%
Société de Participation dans les Télécommunications (SPT)	Kingdom of Morocco	Holds investment in Maroc Telecom	91.3%	91.3%
Etisalat Al Maghrib S.A (Maroc Telecom)	Kingdom of Morocco	Telecommunications services	48% *	48% *
Etisalat Mauritius Private Limited	Mauritius	Holds investment in Etisalat DB Telecom Private Limited	100%	100%
Ubiquitous Telecommunications Technology LLC Note 43	UAE	Installation and	85%	85%
Help AG Abu Dhabi**	UAE	Digital services	100%	-
Help AG KSA**	Kingdom of Saudi Arabia	Digital services	100%	-
Etisalat Digital KSA	Kingdom of Saudi Arabia	Digital services	100%	-
Solid FZCO	UAE	Mobile Phones and accessories trading	100%	-

15. Subsidiaries *(continued)*

In prior year, Maroc Telecom acquired 100% shareholding in Tigo Chad. As the acquisition was completed in July 2019 on approval of change of control by the Tchadian authorities, consolidation of Tigo Chad commenced in July 2019 when the control was transferred to Maroc Telecom. The consideration for this acquisition was MAD 1,175 million (AED 443 million). Refer to note 41.1.

*The Group has voting rights of 53% in Maroc Telecom and 58% in Pakistan Telecommunication Company Limited, including the appointment of a majority of the Board of Directors and key management personnel. *The Group has voting rights of 53% in Maroc Telecomand 58% in Pakistan Telecommunication Company Limited, including the appointment of a majority of the Board of Directors and key management personnel.

**In the prior year, the Group signed an agreement to acquire 100% of the Help AG's businesses in United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). The transaction was completed on 17 February 2020 after satisfying all Conditions Precedent and Completion deliverables Accordingly, Help AG UAE and KSA have been consolidated into these consolidated financial statements, effective February 2020.

b) Disclosures relating to subsidiaries

Information relating to subsidiaries that have non-controlling interests that are material to the Group are provided below:

	Maroc Telecom consolidated	PTCL consolidated	Etisalat Misr consolidated
AED'000		2020	
Information relating to non-controlling interests:			
Non-controlling interest (shareholding %)	51.6%	76.6%	33.6%
Revenue	6,983,580	2,252,037	1,401,271
Profit / (loss) for the year	1,252,272	(128,306)	162,559
Other comprehensive income / (loss) for the year	457,576	(80,540)	34,665
Total comprehensive income / (loss) for the year	1,709,848	(208,846)	197,224
Cash flows from operating activities	2,474,245	1,097,607	530,420
Cash flows from investing activities	(1,207,025)	(429,964)	(452,196)
Cash flows from financing activities	(990,647)	55,313	(57,104)
Dividends paid to non-controlling interests	(1,187,396)	(44,460)	(106,843)
Non-controlling interests as at 31 December	6,360,850	3,317,415	1,811,796
Summarised information relating to subsidiaries:			
Current assets	7,271,589	3,421,722	1,231,197
Non-current assets	35,176,392	8,471,087	9,097,508
Current liabilities	17,069,016	4,913,736	2,680,241
Non-current liabilities	4,194,959	3,756,114	2,153,683
AED'000		2019	
Information relating to non-controlling interests:			
Non-controlling interest (shareholding %)	51.6%	76.6%	33.6%
Revenue	6,821,359	2,434,392	1,152,342
Profit / (loss) for the year	686,475	(21,698)	131,548
Other comprehensive (loss) / income for the year	(91,752)	(443,184)	180,300
Total comprehensive income / (loss) for the year	594,723	(464,882)	311,848
Cash flows from operating activities	3,416,505	1,025,658	502,228
Cash flows from investing activities	(1,540,695)	(632,170)	(248,160)
Cash flows from financing activities	(1,855,722)	(174,818)	(267,738)
Dividends paid to non-controlling interests	(1,475,063)	(49,067)	(57,229)
Non-controlling interests as at 31 December	5,836,387	3,570,634	1,722,027
Summarised information relating to subsidiaries:			
Current assets	5,144,448	2,501,085	1,073,409
Non-current assets	34,074,104	9,201,941	8,242,904
Current liabilities	15,920,624	4,350,656	2,494,922
Non-current liabilities	4,641,031	3,699,978	1,597,541

15. Subsidiaries *(continued)*

c) Movement in non-controlling interest

The movement in non-controlling interest is provided bellow:

	2020 AED'000	2019 AED'000
As at 1 January	11,155,790	12,298,376
Total comprehensive income:		
Profit for the year	1,289,214	802,062
Remeasurement of defined benefit obligations - net of tax	48,672	17,269
Exchange differences on translation of foreign operations	365,002	(372,224)
Loss on revaluation of investment classified as fair value through OCI	(4,815)	(4,534)
Other movement in equity	4,118	22,858
Transaction with owners of the Company:		
Repayment of advances to non-controlling interests	-	(23,839)
Dividends	(1,341,899)	(1,584,178)
As at 31 December	11,516,082	11,155,790

16. Share of results of associates and joint ventures

	2020 AED'000	2019 AED'000
Associates (Note 17 b)	200,045	(27,837)
Joint ventures (Note 17 g)	(2,638)	(8,417)
Total	197,407	(36,254)

17. Investment in associates and joint ventures

	2020 AED'000	2019 AED'000
Associates (Note 17 b)	4,204,637	4,029,371
Joint ventures (Note 17 g)	45,370	48,009
Total	4,250,007	4,077,380

a) Associates

Name	Country of incorporation	Principal activity	Percentage shareholding 2020	2019
Etihad Etisalat Company ("Mobily")	Saudi Arabia	Telecommunications services	28%	28%
Hutch Telecommunications Lanka (Private) Limited ("Hutch")	Sri Lanka	Telecommunications services	15%	15%
Digital Financial Services LLC	UAE	Digital Wallet services	50%	50%

i) The 15 % stake in Hutch has been classified as investment in associate on account of the significant influence Etisalat Group has over the financial and operational decisions through voting rights in Board meetings of Hutch.

ii) On 23 September, 2018, Etisalat Group entered into an agreement with Noor Bank PJSC for establishment of "Digital Financial Services LLC (DFS)", that will perform digital wallet services. Under this arrangement, Etisalat Group and Noor Bank PJSC are the owners of 49.99% and 50.01% respective shareholding in DFS. In accordance with the requirements of IAS 28 and based on review of the relevant agreements, it has been determined that Etisalat Group has significant influence over DFS. Accordingly, the shareholding in DFS has been classified as investment in associate.

17. Investment in associates and joint ventures *(continued)*

b) Movement in investments in associates

	Mobily		All Associates	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Carrying amount at 1 January	4,013,045	4,045,373	4,029,371	4,070,642
Share of results (Note 17)	214,621	(18,894)	200,045	(27,837)
Exchange differences	(286)	101	(286)	101
Share of other comprehensive loss – net of tax	(24,493)	(13,535)	(24,493)	(13,535)
Carrying amount at 31 December	4,202,887	4,013,045	4,204,637	4,029,371

c) Reconciliation of the above summarised financial information to the net assets of the associates

	Mobily		All Associates	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Net assets	14,140,664	13,462,489	14,143,755	13,494,600
Our share in net assets of associates	3,958,396	3,768,555	3,959,941	3,784,607
Others *	244,491	244,490	244,696	244,764
	4,202,887	4,013,045	4,204,637	4,029,371

*** Others include an amount of AED 150 million (2019: AED 150 million) relating to premium paid on rights issue in prior years.**

d) Aggregated amounts relating to associates

	Mobily		All Associates	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Current assets	6,346,489	6,420,685	6,379,425	6,472,299
Non-current assets	31,259,447	32,017,029	31,273,295	32,033,486
Current liabilities	(10,760,637)	(11,173,749)	(10,785,215)	(11,191,498)
Non-current liabilities	(12,704,634)	(13,801,476)	(12,723,750)	(13,819,687)
Net assets	14,140,664	13,462,489	14,143,755	13,494,600
Revenue	13,750,566	13,169,902	13,751,734	13,169,911
Profit	766,770	30,534	770,738	12,645
Total comprehensive income / (loss)	679,274	(17,816)	650,117	(35,705)

The share of results and carrying amounts of assets and liabilities of Mobily have been adjusted to comply with the Group accounting policies.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

17. Investment in associates and joint ventures *(continued)*

e) Market value of an associate

The shares of one of the Group's associates are quoted on public stock markets and it is classified as "Level-1" fair value. The market value of the Group's shareholding based on the quoted prices is as follows:

	2020 AED'000	2019 AED'000
Etihad Etisalat Company ("Mobily")	6,047,019	5,275,505

f) Joint ventures

Name	Country of incorporation	Principal activity	Percentage Shareholding 2020	Percentage Shareholding 2019
Smart Technology Services DWC - LLC	UAE	ICT Services	50%	50%
Emirates Facilities Management LLC	UAE	Facilities management	50%	50%

g) Movement in investment in joint ventures

	2020 AED'000	2019 AED'000
Carrying amount at 1 January	48,009	58,626
Share of results	(2,638)	(8,417)
Dividends	-	(2,200)
Carrying amount at 31 December	45,370	48,009

h) Aggregated amounts relating to joint ventures

	2020 AED'000	2019 AED'000
Current assets (including cash and cash equivalents AED 38,008 thousand (2019: AED 49,629 thousand)	228,410	238,640
Non-current assets	20,406	6,028
Current liabilities (including current financial liabilities excluding trade and other payables and provisions of AED 119,370 thousand (2019: AED 86,201 thousand)	(147,105)	(143,486)
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions of AED 8,162 thousand (2019: AED Nil)	(11,105)	(4,505)
Net assets	90,606	96,677
Revenue	305,526	299,659
Depreciation and amortisation	1,730	3,632
Interest expenses	975	1,139
Profit or loss	(5,278)	(14,363)

The Group has not identified any contingent liabilities or capital commitments in relation to its interest in joint ventures.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

18. Other investments

	Fair value through profit and loss - Mandatory AED'000	Fair value through profit and loss - designated upon initial recognition AED'000	Fair value through comprehensive income statements AED'000	Amortised cost AED'000	Total AED'000
At 1 January 2019	1,118,320	-	248,995	817,833	2,185,148
Additions	130,061	225,149	11,972	333,344	700,526
Disposal	(48,939)	-	(17,400)	(113,656)	(179,995)
Fair value changes	240,765	(83)	34,959	-	275,641
Acquisition of subsidiary	-	-	36,236	-	36,236
Exchange differences	(417)	-	1,043	-	626
At 31 December 2019	1,439,790	225,066	315,805	1,037,521	3,018,182
At 1 January 2020	1,439,790	255,066	315,805	1,037,521	3,018,182
Additions	1,026,874	142,065	1,521	658,433	1,828,893
Disposal	(624,724)	-	(13,644)	-	(638,368)
Fair value changes	(83,644)	18,626	(4,036)	(7,126)	(76,180)
Exchange differences	63,176	-	7,196	32,436	102,808
At 31 December 2020	1,821,472	385,757	306,842	1,721,264	4,235,335
of which current*	**1,074,823**	**-**	**-**	**-**	**1,074,823**
of which non-current	**746,649**	**385,757**	**306,842**	**1,721,264**	**3,160,512**

The financial assets at amortised cost includes investments in Sukuks and other bonds. These bonds will mature in two to six years. At 31 December 2020, the market value of the investment in these bonds was AED 1,677 million (2019: AED 1,040 million).

The financial assets at amortised cost and those classified as fair value through profit or loss include bonds worth AED 937 million (2019: AED 474 million) and AED 149 million (2019: Nil), respectively, which have been temporarily lent to various financial institutions under securities lending arrangements.

*During the year, Etisalat Group acquired investments in highly liquid mutual funds which are redeemable on demand. Such investments have been classified as fair value through profit or loss with a fair value of AED 1,075 million as at 31 December 2020.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

19. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.Transactions between the Group and other related parties are disclosed below.

a) Federal Government and state controlled entities

As stated in Note 1, in accordance with Federal Law No. 267/10 for 2009, the Federal Government of the UAE transferred its 60% holding in the Company to the Emirates Investment Authority with effect from 1 January 2008, which is ultimately controlled by the UAE Federal Government. The Group provides telecommunication services to the Federal Government (including Ministries and local bodies). These transactions are at agreed commercial terms. The credit period allowed to Government customers ranges from 90 to 120 days. Trade receivables include an amount of AED 1,685 million (2019: AED 1,732 million), which are net of allowance for doubtful debts of AED 310 million (2019: AED 174 million), receivable from Federal Ministries and local bodies.See Note 7 for disclosure of the royalty payable to the Federal Government of the UAE.

In accordance with IAS 24 "Related Party Disclosures" , the Group has elected to disclose qualitatively the transactions with the UAE Federal Government and other entities over which the Federal Government exerts control, joint control or significant influence. The nature of the transactions that the Group has with such related parties is the provision of telecommunication services and procurement of services.

	Associates		Joint Ventures	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Trading transactions				
Telecommunication services – sales	217,146	373,401	-	-
Telecommunication services – purchases	31,921	58,851	30,641	46,670
Management and other services	79,813	-	9,275	42,196
Due from related parties as at 31 December	46,346	53,060	28,954	59,791
Due to related parties as at 31 December	79,642	-	4,441	548

Sales to related parties comprise the provision of telecommunication products and services (primarily voice traffic and leased circuits) by the Group based on agreed commercial terms. Purchases relate exclusively to the provision of telecommunication products and services by associates to the Group based on agreed commercial terms. The amount due from related parties are unsecured and will be settled in cash.

The principal management and other services provided to the Group's associates are set out below based on agreed contractual terms and conditions.

i. Etihad Etisalat Company ("Mobily")

Pursuant to the Communications and Information Technology Commission's (CITC) licensing requirements, Mobily entered into a management agreement ("the Agreement") with the Company as its operator from 23 December 2004. Amounts invoiced by the Company relate to annual management fees, fees for staff secondments and other services provided under the Agreement. The term of the Agreement was for a period of seven years and could be automatically renewed for successive periods of five years unless the Company served a 12 month notice of termination or Mobily served a 6 month notice of termination prior to the expiry of the applicable period.In 2017, the Group signed a Technical Services and Support Agreement with Mobily. This agreement is for a period of five years.

c) Remuneration of key management personnel

The remuneration of the Board of Directors and other members of key management personnel of the Company, is set out below.

	2020 AED'000	2019 AED'000
Long- term benefits	1,262	1,409
Short-term benefits	83,698	31,462

The current year remuneration includes existing and previous executives' remuneration and their end of service benefits.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

20. Inventories

	2020 AED'000	2019 AED'000
Subscriber equipment	470,104	629,957
Maintenance and consumables	428,347	376,499
Obsolescence allowances	(193,543)	(223,436)
Net Inventories	704,908	783,020

Movement in obsolescence allowances

	2020 AED'000	2019 AED'000
At 1 January	223,436	53,583
Net (decrease) / increase in obsolescence allowances	(30,148)	168,249
Exchange differences	255	1,604
At 31 December	193,543	223,436
Inventories recognised as an operating expense within direct cost of sales during the year	3,066,828	2,744,765

21. Trade and other receivables

	2020 AED'000	2019 AED'000
Amount receivable for services rendered	10,924,677	10,696,743
Amounts due from other telecommunication operators/carriers	2,211,372	2,687,867
Total gross carrying amount	13,136,049	13,384,610
Lifetime expected credit loss	(3,209,253)	(2,737,393)
Net trade receivables	9,926,796	10,647,217
Prepayments	583,630	571,074
Accrued income	800,326	894,411
Advances to suppliers	1,234,203	1,054,396
Indirect taxes receivable	472,280	406,008
Other receivables	1,899,036	1,387,766
At 31 December	14,916,271	14,960,872
Total trade and other receivables	14,916,271	14,960,872
of which current trade and other receivables	14,572,812	14,640,653
of which non-current other receivables	343,459	320,219

The Group's normal credit terms ranges between 30 and 120 days (2019: 30 and 120 days).

The Group recognises lifetime expected credit loss (ECL) for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

21. Trade and other receivables *(continued)*

Trade receivable - as on 31 December 2019	Upto 60 days AED'000	61-90 days AED'000	90-365 days AED'000	Over one year AED'000	Total AED'000
Expected credit loss rate	0% to 35%	11% to 75%	0% to 100%	20% to 100%	
Estimated total gross carrying amount	4,221,256	516,763	2,238,643	6,159,387	13,136,049
Lifetime expected credit loss	(390,228)	(74,025)	(661,854)	(2,083,146)	(3,209,253)
Net trade receivables	3,831,028	442,738	1,576,789	4,076,241	9,926,796

Trade receivable - as on 31 December 2019	Upto 60 days	61-90 days	90-365 days	Over one year	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Expected credit loss rate	0% to 50%	9% to 75%	3.55% to 100%	9.8% to 100%	
Estimated total gross carrying amount	5,315,067	753,658	1,649,564	5,666,321	13,384,610
Lifetime expected credit loss	(207,771)	(138,899)	(667,825)	(1,722,898)	(2,737,393)

Movement in lifetime Expected Credit Losses:	2019 AED'000	2018 AED'000
At 1 January	2,737,393	2,764,488
Net increase / (decrease) in allowance for doubtful debts, net of write offs	427,533	(19,663)
Acquisition of subsidiary	368	-
Exchange differences	43,959	(7,432)
At 31 December	3,209,253	2,737,393

No interest is charged on the trade receivable balances. With respect to the amounts receivable from the services rendered, the Group holds AED 226 million (2019: AED 225 million) of collateral in the form of cash deposits from customers. Collateral with fair value of AED 398 million (2019: AED 202 million) are held against loans to customers.

22. Contract assets

	2020 AED'000	2019 AED'000
Cost to acquire	396,281	446,364
Cost to fulfill	281,217	273,733
Unbilled revenue	1,067,809	1,306,163
	1,745,307	2,026,260
of which current contract assets	1,295,065	1,547,510
of which non-current contract assets	450,242	478,750
	1,745,307	2,026,260

23. Finance lease receivables

	2020 AED'000	2019 AED'000
Current finance lease receivables	-	4,838
Non-current finance lease receivables	159,535	167,922
	159,535	172,760

23.1 Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Amounts receivable under finance lease				
Within one to two years	-	18,368	-	5,399
Between 2 and 5 years	189,206	141,904	141,871	99,414
After 5 years	47,302	94,603	45,308	87,765
	236,508	254,875	187,179	192,578
Less: future finance income	(49,329)	(62,297)	-	-
	187,179	192,578	187,179	192,578
Allowances for uncollectible lease payments	(27,644)	(19,818)	(27,644)	(19,818)
	159,535	172,760	159,535	172,760

The Group recognizes lifetime expected credit loss (ECL) for finance lease receivables using the simplified approach. The expected credit losses on these financial assets are estimated using external credit data which incorporating general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 6.5% per annum.

All present amounts receivable are guaranteed by an appointed guarantor who is obligated to pay unconditionally all due amounts upon failure to pay within 45 days of receiving notice.

24. Cash and cash equivalents

	2020 AED'000	2019 AED'000
Maintained in UAE	25,413,663	25,404,349
Maintained overseas, unrestricted in use	5,858,376	4,189,502
Maintained overseas, restricted in use	72,844	62,745
Cash and bank balances	31,344,883	29,656,596
Less: Deposits with maturities exceeding three months from the date of deposit	(18,139,353)	(26,829,282)
Cash and cash equivalents from continuing operations	13,205,530	2,827,314

24. Cash and cash equivalents *(continued)*

Cash and cash equivalents comprise cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are denominated primarily in UAE Dirham, with financial institutions and banks. Interest is earned on these investments at prevailing market rates. The carrying amount of these assets approximates to their fair value.

25. Trade and other payables

	2020 AED'000	2019 AED'000
Current		
Federal royalty	5,594,311	5,830,457
Trade payables	7,664,028	6,704,643
Amounts due to other telecommunication administrators	2,575,938	2,889,788
Accruals	8,042,874	8,358,880
Other taxes payable	2,118,999	1,869,159
Advances from customers	365,545	313,722
Deferred income	499,672	435,564
Funds payable and amounts due to customers	691,466	415,725
Other payables	1,487,831	1,279,892
At 31 December	29,040,664	28,097,830
Non-current		
Other payables and accruals	1,407,792	2,203,389
At 31 December	1,407,792	2,203,389

Federal royalty for the year ended 31 December 2020 is to be paid as soon as the consolidated financial statements have been approved but not later than 4 months from the year ended 31 December 2020.

26. Contract liabilities

	2020 AED'000	2019 AED'000
Current		
Deferred revenues	2,905,765	2,972,783
Material right / customer loyalty	149,693	146,268
	3,055,458	3,119,051
Non-current		
Deferred revenues	30,885	44,053
	30,885	44,053

Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to AED 3,119 million (2019: AED 3,266 million) respectively.

27. Borrowings

Details of the Group's bank and other borrowings are as follows:

	Fair Value		Carrying Value	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Bank borrowings				
Short term bank borrowings	5,823,852	4,850,186	5,823,852	4,850,186
Bank loans	6,955,985	5,890,437	7,334,621	6,458,898
Other borrowings				
Bonds	13,672,359	12,684,959	12,580,935	11,607,130
Vendor financing	329,020	423,670	414,029	424,422
Others	4,914	4,612	5,307	4,980
	26,786,130	23,853,864	26,158,744	23,345,616
Advance from non-controlling interests			542,276	543,475
Total borrowings			26,701,020	23,889,091
of which due within 12 months			12,881,074	6,539,159
of which due after 12 months			**13,819,946**	**17,349,932**

Advance from non-controlling interests represent advance paid by the minority shareholder of Etisalat International Pakistan LLC (EIP) towards the Group's acquisition of its 26% stake in PTCL, net of repayments. The amount is interest free and is not repayable within 12 months from the statement of financial position date and accordingly the full amount is carried in non current liabilities. The fair value of advance is not equivalent to its carrying value as it is interest-free. However, as the repayment dates are variable, a fair value cannot be reasonably determined.

In 2019, the Group signed a facility agreement with a bank for USD 725 million for general corporate and working capital purposes (including to refinance existing bonds of the Group matured in June 2019). As at 31 December 2020, the Group has utilized the full amount of the loan facility.

External borrowings of AED 3,315 million (2019: AED 2,406 million) are secured by property, plant and equipment.

On 28 April 2014, the Group had entered into multi-currency facilities agreement for EUR 3.15 billion (AED 15.9 billion) with a syndicate of local and international banks for the purpose of financing the Group's acquisition of its stake in Maroc Telecom. Financing consisted of two facilities: Tranche A was a twelve months bridge loan amounting to EUR 2.1 billion (AED 10.6 billion) at a price of Euribor plus 45 basis points for the first six months increased by 15 basis points in each of the following three months. Tranche B was a three year term loan amounting to EUR 1.05 billion (AED 5.3 billion) at a price of Euribor plus 87 basis points. Both these tranches have been settled in June 2014 following issuance of bonds as mentioned below.

On 22 May 2014, the Group completed the listing of USD 7 billion (AED 25.7 billion) Global Medium Term Note (GMTN) programme which will be used to meet medium to long-term funding requirements on the Irish Stock Exchange ("ISE"). Under the programme, Etisalat can issue one or more series of conventional bonds in any currency and amount up to USD 7 billion. The listed programme was rated Aa3 by Moody's, AA- by Standard & Poor's and A+ by Fitch rating.

On 11 June 2014, the Group issued the inaugural bonds under the GMTN programme. The issued bonds were denominated in US Dollars and Euros and consisted of four tranches:

a. 5 years tranche: USD 500 million with coupon rate of 2.375% per annum
b. 7 years tranche: EUR 1,200 million with coupon rate of 1.750% per annum
c. 10 years tranche: USD 500 million with coupon rate of 3.500% per annum
d. 12 years tranche: EUR 1,200 million with coupon rate of 2.750% per annum

The effective date for the bonds term was 18 June 2014. Net proceeds from the issuance of the bonds were used for repayment of previously outstanding facilities of EUR 3.15 billion.

In May 2015, the Group issued additional bonds amounting to

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

27. Borrowings *(continued)*

USD 400 million under the existing USD 5 year tranches.

During 2019, the Group fully repaid USD 900 million notes in accordance with their maturity profile.

As at 31 December 2020, the total amounts in issue under GMTN programme split by currency are USD 0.5 billion (AED 1.84 billion) and Euro 2.4 billion (AED 10.08 billion) as follows:

	Nominal Value	Fair Value	Carrying Value
	2020 AED'000	2020 AED'000	2020 AED'000
Bonds			
3.500% US dollar 500 million notes due 2024	1,837,000	2,014,568	1,825,472
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,473,374	5,402,479
2.750% Euro 1,200 million notes due 2026	5,263,680	6,184,417	5,352,984
At 31 December 2020	12,364,360	13,672,359	12,580,935
of which due within 12 months			**5,402,479**
of which due after 12 months			**7,178,456**

	Nominal Value	Fair Value	Carrying Value
	2019 AED'000	2019 AED'000	2019 AED'000
Bonds			
3.500% US dollar 500 million notes due 2024	1,837,000	1,922,811	1,823,013
Bonds in net investment hedge relationship			
1.750% Euro 1,200 million notes due 2021	5,263,680	5,077,054	4,913,727
2.750% Euro 1,200 million notes due 2026	5,263,680	5,685,094	4,870,390
At 31 December 2019	12,364,360	12,684,959	11,607,130
of which due after 12 months			**11,607,130**

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

27. Borrowings *(continued)*

The terms and conditions of the Group's bank and other borrowings are as follows:

	Year of last repayment	Currency	Interest rate	Carrying Value 2020 AED'000	Carrying Value 2019 AED'000
Variable interest borrowings					
Secured bank loans	2021-2026	USD	3M LIBOR and 1.7% to 2.9%	1,212,172	808,813
Unsecured bank loans	2021	EGP	Lending Corridor minus 0.25%to 0.5%	150,430	142,306
Unsecured bank loans	2022-2025	USD	3 Month Libor + 0.9%	2,653,890	2,653,091
Unsecured vendor financing	2024	PKR	6.43% to 9.34%	414,029	423,670
Unsecured short term bank borrowings	2021	EGP	Mid corridor	220,273	198,748
Secured short term bank borrowings	2021	PKR	3 Month KIBOR + (0.24% to 0.85%)	34,468	540,173
Unsecured short term bank borrowings	2021	EGP	Lending corridor Minus 0.25% to 0.5%	-	49,661
Secured bank loans	2021-2025	PKR	6 Month KIBOR + (0.75% to 2%)	94,649	112,222
Secured short term bank borrowings	2021	PKR	6.65%	118,505	84,367
Unsecured bank loans	2022-2025	PKR	3 Month KIBOR + (-1% to +3.5%)	48,069	-
Unsecured bank loans	2020	EGP	Mid corridor and 0.25 Percent	-	4,655
Fixed interest borrowings					
Unsecured short term bank borrowings	2021	MAD	3.16% to 3.5%	4,649,714	3,979,280
Secured bank loans	2021	FCFA	4.5% to 7%	264,079	185,567
Secured bank loans	2021	EURO	4.8%-5.7%	155,799	102,401
Secured short term bank borrowings	2021	FCFA	5.50%	106,606	46,243
Unsecured short term bank borrowings	2021	FCFA	6% to 8.5%	536,322	468,022
Unsecured bank loans	2026 onwards	FCFA	1% to 7%	631,299	619,645
Secured bank loans	2021-2024	FCFA	5% to 8%	210,406	228,674
Secured bank loans	2025 onwards	FCFA	5.5% - 7.25%	473,997	238,165

27. Borrowings *(continued)*

	Year of repayment	Curreny	Interest rate	Carrying Value 2020 AED'000	Carrying Value 2019 AED'000
Fixed interest borrowings (continued)					
Secured bank loans	2021-2026	PKR	2%-14.14%	873,181	-
Other borrowings					
Advance from non-controlling interest	N/A	USD	Interest free	542,276	543,475
Unsecured bonds	2024	USD	3.5%	1,825,472	1,823,013
Unsecured bonds	2021	EURO	1.8%	5,402,479	4,913,727
Unsecured bonds	2026	EURO	2.8%	5,352,984	4,870,391
Others	Various	Various	Various	27,210	130,216
Total Borrowings				26,701,020	23,889,091

a) Interest rates

The weighted average interest rate paid during the year on bank and other borrowings is set out below:

	2020	2019
Bank borrowings	3%	5%
Other borrowings	2%	3%

b) Available facilities

At 31 December 2020, the Group had AED 1,701 million (2019: AED 1,857 million) of undrawn committed borrowing facilities in respect of which allconditions precedent had been met.

c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

27. Borrowings *(continued)*

c) Reconciliation of liabilities arising from financing activities *(continued)*

	2020 Borrowings AED'000	Lease liabilities AED'000	2019 Borrowings AED'000	Lease liabilities AED'000
As at 1 January	23,889,091	2,708,983	23,525,660	2,402
Additions	-	815,487	-	1,318,038
Proceeds	4,599,030	-	7,291,969	-
Repayments during the year	(3,372,872)	(739,592)	(6,856,965)	(682,875)
Recognized upon adoption of IFRS 16	-	-	-	2,071,418
Exchange differences	1,585,771	-	(71,573)	-
As at 31 December	26,701,020	2,784,878	23,889,091	2,708,983

28. Hedge accounting and derivatives

In prior years, Euro bonds issued (refer to Note 27) and interest rate swap have been designated as net investment hedges and cash flow hedges respectively. The effective portion of the hedge instruments is reported in the other comprehensive income is as follow:

Effective part directly recognized in other comprehensive (loss) / income

	2020 AED'000	2019 AED'000
Other comprehensive (loss) / income on net investment hedge	(720,856)	56,416
Other comprehensive loss on cash flow hedges	(76,498)	(64,602)
Total effective part directly recognised in other comprehensive loss	(797,354)	(8,186)
Fair value of derivative financial instruments		
Fair value of forward contracts and options	(15,304)	(178)
Fair value of derivative swaps	(149,776)	(65,474)
	(165,080)	(65,652)
These derivative financial instruments are included as following in the consolidated statement of financial position:		
Current liabilities	(149,053)	(14,321)
Non-current liabilities	(16,027)	(51,331)
	(165,080)	(65,652)

The fair value of bonds designated as hedge is disclosed in Note 27.

The Group has paid cash of AED Nil (2019: received AED 67 million) on maturity of derivatives.

29. Payables related to investments and licenses

	Current AED'000	Non-current AED'000	Total AED'000
At 31 December 2020			
Investments			
Atlantique Telecom S.A.	11,022	-	11,022
Help AG	-	73,155	73,155
	11,022	73,155	84,177
At 31 December 2019			
Investments			
Atlantique Telecom S.A.	11,022	-	11,022
	11,022	-	11,022

All amounts payable on acquisitions are financial liabilities measured at amortised cost and are mostly AED or PKR.

30. Lease liabilities

i) The Group as a lessee

Details of the Group's lease liabilities are as follows:

	Carrying Value 2020 AED'000	Carrying Value 2019 AED'000
Contractual undiscounted cash flow		
Within one year	668,323	662,851
Between 2 and 5 years	1,933,370	1,791,391
After 5 years	2,111,860	2,002,823
Total undiscounted lease liabilities	4,713,553	4,457,065
Lease liabilities included in the consolidated statement of financial position		
of which due within 12 months	573,748	549,773
of which due after 12 months	2,211,130	2,159,210

It is the Group policy to lease certain of its plant and machinery under finance leases. For the year ended 31 December 2020, the average effective borrowing rate was from 2.62% to 18.15% (2019: 2.88% to 18.32%). The fair value of the Group's lease obligations is approximately equal to their carrying value.

30. Lease liabilities *(continued)*

Amounts recognized in profit or loss

	2020 AED'000	2019 AED'000
Interest on lease liabilities	246,266	229,321
Expenses relating to short-term leases	3,796	11,415

Amounts recognized in the statement of cash flow

	2020 AED'000	2019 AED'000
Total cash outflow from leases	739,592	682,875

31. Provisions

	Asset retirement obligations AED'000	Other AED'000	Total AED'000
At 1 January 2019	197,612	3,224,591	3,422,203
Additional provision during the year	18,439	1,584,911	1,603,350
Reclassified from payables related to investments and licenses	-	1,467,653	1,467,653
Utilization of provision	-	(417,238)	(417,238)
Release of provision	-	(116,334)	(116,334)
Acquisition of a subsidiary	-	73,368	73,368
Unwinding of discount	-	(6,985)	(6,985)
Exchange differences	1,740	14,071	15,811
At 31 December 2019	217,791	5,824,037	6,041,828
Included in current liabilities	-	5,619,093	5,619,093
Included in non-current liabilities	217,791	204,944	422,735
At 1 January 2020	217,791	5,824,037	6,041,828
Additional provision during the year	32,414	728,435	760,849
Utilization of provision	(661)	(1,757,387)	(1,758,048)
Release of provision	-	(117,513)	(117,513)
Acquisition of a subsidiary	-	26,219	26,219
Unwinding of discount	7,730	-	7,730
Exchange differences	363	36,390	36,753
At 31 December 2020	257,637	4,740,181	4,997,818
Included in current liabilities	-	4,652,246	4,652,246
Included in non-current liabilities	257,637	87,935	345,572
At 31 December 2020	257,637	4,740,181	4,997,818

Asset retirement obligations relate to certain assets held by certain Group's overseas subsidiaries that will require restoration at a future date that has been approximated to be equal to the end of the useful economic life of the assets. There are no expected reimbursements for these amounts.

"Other" includes provisions relating to certain tax and other regulatory related items, including provisions relating to certain Group's overseas subsidiaries. Information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets has not been disclosed in these consolidated financial statements due to commercial sensitivities.

Furthermore, the Group has a balance payable of AED 2,937 million (2019: AED 2,937 million) to the Government of Pakistan (the "GoP"), the payment of which is subject to the fulfillment of certain conditions in the share purchase agreement relating to the transfer of certain assets to PTCL. In 2019, after having considered its contractual rights, the Group assessed its best estimate of this balance payable and released an amount of AED 1,469 million to profit or loss and maintained remaining provision of AED 1,468 million, the estimate of which remains valid as at 31 December 2020 (see also note 12 a).

In the prior year, in connection with the referral initiated by Wana in 2016, relating to anti-competitive practices in the fixed-line market and fixed broadband Internet access, a decision of the National Telecommunications Regulatory Authority (ANRT) Management Committee dated 17 January 2020 was notified to Itissalat Al Maghrib S.A. (IAM) on 27 January 2020. This enforceable decision relates to a financial penalty of MAD 3.3 billion (AED 1.26 billion) and injunctions relating to the technical and pricing aspects of unbundling. The Group recorded a provision in its prior year's financial statements in the amount of AED 1.26 billion. During the year, IAM has paid the aforementioned penalty in full.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

32. Provision for employees end of service benefits

The liabilities recognised in the consolidated statement of financial position are:

	2020 AED'000	2019 AED'000
Funded Plans		
Present value of defined benefit obligations	3,082,461	3,097,679
Less: Fair value of plan assets	(2,921,615)	(2,773,996)
	160,846	323,683
Unfunded Plans		
Present value of defined benefit obligations and other employee benefits	1,136,523	1,076,493
Total	1,297,369	1,400,176
of which included in current liabilities	102,376	112,537
of which included in non-current liabilities	1,194,993	1,287,639

The movement in defined benefit obligations for funded and unfunded plans is as follows:

	2020 AED'000	2019 AED'000
As at 1 January	4,174,172	4,449,538
Acquisition of subsidiary	-	2,265
Current service cost	102,463	103,876
Interest cost	345,814	349,904
Actuarial gain arising from changes in assumptions	(27,778)	(38,421)
Remeasurements	5,368	(12,072)
Benefits paid	(333,429)	(299,461)
Other cost	-	(10,047)
Gain on settlement	(12)	(20,882)
Exchange differences	(47,614)	(350,528)
As at 31 December	4,218,984	4,174,172

The movement in the fair value of plan assets is as follows:

	2020 AED'000	2019 AED'000
As at 1 January	2,773,996	2,914,130
Interest income	262,093	257,042
Return on plan assets excluding amounts included in interest income	96,415	1,400
Contributions received	82,751	86,254
Benefits paid	(198,868)	(200,737)
Exchange differences	(94,772)	(284,093)
As at 31 December	2,921,615	2,773,996

The amount recognised in the statement of profit or loss is as follows:

	2020 AED'000	2019 AED'000
Current service cost	102,463	103,876
Net interest cost	83,721	92,862
Others	(12)	(30,928)
	186,172	165,810

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

32. Provision for employees end of service benefits *(continued)*

Plan assets for funded plan are comprised as follows:

	2020 AED'000	2019 AED'000
Debt instruments - unquoted	2,129,190	1,996,121
Cash and cash equivalents	426,203	495,089
Investment property	283,537	217,770
Fixed assets	161	185
Other assets	110,077	94,012
Less: liabilities	(27,553)	(29,181)
	2,921,615	2,773,996

Following are the significant assumptions used relating to the major plans

	2020	2019
Discount rate	2% to 10%	3.5% to 10%
Average annual growth rate of salary	1% to 8%	2% to 8%
Average duration of obligation	3.5 Years to 21 Years	5 Years to 21 Years
Expected withdrawal rate	"1) High; service based rate 2) Based on experience"	"1) High; service based rate 2) Based on experience"
Mortality Rate	0.33%	0.33%

Sensitivity Analysis

The calculations of the defined benefit obligations are sensitive to the significant actuarial assumptions set out above. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Decrease by Assumption rate of 0.5%		Increase by Assumption rate of 0.5%	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Discount rate	673,104	736,885	(622,537)	(656,056)
Average annual growth rate of salary	(518,119)	(556,261)	552,303	622,828

Through its defined benefit plans, the Group is exposed to a number of actuarial and investment risks, the most significant of which include, interest rate risk, property market risk, longevity risk plan, withdrawal risk and salary risk for all the plans.

During the next financial year, the minimum expected contribution to be paid by the Group is AED 52 million. This is the amount by which liability is expected to increase.

The amount of remeasurement, to be recognised in the next one year, will be worked out as at the next valuation. Debt instrument comprises of bonds issued by Government of Pakistan and are rated B-, based on (Fitch rating agency) ratings.
The expense recognised in profit or loss relating to defined contribution plan at the rate specified in the rules of the plans amounting to AED 132 million (2019: AED 133 million).

33. Share capital

	2020 AED'000	2019 AED'000
Authorised:		
10,000 million (2019: 10,000 million) ordinary shares of AED 1 each	10,000,000	10,000,000
Issued and fully paid up:		
8,696.8 million (2019: 8,696.8 million) ordinary shares of AED 1 each	8,696,754	8,696,754

On 21 March 2018, the Etisalat Annual General Meeting approved the Company's buyback of its shares within a maximum of 5% of its paid-up capital, for the purpose of cancelling or re-selling such shares, after obtaining approval of competent authorities. The Company obtained the approval from the securities and commodities Authority on 24 September 2018 and subsequently renewed on 13 October 2019 to buyback 5% of the subscribed shares which amounted to 434,837,700 shares.

On 22 February 2021, the Board of Directors proposed the cancellation of the share buyback program and instead proposed a one-time special dividend of AED 0.40 per share.

34. Reserves

The movement in the Reserves is provided below:

	2020 AED'000	2019 AED'000
Balance at 1 January	27,812,896	26,904,769
Total comprehensive income / (loss) for the year	334,582	(47,758)
Transfer from retained earnings	247,880	955,885
Other movements	5,222	-
As at 31 December	28,400,580	27,812,896

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

34. Reserves *(continued)*

The movement for each type of reserves is provided below:

	2020 AED'000	2019 AED'000
Translation reserve		
As at 1 January	(7,475,384)	(7,456,962)
Exchange differences on translation of foreign operations	1,143,301	(98,762)
Cumulative loss transferred to profit or loss on disposal of foreign operation	-	23,924
(Loss) / gain on hedging instruments designated in hedges of the net assets of foreign operations	(720,856)	56,416
As at 31 December	(7,052,939)	(7,475,384)
Investment revaluation reserve		
As at 1 January	33,158	(13,927)
Gain on revaluation	34	47,085
Other movements	5,222	-
As at 31 December	38,414	33,158
Development reserve	7,850,000	7,850,000
Cash Flow hedge reserve		
As at 1 January	(72,491)	3,930
Loss on revaluation	(87,897)	(76,421)
As at 31 December	(160,388)	(72,491)
Asset replacement reserve	8,281,600	8,281,600
Statutory reserve		
As at 1 January	5,101,258	4,145,373
Transfer from retained earnings	247,880	955,885
As at 31 December	5,349,138	5,101,258
General reserve	14,094,756	14,094,756

34. Reserves *(continued)*

a) Development reserve, asset replacement reserve and general reserve

These reserves are all distributable reserves and comprise amounts transferred from unappropriated profit at the discretion of the Group to hold reserve amounts for future activities including the issuance of bonus shares.

b) Statutory reserve

In accordance with the UAE Federal Law No. 2 of 2015, and the respective Articles of Association of some of the Group's subsidiaries, 10% of their respective annual profits should be transferred to a non-distributable statutory reserve. The Company's share of the reserve has accordingly been disclosed in the consolidated statement of changes in equity.

c) Translation reserve

Cumulative foreign exchange differences arising on the translation of overseas operations are taken to the translation reserve.

d) Investment revaluation reserve

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal.

35. Financial instruments

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases of recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

Capital management

The Group's capital structure is as follows:

	2020 AED'000	2019 AED'000
Bank borrowings	(13,158,473)	(11,309,084)
Bonds	(12,580,935)	(11,607,130)
Other borrowings	(961,612)	(972,877)
Lease liabilities	(2,784,878)	(2,708,983)
Cash and bank balances	31,344,883	29,656,596
Net funds	1,858,985	3,058,522
Total equity	60,550,021	57,767,099

The capital structure of the Group consists of bonds, bank and other borrowings, finance lease obligations, cash and bank balances and total equity comprising share capital, reserves and retained earnings.

The Group monitors the balance between equity and debt financing and establishes internal limits on the maximum amount of debt relative to earnings.

The limits are assessed, and revised as deemed appropriate, based on various considerations including the anticipated funding requirements of the Group andthe weighted average cost of capital. The overall objective is to maximise returns to its shareholders and benefits for other stakeholders and to maintain anoptimal capital structure to reduce the cost of capital.

35. Financial instruments *(continued)*

Categories of financial instruments

The Group's financial assets and liabilities consist of the following:

	2020 AED'000
Financial assets	
Amortised cost financial assets;	
Due from related parties	75,300
Finance lease receivables	159,535
Trade and other receivables, excluding prepayments and advances to suppliers	13,098,438
Cash and bank balances	31,344,883
Investment carried at amortised cost	1,721,264
	46,399,420
Financial assets carried at fair value through OCI	306,842
Fair value through profit or loss	2,207,229
	48,913,491
Financial liabilities	
Other financial liabilities held at amortised cost:	
Trade and other payables, excluding deferred revenue and advances from customers	29,583,239
Borrowings	26,701,020
Payables related to investments and licenses	84,177
Lease liabilities	2,784,878
Due to related parties	84,083
Derivative financial instruments	165,080
	59,402,477

The Group's financial assets and liabilities consist of the following:

	2019 AED'000
Financial assets	
Loans and receivables, held at amortised cost:	
Due from related parties	112,852
Finance lease receivables	172,760
Trade and other receivables, excluding prepayments and advances to suppliers	13,335,402
Cash and bank balances	29,656,596
Investment carried at amortised cost	1,037,521
	44,315,131
Financial assets carried at fair value through OCI	315,805
Fair value through profit or loss	1,664,856
	46,295,792
Financial liabilities	
Other financial liabilities held at amortised cost:	
Trade and other payables, excluding deferred revenue and advances from customers	29,551,933
Borrowings	23,889,091
Payables related to investments and licenses	11,022
Lease liabilities	2,708,983
Due to related parties	548
Derivative financial instruments	65,652
	56,227,229

35. Financial instruments *(continued)*

Financial risk management objectives

The Group's corporate finance function monitors the domestic and international financial markets relevant to managing the financial risks relating to the operations of the Group. Any significant decisions about whether to invest, borrow funds or purchase derivative financial instruments are approved by either the Board of Directors or the relevant authority of either the Group or of the individual subsidiary. The Group's risk includes market risk, credit risk and liquidity risk.

The Group takes into consideration several factors when determining its capital structure with the aim of ensuring sustainability of the business and maximizing the value to shareholders. The Group monitors its cost of capital with a goal of optimizing its capital structure. In order to do this, the Group monitors the financial markets and updates to standard industry approaches for calculating weighted average cost of capital, or WACC. The Group also monitors a net financial debt ratio to obtain and maintain the desired credit rating over the medium term, and with which the Group can match the potential cash flow generation with the alternative uses that could arise at all times. These general principles are refined by other considerations and the application of specific variables, such as country risk in the broadest sense, or the volatility in cash flow generation, or the applicable tax rules, when determining the Group's financial structure.

a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and price risks on equity investments. From time to time, the Group will use derivative financial instruments to hedge its exposure to currency risk. There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year.

Foreign currency risk

The Company's presentation/functional currency is United Arab Emirates Dirham ("AED"). Foreign currency risk arises from transactions denominated in foreign currencies and net investments in foreign operations.
The Group has foreign currency transactional exposure to exchange rate risk as it enters into contracts in other than the functional currency of the entity (mainly USD and Euro). The Group entities also enter into contracts in it's functional currencies including Egyptian Pounds, Pakistani Rupee, Afghani, and Moroccan Dirham. Etisalat UAE also enters into contracts in USD which is pegged to AED. Atlantique Telecom Group enters into Euros contracts as Central African Franc ("CFA") is pegged to Euro and Maroc Telecom also enters into Euro contracts as Moroccan Dirham is 60% pegged to Euro. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps.

In addition to transactional foreign currency exposure, a foreign currency exposure arises from net investments in the Group entities whose functional currency differs from the Group's presentation currency (AED). The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investments and the Group's presentation currency. This will cause the amount of the net investment to vary. Such a risk may have a significant impact on the Group's consolidated financial statements.

This translation risk does not give rise to a cash flow exposure. Its impact arises only from the translation of the net investment into the group's presentation currency. This procedure is required in preparing the Group's consolidated financial statements as per the applicable IFRS.

The cross currency swaps involve the exchange of principal and floating or fixed interest receipts in the foreign currency in which the issued bonds are denominated, for principal and floating or fixed interest payments in the Company's functional currency. The fair value of a cross currency swap is determined using standard methods to value cross currency swaps and is the estimated amount that the swap contract can be exchanged for or settled with under normal market conditions. The key inputs are the yield curves, basis curves and foreign exchange rates. In accordance with the fair value hierarchy within IFRS 7 Financial Instruments: Disclosure, the fair value of cross currency swaps represent Level 2 fair values.

35. Financial instruments *(continued)*

Foreign currency sensitivity

The following table presents the Group's sensitivity to a 10 per cent change in the AED against the Egyptian Pound, the Euro, the Pakistani Rupee, Moroccan Dirham and Central African Franc. These five currencies account for a significant portion of the impact of net profit, which is considered to be material within the Group's financial statements in respect of subsidiaries and associates whose functional currency is not the AED. The impact has been determined by assuming a weakening in the foreign currency exchange of 10% upon closing foreign exchange rates. A positive number indicates an increase in the net cash and borrowings balance if the AED/USD were to strengthen against the foreign currency.

	Impact on profit and loss		Impact on equity	
	2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Increase in profit and in equity				
Egyptian pounds	24,107	23,366	-	-
Euros	842,392	554,654	241,338	345,785
Pakistani rupees	66,963	91,662	-	-
Moroccan Dirhams	443,074	389,916	-	-
Central African Franc	205,891	200,798	-	-

Interest rate risk

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The Group monitors the market interest rates in comparison to its current borrowing rates and determines whether or not it believes it should take action related to the current interest rates. This includes a consideration of the current cost of borrowing, the projected future interest rates, the cost and availability of derivate financial instruments that could be used to alter the nature of the interest and the term of the debt and, if applicable, the period for which the interest rate is currently fixed.

Interest rate sensitivity

Based on the borrowings outstanding at 31 December 2020, if interest rates had been 2% higher or lower during the year and all other variables were held constant, the Group's net profit and equity would have decreased or increased by AED 45 million (2019: AED 49 million). This impact is primarily attributable to the Group's exposure to interest rates on its variable rate borrowings.

Other price risk

The Group is exposed to equity price risks arising from it sunlisted and listed equity investments. Equity investments are mainly held for trading purposes and held within a business model whose objective is a chieved by both collecting contractual cash flows and selling financial assets. See Note 18 for further details on the carrying value of these investments

If equity price had been 5% higher or lower:

- profit for the year ended 31 December 2020 would increase/decrease by AED 14.03 million (2019: AED 16.37) due to changes in fair value recorded in profit/loss for equity shares classified as fair value through profit and loss.
- other comprehensive income for the year ended 31 December 2020 would increase/decrease by AED 4.95 million (2019: increase/decrease by AED 5.51 million) as a result of the changes in fair value of equity shares classified as FVTOCI and an amount of AED Nil (2019: AED 0.025 million) as loss/profit realised on impairment/disposal of investments in equity shares classified as FVTOCI.

b) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's bank balances and trade and other receivables. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

For its surplus cash investments, the Group considers various factors in determining with which banks and /corporate to invest its money including but not limited to the financial health, Government ownership (if any), the rating of the bank by rating agencies The assessment of the banks and the amount to be invested in each bank is assessed annually or when there are significant changes in the marketplace.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

35. Financial instruments *(continued)*

Group's bank balance

	2020	2019
Investment in UAE	81%	86%
Investment outside of the UAE	19%	14%

Bank rating for Investment in UAE

	2020		2019	
	AED	Rating	AED	Rating
By Moody's	2.3 billion	A3	12.5 billion	A3
			2.9 billion	Aa3
			4.4 billion	Baa1
	7.8 billion	A2	1.1 billion	A2
	0.2 billion	A1	0.2 billion	A1
By S&P	3.7 billion	A	2.8 billion	A
			0.7 billion	A-

The Group's trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, collateral is received from customers usually in the form of a cash deposit.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2020 AED'000	2019 AED'000
Allowances on trade receivables and contract assets	1,041,084	914,785
Allowances on due from other telecommunication operators/carriers	110,633	200,981
Allowance / (reversal) on finance lease receivables	7,647	(1,063)
Total loss on allowances	1,159,364	1,114,703

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

35. Financial instruments *(continued)*

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The details of the available undrawn facilities that the Group has at its disposal at 31 December 2020 to further reduce liquidity risk is included in Note 27. The majority of the Group's financial liabilities as detailed in the consolidated statement of financial position are due within one year.

Financial liabilities are repayable as follows:

AED'000	Trade and other payables*	Borrowings	Payables related to investments and licenses	Lease liabilities	Derivative financial liabilities	Total
On demand or within one year	28,175,448	13,212,153	11,022	668,323	-	42,066,946
In the second year	611,481	1,822,220	-	410,850	-	2,844,551
In the third to fifth years inclusive	741,053	6,872,615	73,155	1,522,520	140,289	9,349,632
After the fifth year	55,259	6,097,575	-	2,111,860	11,298	8,275,992
As At 31 December 2020	29,583,241	28,004,563	84,177	4,713,553	151,587	62,537,121
On demand or within one year	27,348,544	6,825,430	11,022	662,851	14,449	34,862,296
In the second year	629,998	6,611,340	-	379,681	7,276	7,628,295
In the third to fifth years inclusive	1,521,937	6,420,456	-	1,411,710	44,218	9,398,321
After the fifth year	51,454	5,548,798	-	2,002,823	1,226	7,604,301
As At 31 December 2019	29,551,933	25,406,024	11,022	4,457,065	67,169	59,493,213

The above table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

*Trade and other payables exclude deferred revenue and advances from customers

d) Fair value measurement of financial assets and liabilities

	Fair value hierarchy as at 31 December 2020				
	Carrying value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets					
Finance lease receivables	159,535	-	219,200	-	219,200
Investment carried at amortised cost	1,721,264	1,677,316	-	212,372	1,889,688
Financial assets classified at fair value through OCI	306,842	-	-	306,842	306,842
Financial assets carried at fair value through profit or loss	2,207,229	1,739,480	413,812	53,937	2,207,229
	4,394,870	3,416,796	633,012	573,151	4,622,960
Financial liabilities					
Borrowings	26,701,020	-	27,328,406	-	27,328,406
Lease liabilities	2,784,878	-	2,784,878	-	2,784,878
Derivative financial liabilities	165,080	-	165,080	-	165,080
	29,650,978	-	30,278,364	-	30,278,364

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

35. Financial instruments *(continued)*

d) Fair value measurement of financial assets and liabilities *(continued)*

	Fair value hierarchy as at 31 December 2019				
	Carrying value AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets					
Finance lease receivables	172,760	-	220,452	-	220,452
Investment carried at amortised cost	1,037,521	1,150,143	-	-	1,150,143
Financial assets classified at fair value through OCI	315,805	11,346	-	304,459	315,805
Financial assets carried at fair value through profit or loss	1,664,856	552,958	1,065,431	46,467	1,664,856
	3,190,942	1,714,447	1,285,883	350,926	3,351,256
Financial liabilities					
Borrowings	23,889,091	-	24,397,339	-	24,397,339
Lease liabilities	2,708,983	-	2,708,983	-	2,708,983
Derivative financial liabilities	65,652	-	65,652	-	65,652
	26,663,726	-	27,171,974	-	27,171,974

Level 1 classification comprises financial instruments where fair value is determined by unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 classification comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 classification comprises unobservable inputs.

Some of the Group's financial assets and liabilities are measured at fair value or for which fair values are disclosed. Information on how these fair values are determined are provided below:

• Borrowings are measured and recorded in the consolidated statement of financial position at amortised cost and their fair values are disclosed in Note 27.
• Derivative financial instrument fair values are present values determined from future cash flows discounted at rates derived from market sourced data.
• Fair value of listed securities and Sukuks are derived from observable quoted market prices for similar items. These represent Level 1 fair values.

Unquoted equity securities represent Level 3 fair values. Details are included in Note 18 "Other investments".
The carrying amounts of the other financial assets and liabilities recorded in the consolidated financial statements approximate their fair values.

The fair value of other investments amounting to AED 573 million (2019: AED 351 million) are classified as Level 3 because the investments are not listed and there are no recent arm's length transactions in the shares. The valuation technique applied is internally prepared valuation models using future cash flows discounted at average market rates. Any significant change in these inputs would change the fair value of these investments.

As at 31 December 2020, certain debt instruments aggregating to AED 110 million were transferred from level 1 to level 3 due to the reason that observable price is no longer regularly available. There have been no other transfers during the year.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on cash flows discounted at rates derived from market sourced data.

35. Financial instruments *(continued)*

d) Fair value measurement of financial assets and liabilities *(continued)*

Reconciliation of Level 3

	2020 AED'000	2019 AED'000
As at 1 January	350,926	277,305
Additions	99,765	18,783
Foreign exchange difference	25,751	1,043
Disposal	(7,126)	(17,400)
Revaluation	(6,408)	34,959
Acquisition of a subsidiary	**-**	**36,236**
Transfers	**110,243**	**-**
As at 31 December	573,151	350,926

36. Commitments

a) Capital commitments

The Group has approved future capital projects and investments commitments to the extent of AED 5,743 million (2019: AED 7,104 million).

The Group has issued letters of credit amounting to AED 306 million (2019: AED 288 million).

37. Contingent liabilities

a) Bank guarantees

	2020 AED Million	2019 AED Million
Performance bonds and guarantees in relation to contracts	1,967	2,091
Companies Overseas investments	1,850	1,943

b) Other contingent liabilities

i) The Group and its associates are disputing certain charges from the governmental and telecom regulatory agencies and telecom operators in certain International jurisdictions but do not expect any material adverse effect on the Group's financial position and results from resolution of these disputes.

ii) In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on 12 June 2015 the Apex Court decided the case in the interest of pensioners.

On 13 July 2015, Review Petition was filed in Supreme Court of Pakistan against the Judgment of 12 June 2015.

The Honorable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by PTCL, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated 17th May 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2), CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

37. Contingent liabilities *(continued)*

Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated 12 June 2015 have been directed by the Apex Court to approach the appropriate forum on 10 May 2018.

Under the circumstances, management of PTCL, on the basis of legal advice, believes that PTCL's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunications (Re-Organization) Act, 1996 and the Pension Trust rules of 2012 and accordingly, no provision has been recognized in these consolidated financial statements.

iii) The Group's associate, Etisalat Etihad Company (Mobily) has received several penalty resolutions from the Communication Information Technology Commission (CITC's) Violation Committee which Mobily has objected to, in accordance with the Telecom regulations. The reasons of issuing these resolutions vary between the manner followed in issuing prepaid SIM cards and providing promotions that have not been approved by CITC and/or other reasons.

Multiple lawsuits were filed by Mobily against CITC at the Board of Grievances in order to oppose to such resolutions of the CITC's violation committee in accordance with the Telecom Status and its regulations, as follows:

- There are (441) lawsuits filed by the Group against CITC amounting to SAR 489 (AED 479) million as of 31 December 2020.

- The Board of Grievance has issued (147) verdicts in favor of the Group voiding (147) resolutions of the CITC's violation committee with a total penalties amounting to SAR 376 (AED 368) million as of 31 December 2020.

- Some of these preliminary verdicts have become conclusive (after they were affirmed by the appeal court) cancelling penalties with a total amounting to SAR 376 (AED 368) million as of 31 December 2020.

There are 188 lawsuits filed by some of the shareholders against the Group before the Committee for the Resolutions of Security Disputes and still being adjudicated by the said committee. As of 31 December 2020, the Company has received (159) final favorable verdicts. Whereas, (11) cases have been dismissed, (4) cases are suspended, (2) cases are abandoned and (12) cases remain ongoing.

Various Mobily shareholder claims (89) totaling SAR1.9 (AED1.86) billion have been made against the 2013/2014 members of the Board of Mobily("Defendants")and others,and these have been filed with the CRSD.Proceedings arecurrently at various stages of the hearings and it is not possible at this stage to estimate the financial exposure, if any, flowing from the proceedings of the hearings.

Whilst more than 15 claims have so far, been dismissed on procedural grounds,the first substantial decision inrelation to such claim swas issued by the CRSD in November 2020,and subsequently upheld at the Appel late level(ACRSD)in a final and binding decision issued in late December2020. The decision exonerated the Defendants and found former members of the Mobily executives, to have violating article 49a of the Capital Market Law.

Notwithstanding this new development, the CRSD confirmed on 28 December 2020, the launch of a class action claim against both(i) former members of the Mobily Board who were previously named as defendants in the May 2018 ACRSD final decision and (ii) former members of the Mobily executives who were named as defendants in the October 2020 ACRSD final decision. Claim ants who purchased shares in Mobily after their lease of its financial statement for Q2, 2013 and held onto such shares until 29 October 2014 are eligible to join in the class action claim.

38. Dividends

Amounts recognised as distribution to equity holders:

	AED'000
31 December 2019	
Final dividend for the year ended 31 December 2018 of AED 0.40 per share	3,477,198
Interim dividend for the year ended 31 December 2019 of AED 0.40 per share	3,477,198
	6,954,396
31 December 2020	
Final dividend for the year ended 31 December 2019 of AED 0.40 per share	3,477,198
First interim dividend for the year ended 31 December 2020 of AED 0.25 per share	2,173,249
Second interim dividend for the year ended 31 December 2020 of AED 0.15 per share	1,303,949
	6,954,396

38. Dividends *(continued)*

A final dividend of AED 0.40 per share was declared by the Board of Directors on 18 February 2020, bringing the total dividend to AED 0.80 per share for the year ended 31 December 2019.

An interim dividend of AED 0.25 per share was declared by the Board of Directors on 21 April 2020 for the year ended 31 December 2020.

An interim dividend of AED 0.15 per share was declared by the Board of Directors on 21 July 2020 for the year ended 31 December 2020.

On 22 February 2021, the Board of Directors proposed a final dividend of AED 0.40 per share for the second half of 2020 bringing total dividends per share to AED 0.80 for the year. In addition, the Board of Directors proposed a one-time special dividend of AED 0.40 per share. As a result, the total dividend per share for the full year 2020 is AED 1.20, subject to shareholders' approval.

39. Earnings per share

	2020	2019
Earnings (AED'000)		
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company	9,026,522	8,692,516
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic earnings per share	8,696,754	8,696,754
Earnings per share		
Basic and diluted	AED 1.04	AED 1.00

40. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when, and only when, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The criteria of legal enforceable right of set-off should be applicable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

The following table presents the recognised financial assets and liabilities that are offset, as at 31 December 2020 and 31 December 2019.

	Gross amounts 2020 AED '000	Gross amounts set off 2020 AED '000	Net amount presented 2020 AED '000
Financial assets			
Amounts due from other telecommunication administrators	11,879,987	(9,668,615)	2,211,372
Financial liabilities			
Amounts due to other telecommunication administrators	12,244,553	(9,668,615)	2,575,938

	Gross amounts 2019 AED '000	Gross amounts set off 2019 AED'000	Net amount presented 2019 AED '000
Financial assets			
Amounts due from other telecommunication administrators	9,306,453	(6,618,586)	2,687,867
Financial liabilities			
Amounts due to other telecommunication administrators	9,508,374	(6,618,586)	2,889,788

41. Acquisition of subsidiaries

41.1. Acquisition of Tigo Chad

On 1 July 2019, Maroc Telecom completed the acquisition of 100% shareholding in Tigo Chad from Millicom for a consideration of MAD 1,175 million (AED 443 million).

41.1.1. Identifiable assets acquired and liabilities assumed

During the year , Maroc Telecom completed the fair valuation of identifiable assets acquired and liabilities assumed which is summarized in the following table:

	AED'000
Net identifiable assets acquired	141,658
Goodwill recognised	302,332
Fair value of investment	443,990
Net cash inflow arising on acquisition:	
Cash and bank balances	29,844

41.1.2. Consideration transferred

	AED'000
Consideration paid	443,990
Less: Cash and bank balances	(29,844)
	414,146

41.2. Acquisition of Help AG's businesses

In prior year, the Group signed an agreement to acquire 100 % of the Help AG's businesses in United Arab Emirates (UAE) and the Kingdom of Saudi Arabia (KSA). The transaction was completed on 17 February 2020 after satisfying all Conditions Precedent and Completion deliverables. Accordingly, Help AG UAE and KSA have been consolidated into these consolidated financial statements, effective February 2020.

FINANCIALS

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements for year ended 31 December 2020

41.2.1. Identifiable assets acquired and liabilities assumed

During the year , the Group has completed the fair valuation of identifiable assets acquired and liabilities assumed which is summarized in the following table:

	AED'000
Intangible assets	2,113
Cash and bank balances	19,069
Trade and other receivables	127,452
Inventories	711
Property, plant and equipment	2,586
Right-of-use assets	1,669
Trade and other payables	(66,873)
Lease liabilities	(1,720)
Provision for employees end of service benefits	(3,494)
Net identifiable assets acquired	81,513
Goodwill recognised on the basis of fair valuation	76,469
Customers related intangible asset recognised on the basis of fair valuation	74,948
Trademark related intangible asset recognised on the basis of fair valuation	10,692
Fair value of investment	243,622
Net cash inflow arising on acquisition:	
Cash and bank balances	19,069

42. Impact of COVID-19 pandemic

Business outlook for 2020 was affected by risks and uncertainties caused by a multitude of factors, some of which were beyond the Group's control.

In this context the Group highlights the health emergency due to the recent spread of the COVID-19 virus, which was declared a pandemic by the World Health Organization during the quarter ended 31 March 2020. To contain the adverse implications for humanity and businesses, governments around the world, including the a majority of the countries where we operate and the United Arab Emirates, have in response to this outbreak announced various support measures and imposed to varying degrees restrictions on the movement of people and goods. Whilst the restriction of people and goods has adversely impacted some businesses, at present the extent of those future impacts is unclear as they will be determined by various factors, including the success of the support measures introduced by governments, businesses' ability to manage their operations during these times and the timing and manner of the easing of the restrictions.

Etisalat Group's existing documented business continuity plan was activated to ensure the safe and stable continuation of its business operations. Business Continuity Planning Committees have been formed to determine and oversee the implementation of all business continuity plans associated with the effects of COVID-19, including measures to address and mitigate any identified key operational and financial issues.

The Group has performed its assessment of the COVID-19 impact and noted that the lockdown measures led to mobility and travel restrictions. This impacted the way the Group conducts its business and put pressure on revenue as a result of stores closure, affecting the mobile prepaid segment and handset sales in addition to loss of roaming revenue due to the travel ban. Moreover, additional provisions related to trade receivables and contract assets were booked during the year.

In the third and fourth quarters, as restrictions began to ease, commercial activities improved gradually. However, due to weaker macroeconomics that continued to pressure consumer and corporate spending, they remained below their pre-COVID-19 levels.

In response to the top-line pressure, Etisalat Group was agile in implementing cost optimization initiatives to face the impact of COVID-19. At the same time, it remained focused on initiatives for the future.

42. Impact of COVID-19 pandemic *(continued)*

Also, COVID-19 led to the reduction in certain financial investments carried at fair value. Based on the overall assessment, the Group has concluded that significant changes are not required as of 31 December 2020 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2019, except for updating the forward-looking assumptions relating to the macroeconomic environment used to determine the likelihood of credit losses and those underlying impairment testing computations for various CGUs.

Along with other groups in Morocco, Etisalat Group's subsidiary, Maroc Telecom, has contributed an amount of MAD 1.5 billion (AED 551 million) during the current year to the special fund dedicated to manage the coronavirus pandemic which is included in Other costs under Finance and other costs.

The effects of COVID-19 on humanity and businesses continues to evolve, hence there are potential risks and uncertainties associated with its future impact on businesses, though the Group continues to update its plans to seek to respond to them.

43. Reclassification

Certain corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation.

NOTICE FOR ANNUAL GENERAL MEETING

The Board of Directors of Emirates Telecommunications Group Company ("Etisalat Group") PJSC has the pleasure to invite the shareholders to participate in the Annual General Assembly meeting of the Company to be held at 04:30 p.m. on Wednesday, 17/03/2021. The meeting will be held through electronic participation only without in person attendance. Video conferencing and electronic voting will be made available simultaneously during the meeting, and these features will enable the shareholders to raise queries on the meeting agenda items. Below are the meeting agenda items:

1. To approve the appointment of Mr. Hasan Alhosani "Group Corporate Secretary" as rapporteur of the meeting, and First Abu Dhabi Bank as Collector of votes.
2. To hear and approve the report of the Board of Directors on the Company's activities and its financial position for the financial year ended 31st December 2020.
3. To discuss and approve the External Auditor's report for the financial year ended 31st December 2020.
4. To discuss and approve the Company's consolidated financial statements for the financial year ended 31st December 2020.
5. To consider the Board of Directors' recommendation regarding distribution of dividends for the second half of the year 2020 at the rate of 40 fils per share and one-time special dividend of 40 fils per share. Thus, the total amount of dividends per share for the financial year ended 31st December 2020 will be 1.20 Dirham (120% of the nominal value of the share).
6. To absolve the Members of the Board of Directors from liability for the financial year ended 31st December 2020.
7. To absolve the External Auditor from liability for the financial year ended 31st December 2020.
8. To appoint the External Auditor(s) for the year 2021 and determine their fees.
9. To approve the proposal concerning the remunerations of the Board Members for the financial year ended 31st December 2020.
10. To approve Board Remuneration Policy.
11. To delegate authority to the Board of appointing two representatives to represent shareholders who are unable to participate in future Annual General Assembly Meetings and determine their fees, In line with the decision of the Chairman of the Securities and Commodities Authority.

Special Resolutions:

1. To approve a budget of not more than 1% of the Company's net profits of the last two years (2019-2020) for voluntary contributions to the community (Corporate Social Responsibility), and to authorize the Board of Directors to effect the payments of such contributions to the beneficiaries determined at its own discretion.
2. To approve amending the Company's Articles of Association whereby:
   a) The current 20% ownership limit for the non-UAE national shareholding in Etisalat Group will be increased to 49%.
   b) The three consecutive years limit of the External Auditor appointment will be amended to be in line with the amended Commercial Companies Law which increased the limit to six consecutive years.
3. To approve cancelling the Share Buyback program.

Election of Four Board Members

The AGM will elect four Board members to represent Etisalat Group shareholders other than the Government Shareholder, As the term of the current Board will end on 20th March 2021.

Notes:

1. The electronic registration to attend the meeting will be opened through the link www.smartagm.ae from 4:30 p.m. on Tuesday, 16/03/2021, and will be closed at 4:30 p.m. on Wednesday, 17/03/2021.
2. Each shareholder is entitled to attend remotely or to delegate to a proxy , who is not a Board Member, employees of the company or brokerage company or its employees to attend the AGM on their behalf by virtue of a written special written authorization/proxy made pursuant to the delegation form attached with the invitation dispatched by mail. Holders of proxies must send a copy of their proxies to the email address is@bankfab.com with their names and mobile numbers to receive text messages for registration, latest by 15th March 2021. A Proxy holder may not represent a number of shareholders in excess of 5% of the Company's capital. However, if the proxy is representing one single shareholder, his/her proxy may exceed 5% of the Company's capital. Minors and those who have no legal capacity shall be represented by their legal representatives. In case the quorum was not achieved in the first meeting, the proxies issued for the first meeting shall be considered valid for any later meetings unless expressly cancelled by the shareholder through a notification to First Abu Dhabi Bank – Issuer Services Department - at least two days prior to the second meeting. The requirements under Clauses No. 1 and 2 of Article 40 of Securities and Commodities Chairman Decision No. (3/Chairman) of 2020 on the Approval of Pubic Joint Stock Companies Governance Guide ("Governance Guide") on adopting proxies shall be met. These requirements are set out in the explanatory disclosure on adopting proxies which is annexed to this invitation.
3. The corporate shareholder may authorize one of its representatives or one of its management members by virtue of a resolution passed by its Board of Directors (or whoever carries out the duties of the Board of Directors) to represent it in the AGM. The authorized person shall have the powers as determined under the delegation decision.
4. The convention of the AGM shall only be deemed valid if attended by Shareholders representing, in person or by proxy, at least 66% of the Company's shares. In case the quorum is not achieved in the first meeting, a second meeting for AGM should be held on Wednesday, 24th March 2021, at the same time and mechanism. The second meeting shall then be considered quorate and duly held regardless of the number of attendees.
5. The owners of the shares registered on Tuesday, 16th March 2021, shall be entitled to vote in the AGM. In case the first meeting is inquorate and a second meeting is convened for the AGM on 24th March 2021, the owner of the shares registered on Tuesday, 23th March 2021 shall be entitled to vote in the second meeting of the AGM.
6. Notwithstanding item 5 above and for the purposes of voting in the AGM, the votes of the Associated Persons (as defined in Clause 1 of Etisalat's Articles of Association "AoA") shall be counted to the extent that they do not reach 5% of the shares represented in the AGM.
7. The shareholders can review the Company's financial information and the governance report on the website of the Company www.etisalat.com and the website of Abu Dhabi Securities Exchange (ADX) www.adx.ae.
8. The shareholders can browse and upload the Investors Rights Manual, Reference Guide For the Nomination and Inclusion of Women on Boards of Directors the Company Dividend Policy through the below links, respectively:
   https://www.sca.gov.ae/ar/services/minority-investor-protection.aspx
   https://www.etisalat.com/en/system/com/assets/docs/general/uae-gender-balance-council.pdf
   https://www.etisalat.com/en/investors/dividends.jsp
9. The AGM's ordinary resolutions shall be passed by majority of 66% of the shares represented in the AGM by owners attending in person or by proxy, unless the votable matter requires a special resolution passable by votes of shareholders owning not less than three fourths of the shares represented in the meeting.
10. Attendance record shall be closed upon announcing the quorum of the meeting. Shareholder or proxy who attends thereafter shall neither be recorded in the list nor be eligible for voting or opining on the matters addressable during the meeting.
11. The Shareholders should update their own bank details at ADX to ensure appropriate receipt of their dividends; since distribution of dividends will be through ADX.
12. The closure of record for the 2020 second half dividends shall be on Sunday, 28/03/2021, and the date of the last day of share purchase that is entitled to dividends is 24/03/2021 and the date of share purchase exclusion from entitlement to dividends is 25/03/2021. In case of convening a second AGM meeting due to inquorate 1st AGM meeting, then the closure of record for the 2020 second half dividends shall be on Sunday, 04/04/2021, and the date of the last day of share purchase that is entitled to dividends is 31/03/2021 and the date of share purchase exclusion from entitlement to dividends is 01/04/2021.

ETISALAT GROUP
Head Office Building
Intersection of Zayed the 1st Street and
Sheikh Rashid Bin Saeed Al Maktoum Street
P.O. Box 3838, Abu Dhabi, UAE