Annual Report 2021

resilience&ambition

2021 At a Glance

Financial Highlights

Revenue[1]
(AED million)

2019	52,186
2020	51,708
2021	53,342

EBITDA[1]
(AED million)

2019	26,370
2020	26,443
2021	26,721

EBITDA Margin[1]
(%)

2019	51%
2020	51%
2021	50%

Net Profit[1]
(AED million)

2019	8,693
2020	9,027
2021	9,317

Net Profit Margin[1]
(%)

2019	17%
2020	17%
2021	17%

Capex[1]
(AED million)

2019	8,349
2020	6,444
2021	6,989

Capex / Revenue[1]
(%)

2019	12%
2020	13%
2021	13%

Free Cash Flow[1]
(AED million)

2019	18,021
2020	19,999
2021	19,732

Free Cash Flow Margin[1]
(%)

2019	35%
2020	39%
2021	37%

Common Dividend Per Share (AED)

2019	0.80
2020	0.80[2]
2021	0.80

(1) Excludes spectrum and license acquisition costs
(2) For the year 2020, in addition to the Common DPS, a one-time special dividend of 40 fils per share was paid

53.3
AED BILLION
Revenue

9.3
AED BILLION
Net Profit

8.4
AED BILLION
CAPEX

159
MILLION
Aggregate Subscribers

26.7
AED BILLION
EBITDA

80
FILS
Dividend Per Share

Awards and Recognitions

Ookla
- Top-Rated Mobile Network in Saudi Arabia (Mobily)

GCCM (Global Carrier Community) Awards
- Best Regional Data Centre Operator

Global Carrier Awards (GCA)
- Best Middle Eastern Wholesale Carrier

GBO (Global Business Outlook) Awards
- Most Innovative Digital Transformation Company – Telecom – (Etisalat UAE)
- Most Customer Centric Telecom Company – (Etisalat UAE)

Telecom Review Leader's Award
- Best Loyalty and Rewards Programme
- Best Middle Eastern Wholesale Operator
- Best Middle Eastern Operator
- Best 5G Infrastructure Deployment

Microsoft Middle East
- Microsoft Country Partner of the Year Award for the UAE 2021 (Etisalat UAE)

VIDDY Global Competition
- Nine Awards for 'Mobily 5G' and 'Mobily Postpaid' Campaigns (Mobily)

Business Today
- BT 100 Award (Etisalat Misr)

GCC GOV HR Awards
- Innovation in Employee Engagement and HR Team of the Year Award

Informa Connect
- Best Innovative L&D Initiative
- Best Talent Management Strategy
- Best Crisis Communication Strategy

LinkedIn MENA Talent Award
- Best Learning Culture

CIPD – Middle East People Awards
- Best Recruitment and Talent Management Strategy Award (Mobily)

Best Place to Work Award 2021 organised by Pakistan Society of Human Resource Management (PSHRM)
- Most Improved Score Award 2021 (PTCL and Ufone)

Mohammed Bin Rashid Al Maktoum Business Award
- Customer Excellence – Retail Category (Etisalat UAE)

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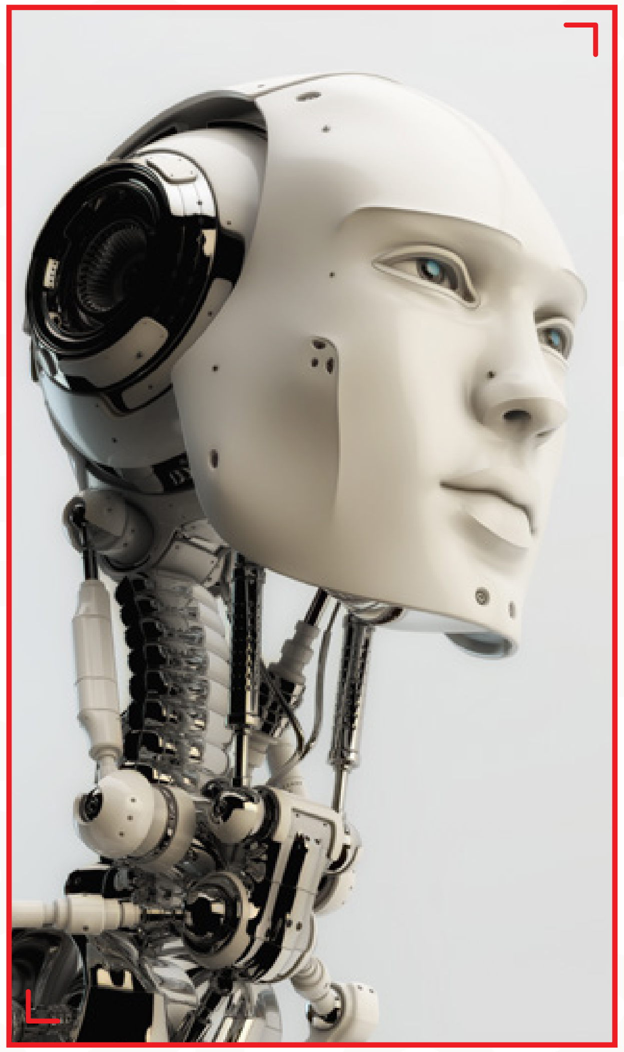

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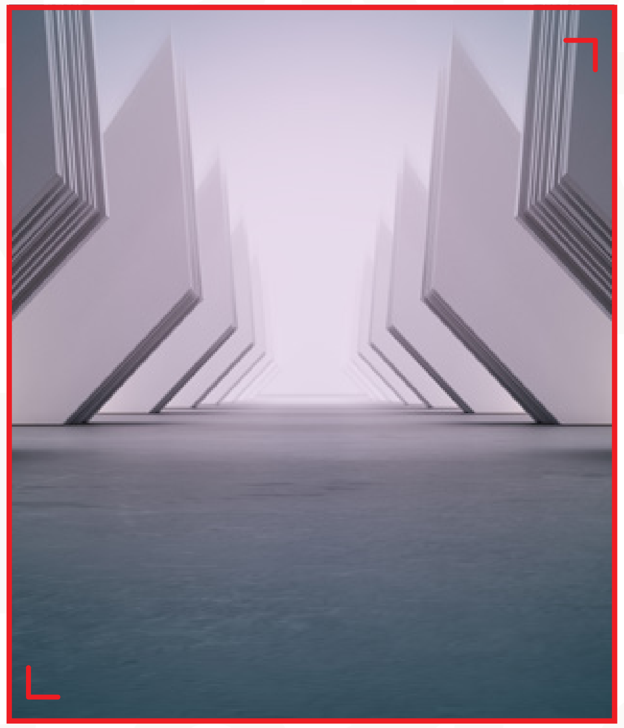

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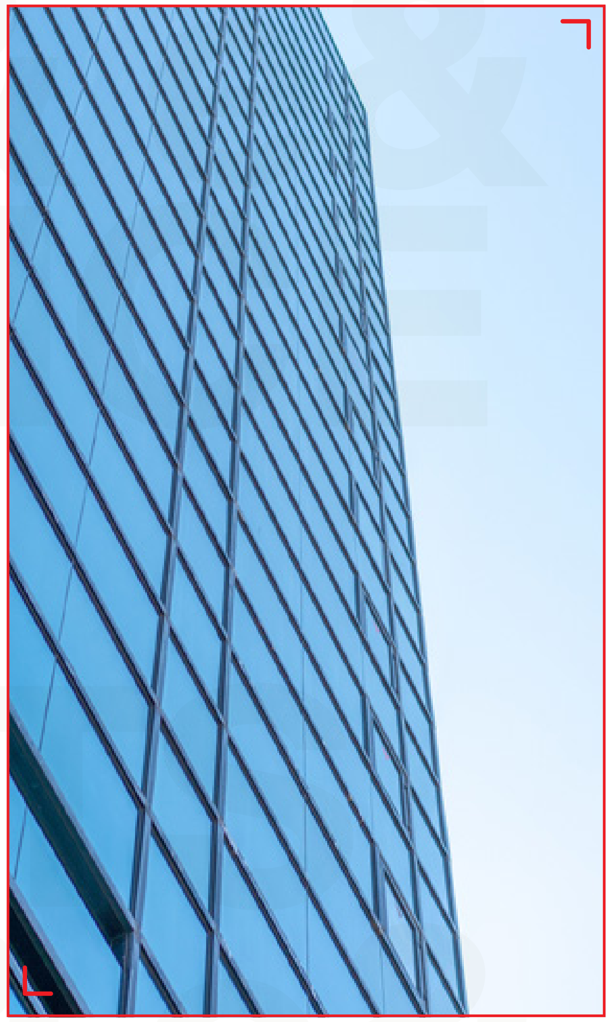

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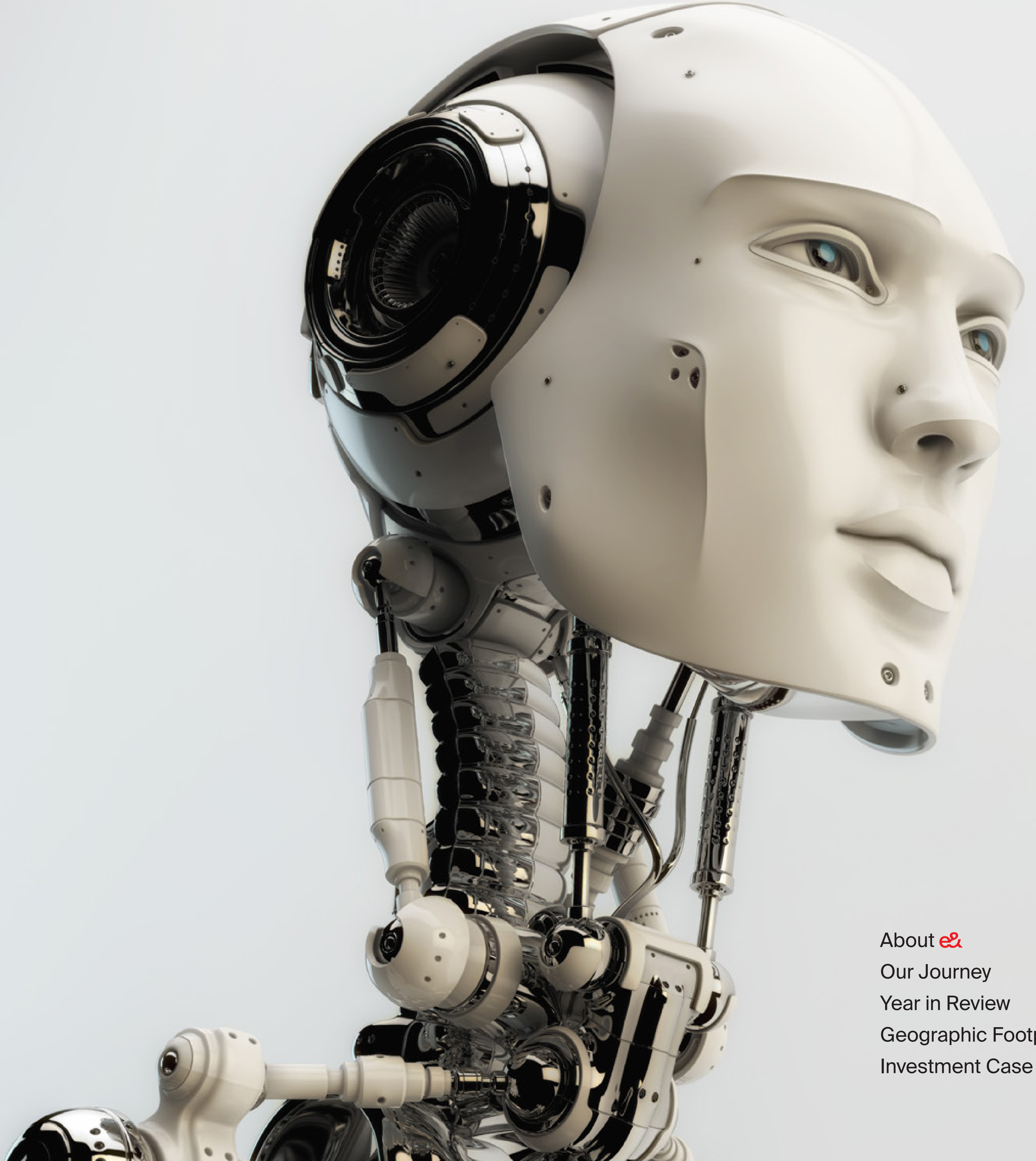
01
OVERVIEW



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About e&

Since 1976, we have pioneered new technologies and brought these to new people and new places. First as the Emirates' telephone company, today as the technology and investment group, e& (previously known as Etisalat Group).

Established in Abu Dhabi, the Group provides innovative digital solutions, smart connectivity and next-generation technologies to a variety of customer segments including 159 million subscribers in 16 countries across the Middle East, Asia, and Africa.

With consolidated net revenue of AED 53.3 billion and net profit of AED 9.3 billion for 2021, its high credit ratings reflect the Group's strong balance sheet and proven long-term performance.

e& in Numbers

16 countries and 2 continents

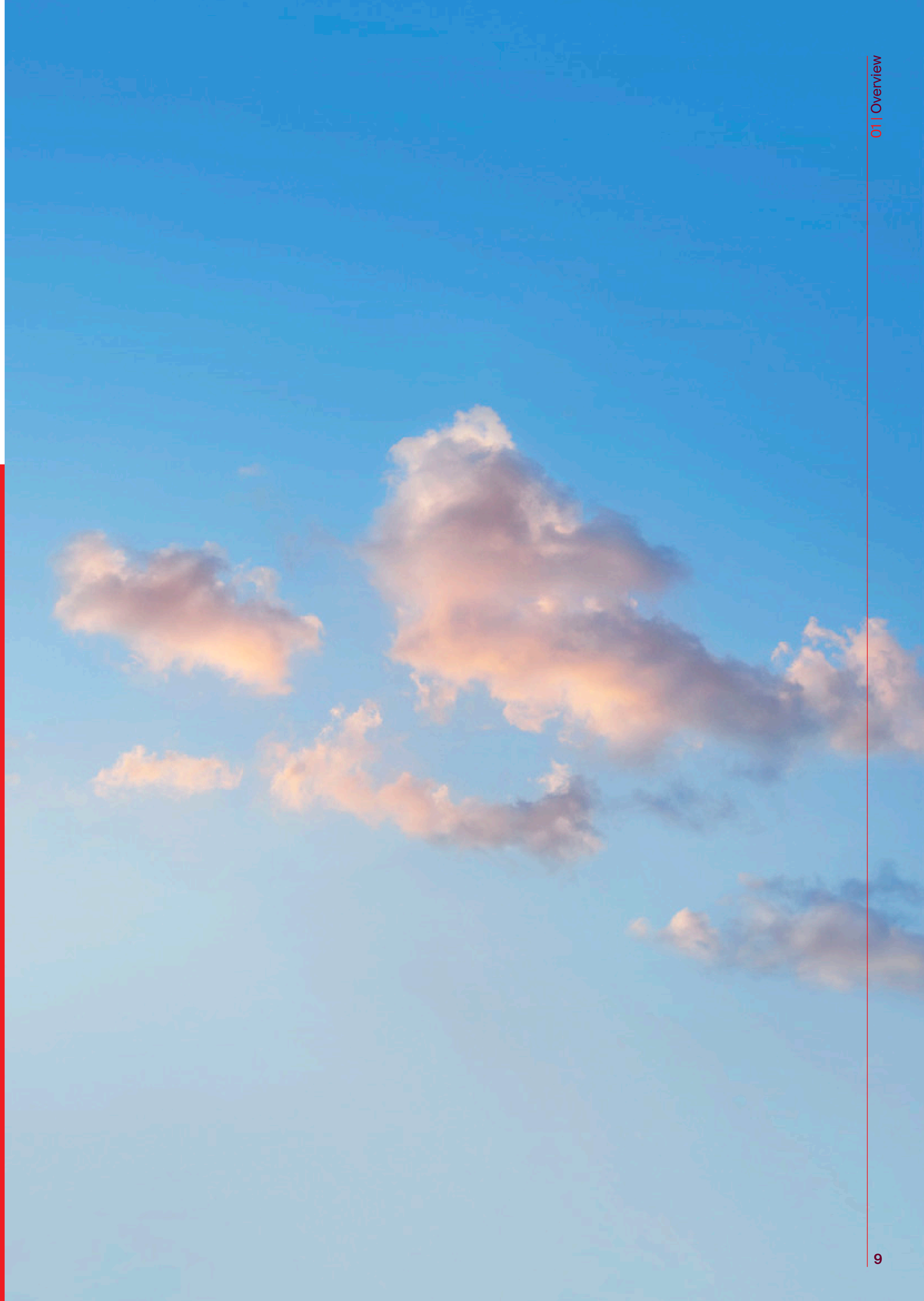
We operate in 16 countries across the Middle East, Asia and Africa.

159 million subscribers

We provide innovative solutions and services to 159 million subscribers.

46 years of experience

We started over four decades ago in the UAE as the country's first telecommunication provider.



Our Journey

For 46 years, e& has pushed the boundaries of telecommunications and technology to bring market-leading products and services to our customers while continuously extending our international footprint and building a global brand.

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
- e& 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
- e& 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

2000
- e& introduces the E-Vision brand for its cable TV services

2003
- e& launches the Middle East's first 3G network

2004
- e& wins the second license in Saudi Arabia, introducing Etihad Etisalat Company (Mobily)

2005
- e& acquires a stake and takes management control of Pakistan Telecommunication Company Limited (PTCL), the incumbent fixed operator in Pakistan
- e& 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
- e& 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 telecommunication related services

2008
- e& completes the rollout of a nationwide fibre optic backbone in the UAE

2009
- e& acquires Tigo, a Sri Lankan operator, which later rebrands to Etisalat Lanka

2011
- e& introduces 4G (LTE) experience to its customers in the UAE

2012
- e& wins 3G license in Afghanistan and Ivory Coast and launches the first 3G services in Afghanistan

2014
- e& completes the acquisition of a 53% shareholding in Maroc Telecom Group (MT Group) from Vivendi
- e& successfully issues its inaugural bond under its Global Medium-Term Note (GMTN) programme listed on the Irish Stock Exchange

2015
- The 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 the Group's shares
- Inclusion of e& in the MSCI indexes

2016
- e& 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 e& Group in FTSE Russell Emerging Markets Index

2017
- Etisalat Misr launches 4G services in Egypt
- Etisalat UAE launches new mobile brand "Swyp" targeting the youth segment in the UAE
- e& successfully completes the fastest 5G live trial globally reaching 71 Gbps

2018
- e& exits Thuraya and merges its operation in Sri Lanka with CK Hutchison
- Maroc Telecom acquires 4G licenses in Mali and Togo
- Etisalat UAE is recognised as the most valuable brand in the MENA region

2019
- e& Group lifts restrictions on foreign shareholders voting rights
- Maroc Telecom acquires Tigo Chad from Millicom
- Etisalat UAE launches eWallet, a mobile digital payment service
- Etisalat UAE enables 5G network across several key sites in the country
- e& is awarded the "Most Valuable Consumer Brand" by Brand Finance

2020
- Etisalat UAE recognised as the leading operator worldwide in terms of mobile network performance
- The 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

2021
- The Group's foreign ownership limit increases from 20% to 49%
- Etisalat is awarded the strongest brand in the MEA region across all categories
- e& increases ownership in Maroc Telecom by 4.7% to 53% and acquires online marketplace elGrocer in the UAE
- e& and G42 sign an agreement to create the largest data centre provider in the UAE

Year in Review

e& accelerated its transformation into a technology-driven powerhouse this year. Leveraging the full force of our talent, digital expertise, and market-leading brands across 16 countries, we continue to propel our Company to be fit for the future, making a positive difference in the lives of millions of people every day.

Connecting the world's greatest show, Expo 2020 Dubai

As Expo 2020 Dubai's official premier partner, the Group connects a whole new world for the most prominent event ever staged in the Arab region, leveraging technology to create unique experiences for millions of visitors from around the world.

Emerging as the world's strongest telecom brand

Etisalat has been ranked as the world's strongest telecom brand and is the first in the Middle East and Africa (MEA) region to get this global accolade by Brand Finance, the world's leading brand valuation entity. With a brand portfolio exceeding USD 12.5 billion, Etisalat not only retained its last year's AAA brand rating but also its position in MEA as the strongest brand across all categories while still leading the region with its most valuable brand portfolio.

Leading the world in mobile network performance

Etisalat UAE was ranked the leading operator worldwide in terms of mobile network performance for the second year in a row, a global accolade that recognises our unsurpassed speed and robust network infrastructure.

Investing in Emirati talent for the future

The Group welcomed the first cohort of Emirati graduates to our cutting-edge, nine month AI Graduate Programme. The expert led AI developmental journey provides our talented graduates with the technology, digital knowledge, and practical skills needed to thrive and pave the way for an impactful future.

Winning awards for eSports in Saudi Arabia

Mobily launched a viral campaign announcing a children's gaming headset that didn't previously exist, to raise awareness of the benefits and potential dangers of online gaming. The campaign provoked thoughtful debate around online gaming and won multiple reputable advertising awards.

Building equity in an African telco giant

e& increased its ownership stake in Maroc Telecom Group to 53%, taking an effective majority holding in the African telco giant. We also rebranded the subsidiaries as 'Moov Africa' to bring the operations for 70 million customers across 11 countries in West Africa under a single identity.

An identity that proudly proclaims AFRICAN HERITAGE

The new brand consolidates Maroc Telecom Group's presence in Africa, while maintaining the visual identity of the mother brand to strengthen Group association and build on its existing brand equity.

#1 in MEA Telecom Portfolio Brand Value AED **40** **Billion**

Strongest Brand In MEA **#1**

Advanced 5G Infrastructure at the Region's Largest Show

EXPO 2020 DUBAI UAE

Sustainability Ranking **A** Top 33% of Global Corporations

#1 Globally in Mobile Network Performance 2020 & 2021

Leveraging the Power of Football Globally Through Manchester City Footbal Club

Reaching new heights in sustainability

The Group's Environmental, Social and Governance (ESG) rating was upgraded from 'BBB' to 'A' by MSCI Global Index, reflecting our continued efforts to operate responsibly and transparently by living our promise of 'Together Matters', together towards a sustainable future. In achieving this rating, e& is now among the top third of global corporations in terms of sustainability.

Partnering with purpose with Manchester City Football Club

As football fans returned to stadiums in 2021, the Group continued to bring excitement and passion through our partnership with Manchester City Football Club. Through our collaboration, we increase awareness for the brand on a global scale and engage fans in our markets through a wide range of joint activities.

Bringing a new digital lifestyle to Egypt

Etisalat Misr launched the Etisalat Music, Etisalat TV, and Etisalat Sports applications to satisfy Egyptian consumers' growing desire for quality, on-demand content, positioning Etisalat among the most powerful and relevant brands in the market.

Fast forward for the digital youth of Pakistan

PTCL launched a youth-focused sub-brand called Flash Fibre, providing a premium Fibre-To-The-Home experience with faster, more reliable internet speeds for communication, surfing, gaming, and entertainment.

Empowering Etisalat's future leaders

In line with the UAE's Youth Empowerment Strategy, Etisalat UAE launched the Etisalat Youth Council, providing our youth with a platform to raise their voices with ideas that will help shape the future of the Group.

Delivering more value to UAE customers

The Group signed an agreement to acquire 100% of the eCommerce grocery delivery marketplace, elGrocer. The aquisition supports Etisalat UAE's digital service ambitions by enriching our offering and creating increasing value that touches the lives of our customers.

Shining a light on SMB superstars

Etisalat UAE launched its SMB Awards 2021 to recognise and reward the achievements of innovators and top performers across the UAE's small and medium businesses community in 10 categories.

Geographic Footprint

Etisalat, United Arab Emirates

License Type	Mobile, fixed and Internet
e& Ownership	100%
Population (million)	10
Penetration	Mobile: 169% Fixed: 23%
Number of Operators	2

Etihad Etisalat (Mobily), Saudi Arabia

License Type	Mobile, Fixed and Interent
e& Ownership	28%
Population (million)	36
Penetration	115%
Number of Operators	3

Etisalat Misr, Egypt

License Type	Mobile, Fixed and Internet
e& Ownership	66%
Population (million)	105
Penetration	94%
Number of Operators	4

Etisalat, Afghanistan

License Type	Mobile
e& Ownership	100%
Population (million)	39
Penetration	68%
Number of Operators	Mobile 4

PTCL/Ufone, Pakistan

License Type	Mobile, Fixed and Internet
e& Ownership	23%
Population (million)	216
Penetration	Mobile: 82% Fixed: 1%
Number of Operators	Mobile 4, Fixed 11

Maroc Telecom, Morocco

License Type	Mobile, Fixed and Internet
e& Ownership	53%
Population (million)	36
Penetration	Mobile: 143% Fixed: 7%
Number of Operators	3

Moov Africa, Benin

License Type	Mobile
e& Ownership	53%
Population (million)	13
Penetration	92%
Number of Operators	3

Moov Africa, Burkina Faso

License Type	Mobile, Fixed and Internet
e& Ownership	32%
Population (million)	22
Penetration	113%
Number of Operators	3

Moov Africa, Central African Republic

License Type	Mobile
e& Ownership	53%
Population (million)	5
Penetration	33%
Number of Operators	4

Moov Africa Gabon Telecom, Gabon

License Type	Mobile, Fixed and Internet
e& Ownership	27%
Population (million)	2
Penetration	133%
Number of Operators	2

Moov Africa, Ivory Coast

License Type	Mobile
e& Ownership	45%
Population (million)	28
Penetration	143%
Number of Operators	3

Moov Africa Malitel, Mali

License Type	Mobile, Fixed and Internet
e& Ownership	27%
Population (million)	20
Penetration	105%
Number of Operators	3

Moov Mauritel, Mauritania

License Type	Mobile, Fixed and Internet
e& Ownership	27%
Population (million)	4
Penetration	99%
Number of Operators	3

Moov Africa, Niger

License Type	Mobile
e& Ownership	53%
Population (million)	25
Penetration	58%
Number of Operators	4

Moov Africa, Togo

License Type	Mobile
e& Ownership	50%
Population (million)	9
Penetration	72%
Number of Operators	2

Moov Africa, Chad

License Type	Mobile
e& Ownership	53%
Population (million)	17
Penetration	55%
Number of Operators	3

Based on latest public available information

Investment Case

e& is an attractive and unique investment proposition, as one of the world's leading telecommunication groups in emerging markets with a vision to become a global technology company for the future.

The leading integrated telecommunications group in the region

- Aggregate subscriber base of 159 million
- Largest telecommunication operator in MENA region by market cap
- Comprehensive portfolio of communication products and services to consumers, businesses and government segments in multiple regions
- Diversified business portfolio across 16 high growth markets and high cash flow maturing markets
- Network leadership in home market with best-in class mobile and fixed network

Robust financial strength and performance

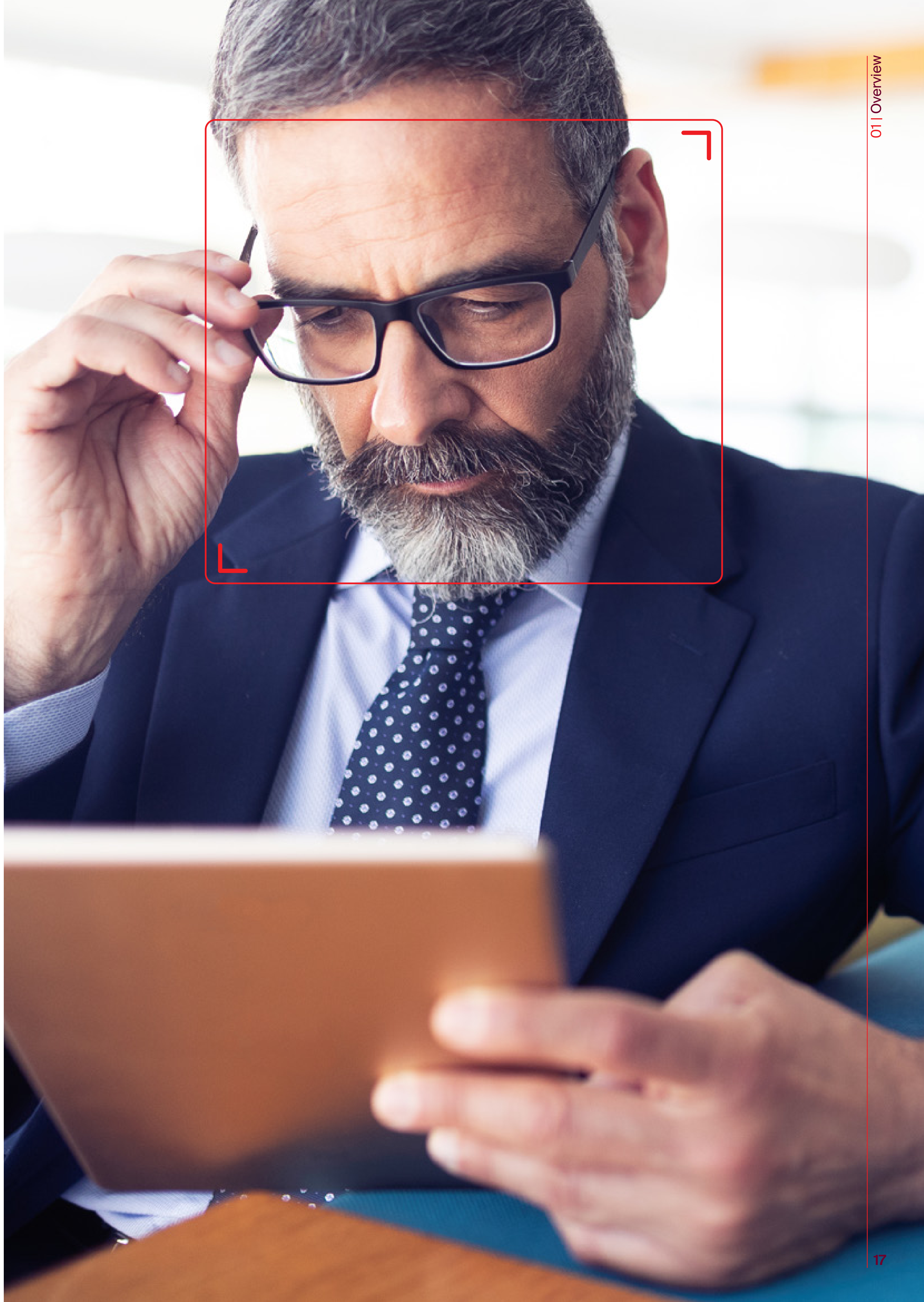
- Record level net profit of AED 9.3 billion in 2021
- Healthy EBITDA margin of 50%, amongst the highest in the telecom industry worldwide
- Among highest industry credit ratings, reflecting strong cash flow, unique cash position and disciplined approach to capital spending
- Consistent history of dividend payments

Accelerating strategic growth

- Strong focus on core business by leveraging strong market positioning
- Growing adjacent consumer and digital services
- Becoming a more efficient and agile Group
- Resilience and growth despite COVID-19 impact
- Expanding and optimising portfolio

Together towards a sustainable future

- Strategic direction fully aligned with the UAE Vision 2021 and UN SDGs
- Strong commitment to Diversity, Equity and Inclusion, including increasing female management
- Engagement with Carbon Disclosure Project (CDP)
- MSCI Global Index ESG rating of 'A', among top third of global corporations



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Chairman's Statement

We have witnessed a defining moment in our Company's history as we transformed from Etisalat Group to e& - a global technology conglomerate that creates limitless possibilities built on solid connections, smart connectivity and fruitful collaborative opportunities.

Moreover, 2021 has been a year like no other. The Group celebrated multiple milestones, witnessed remarkable achievements, and saw a record financial performance, all of which are setting us up for an even brighter digital future.

The digital revolution spurred by the pandemic does not show signs of slowing down. Telecommunication operators are faced with two choices: continue to stay still and offer the same services or step up and innovate to ensure business continuity and, more importantly, witness growth.

We seized every opportunity to leverage our telecom experience for developing next-generation technologies for the benefit of our customers, the communities we serve and the world. Our financial performance and historical accolades are proof of it. Our market cap is at an all-time high, and we have one of the most advanced and fastest networks in the world. Given the UAE's standing as a global leader in Fiber-to-the-Home (FTTH) penetration, we have also been crowned the world's strongest telecom brand and have topped the Forbes MENA top 10 list of most valuable listed companies in the UAE.

Enhanced value creation

At this defining juncture, I am pleased to report that in terms of consolidated revenue, we have delivered strong top line growth of 3.2% and have enjoyed a consolidated net profit of AED 9.3 billion. In addition, our international markets have seen consistent revenue growth. The strong performance that we have seen across the Group demonstrates our robust business model, a strong vision and purpose.

More importantly, our share price performance has been unprecedented. We were in a strong position to create shareholder value where the record share price and market cap were supported by the rising EPS for the first time to AED 1.07. The share price saw an 88% jump to AED 31.7 while the market cap (USD/billion) touched 75 in comparison to 40 in 2020.

As we advance into a promising future, we will ramp up our efforts and reaffirm our determination to accomplish more for the benefit of our shareholders and customers alike.

Strategy building blocks that enable a future-ready business model

We are confident in leading the digitalisation agenda. We are creating a future-ready business model that celebrates our past and embraces the opportunities ahead of us through our main business pillars.

Our core telecoms business will continue to operate, led by Etisalat UAE in our home market and by our existing subsidiaries for our international operations, upholding the Group's rich telecom heritage, bolstering our strong telecom network and maximising value for our various customer segments. As the growth engine of the Group, we have great plans to expand into new geographic markets while continuing to drive operational performance in the 16 markets where we operate.

e& life is focused on enhancing customer delight by becoming an integral part of their lives. The business pillar has already made robust plans to become the leading consumer ecosystem player that will bring the world to its customers' fingertips through smart connectivity platforms in entertainment, retail, and financial services.

e& enterprise will be the driving force behind the digital transformation of governments, corporates and enterprises. Through its breakthrough technology solutions in cybersecurity, cloud, Internet of Things (IoT) and Artificial Intelligence (AI), as well as deploying mega projects, e& enterprise will create real business value as it continues to leverage its expertise as a digital managed company having the strength and reach of a global trusted telecommunications partner.

e& capital will act as a pillar for growth for the Group as it drives new acquisitions and mergers in line with its vision for investing in ideas that creates the future. We can do this by being laser-focussed on maximising shareholder value and infrastructure capabilities while strengthening our global presence.

We will refresh the Group's business pillars in alignment with our objectives for geographical expansion, deeper market penetration, profitable ventures and acquisitions, as well as exploring adjacencies to boost business growth.

Leading change for growth

We recognise the length, breadth, and depth that we are willing to traverse in order to navigate the promising realms of technology, maintain our flexibility and capabilities to explore new possibilities.

We must, at all times, stay true to our vision for e& to 'make possible': drive a brighter digital future to empower societies, accelerating value generation through innovation and digitalisation.

I envisage the foundations for our future growth to arise from a position of leadership, maximising the value of our UAE operations, expanding regional footprint leadership and growing our digital adjacencies. Last, but not least, we must stay the course with our ambitions for sustained value creation by driving smart investments in both the telecommunications and digital arena by optimising our organic and inorganic growth models.

I'd like to close by thanking the UAE leadership for inspiring us through their vision as we continue to go from strength to strength. It is an honour to be empowered as an organisation to amplify our growth prospects, charter our course into a more holistic digital transformation, and build a new reality for all of us through next-generation connectivity and cutting-edge technologies.

I'd also like to extend my gratitude to the entire e& workforce, who continue to make us proud at every step of the way.

Our collaborative spirit continues to shine through, thanks to our customers and stakeholders as we move forward with our mission to pioneer broad-spectrum technologies, build breakthrough partnerships and uncover opportunities that will change the world.

As we work together towards a bright digital future, I am confident that we will continue to achieve extraordinary results through our robust transformation plans.

> **"We have witnessed a defining moment in our Company's history as we transformed from Etisalat Group to e& - a global technology conglomerate."**

Jassem Mohamed Alzaabi
Chairman

resilience&ambition

e& is on an ambitious journey from the UAE's national telco to a regional telecommunications powerhouse to a global technology company of the future.

Building on the robust foundation of years of exceptional resilience and outstanding performance – a period that has seen the Group grow in value, size and prominence across 16 countries to achieve market-leading network speeds, record profitability and a top 10 industry market cap globally this year – the Group is uniquely positioned to accelerate our transformation towards the future through our strategic focus on growth and diversification, towards our vision to transform from a regional telecom giant to a global technology group .

While continuing to deliver market-leading revenue, margins and profitability, we are investing with confidence for the future – investing in our talent, technologies, infrastructure, operations, innovation, capabilities and sustainability – to take our rightful place as the UAE's flag carrier for the technology sector, exploring exciting new markets and possibilities, providing world-class services and solutions to our customers, and creating sustainable value for our shareholders and all our stakeholders.

Group CEO's Message

This has been an exceptional year. We delivered robust financial performance and business growth across all our operations during 2021.

We are at the dawn of a new and exciting chapter in our Group's growth journey to create a bright, digital future that empowers individuals and societies. I am proud of how far we have come in 2021, and I look forward to yet another fruitful year ahead.

Throughout 2021, the Group connected more individuals, businesses, and societies and provided more digital services than ever before. If 2020 was primarily about delivering on our commitment to our customers and maintaining the resilience of our networks, 2021 was mainly about restructuring our operations to become more agile, more competitive, and more responsive to customer needs. We partnered with governments and enterprises to deploy large scale projects (megaprojects) and rolled out cyber-security, cloud, Internet of Things (IoT) and Artificial Intelligence (AI) services. We built reliable infrastructure and developed rich ecosystems that enabled innovation and entrepreneurship. This was made possible thanks to our people who have demonstrated what truly matters for telecommunications and technology companies – keeping individuals, businesses and societies connected while delivering an outstanding customer experience and continuously innovating in technology and services.

Embracing the new normal in the digital age

The Group is accelerating its transformation into a customer-centric, digitally-driven global technology conglomerate. We are building on our successes in ideating, designing, and executing digital solutions for businesses, governments, and individuals, forging strategic partnerships, and attracting the best talent in our footprint and beyond. For decades, we have been leaders in bringing the latest technology to the public. In recent years, we have been reliable partners for entrepreneurs and innovators while never faltering as reliable partners for economic and business development to governments and stakeholders.

Celebrating strong business performance

We achieved a strong business performance in 2021 alongside multiple achievements. e& is now the strongest telecom brand in the world, the first telecom brand from MEA to achieve this accolade. Such recognition is a fine demonstration of our resilience when we work together to fuel our ambitions while empowering societies. We also witnessed an outstanding year for the Group due to our collective efforts to maximise value from the core telecommunications business, expand and solidify our leadership in our footprint and the region, and grow adjacencies both organically and through acquisitions.

Here are some highlights of our financial results.

- Consolidated revenues for the Group increased by 3.2% to AED 53.3 billion. Consolidated Net Profit amounted to AED 9.3 billion, representing a 3.2% increase YoY. Consolidated EBITDA amounted to AED 26.7 billion, representing a YoY increase of 1.0% and resulting in an EBITDA margin of 50.1%.
- Across our footprint, we have shown strong financial performance compared with 2020 despite persistent challenges in the markets in which we operate, including stringent regulatory measures and uneven recovery rates from the COVID-19 pandemic. The robust revenue growth was attributed to recovery in the UAE and continued improvement in international operations.
- We witnessed a strong, double-digit revenue growth of 21% by Etisalat Misr. PTCL Group operations experienced revenue growth of 6% across all segments.

e&'s ESG rating was upgraded from BBB to A by MSCI Global Index after we launched the sustainability framework and enhanced policies in line with international best practices, including implementing a Gender Equity Framework in benefits in the UAE.

Finally, e& has accelerated its plans to decarbonise activities by reducing GHG by 2030. We will continue our efforts to provide safe, efficient, and environmentally responsible products and services that help mitigate climate change.

Realising our aspirations through our main business pillars

Our achievements in 2021 are clear indicators that we are well-placed to realign our business operations by evolving into e&. The creation of specialist business pillars – Telecoms, e& life, e& enterprise, and e& capital – will best serve our customer segments and shareholders by upholding our reputation as the shapers of the future and enablers of societal progress.

We are ready to hyperscale, operate in new geographies, build a unique network of partnerships, refine our business models, and diversify our revenue streams to add more value.

We are pursuing new, fast-growing business models in the digital space for both our consumer and enterprise segments for further accelerated growth. We will implement the next phase of the core transformation of our Etisalat UAE operations by delivering an outstanding digital customer experience.

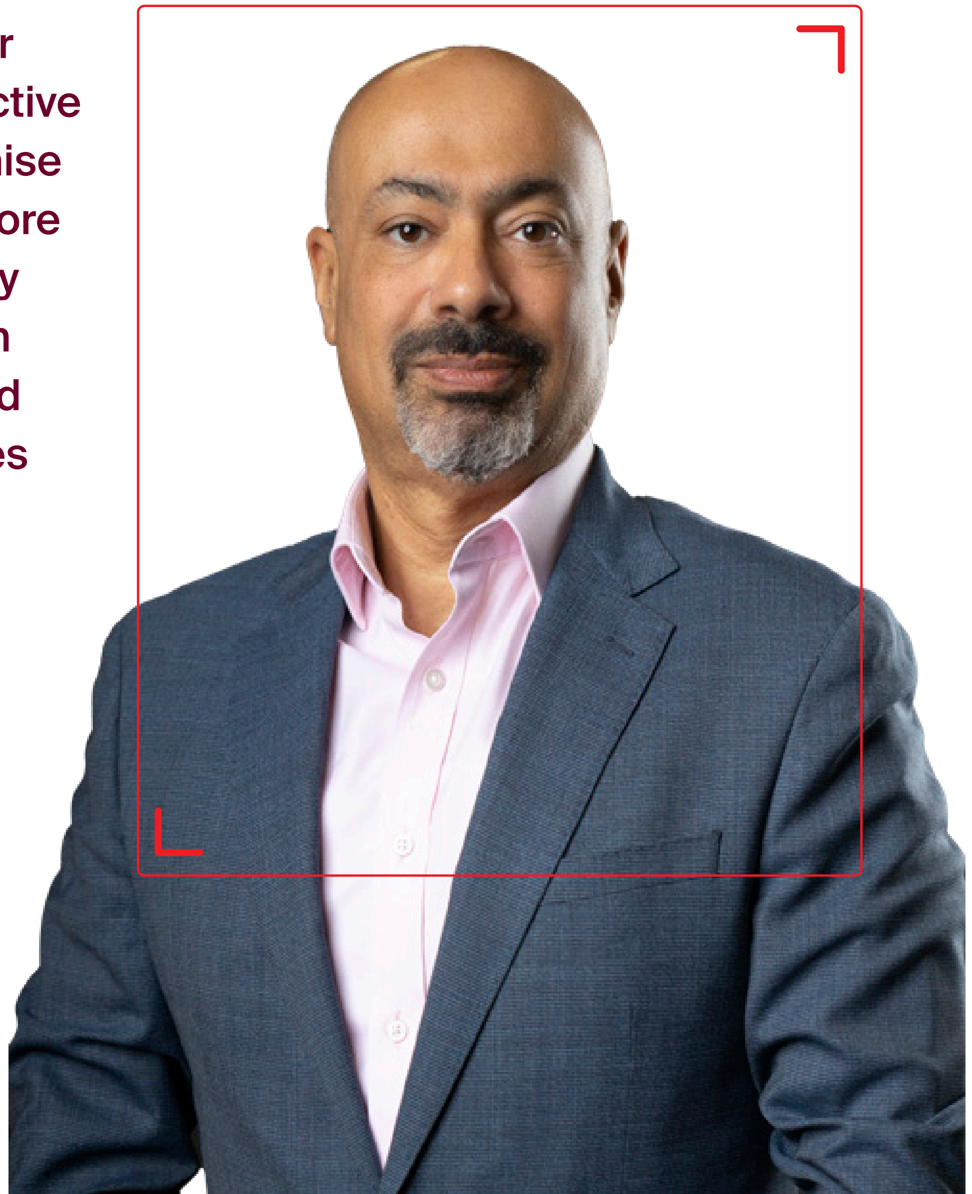
Confidence in a brighter digital future

As we place digitalisation and next-generation technologies at the core of our business moving forward, we will meld e&'s telecoms and technology capabilities for the benefit of all our stakeholders. We will move at full throttle to take advantage of value-adding partnerships and fruitful ventures. We are ready to bring the full potential of the digital world to our customers across all segments.

The e& Group and I are grateful to the UAE Leadership for inspiring us to reach new heights and for its unwavering support in our transformation into a Group that is digitally fit for the future. We are also grateful to our investors, shareholders and customers as they continue to trust in our vision and our ability to deliver on this vision.

We will continue to move onward and upward, expanding into new technologies and maintaining our competitiveness as a global technology and investment conglomerate.

"We witnessed an outstanding year due to our collective efforts to maximise value from the core business, solidify our leadership in our footprint, and grow adjacencies both organically and through acquisitions"



Hatem Dowidar
Group Chief Executive Officer

Strategy Overview

Building from strong foundations

e& serves over 159 million subscribers across 16 countries, 13 of which are ranked as first or second in terms of value share and is riding a wave of outstanding performance. e& has reached new highs in areas from product innovation and sales to networks and branding. e& has the world's leading mobile network performance and one of the highest fibre penetrations on earth due to its investments within the UAE. Such exemplary performance has resulted in being recognised as the most valuable global telecommunications brand with e& outperforming virtually every other Telco globally over the past year in terms of share price, which more than doubled along with market cap. e& also posted over AED 53 billion in revenue, which was complemented by a highly efficient operating model that contributed to a world-class EBIDTA performance. At the same time, e& has made significant improvements across ESG Sustainability ratings following the launch of sustainability frameworks and enhancement of policies in line with international best practices.

e&'s exceptional performance came as no surprise having laid the foundations of a world-class core telco business built on infrastructure and customer experience. However, going forward, e& is not content to rest on its solid performance of the core business. While the Group is excelling as a telco – and its telecommunications operations will continue to provide a robust foundation for the Group – e&'s future is certainly larger and broader than connectivity.

Responding to the digital future with a new Vision

The global digital revolution – accelerated by the impact of the pandemic – is rapidly changing the world for businesses and customers alike. This change creates new white spaces; emerging gaps that provide massive opportunities for new and innovative solutions. e& has what it takes to grasp these opportunities of the future to become a leader in a range of technology fields, from AI to IoT, fintech, and the latest digital content. We are accelerating our footprint in these ground-breaking technology solutions to capture value for our investors and bring new possibilities to our customers.

To excel in these spaces, e& must transform itself across a range of levers. For example, e& needs to build new capabilities, bring innovative solutions to market, forge new ecosystem partnerships, further modernise its technology infrastructure and adopt agile methods – new ways of working, largely unheard of in the telecommunications sector.

Overall, e& has set itself an ambitious yet achievable strategic vision which is to transform from a Regional Telecommunication Giant to a Global Technology Group.

Importantly, e&'s transformation journey has already begun with its technology footprint growing and broadening to reach several milestones in 2021. For example, e& entered a joint venture with G42 to establish the UAE's largest data-centre provider, setting up e& to become a market leader in this space. e& also increased its stake in fintech firm Digital Financial Services (DFS) and acquired elGrocer, an online marketplace for groceries with 500+ registered outlets.

Introducing the new e& operating model

To realise its ambitions to become a Global Technology Group, e& has launched a new operating model consisting of five focused verticals supported by common Group functions.

These five verticals are structured as follows:

- **Telecom UAE** - Continue leadership position in the core and enhance digital customer experience and operational agility
- **Telecom International** - Accelerate international growth to enable e&'s expansion into new geographic markets
- **e& life** - Create a leading consumer ecosystem player, starting with Fintech and Entertainment
- **e& enterprise** - Accelerate growth in cloud, cyber and IoT and expand internationally through new, fast growth business models
- **e& capital** - Acquire, grow, and support the visionary technology businesses that are moving the world forwards

The establishment of such an operating model will increase management attention and organisational agility for each priority vertical, enable seamless M&A execution, attract relevant strategic partners and investors in line with growth objectives, and facilitate attraction and retention of talent to drive each vertical forward whilst also enabling increased synergy capture across e&.

Telecom UAE

Telecom UAE is the largest contributor to e&'s revenue, EBITDA and net profit and aims to continue its leadership position in the core business. In 2021, the success story of Telecom UAE continued, with the delivery of AED 30.2 billion revenue, AED 15.5 billion EBITDA at an EBITDA margin of 51% and net profit of AED 7.8 billion at a net profit margin of 26%.

Going forward, the pandemic has reinforced the criticality of core connectivity services, as the lifeblood of the economy and society. Building on this critical positioning, Telecom UAE can play a deeper role in this "Connectivity renaissance" driven by a bold Government agenda, accelerated technology adoption and the New Normal, which offers growth opportunities in both the core and consumer digital adjacencies.

Consequently, Telecom UAE is repositioning itself to be a "Digital Telco that is a Customer Champion in a Hyper-connected Digital World". In line with this aspiration, a new Strategy is being implemented that is focused on three pillars of Grow-Transform-Excel with strategic priorities defined under each pillar as follows:

Grow: Core and Digital Services

- **B2C:** To deliver a premium B2C core with curated digital experiences that maximise engagement
- **B2B:** Transform our B2B position from Telecommunication Service Provider to Telecommunications Orchestrator

Transform: Our Technology and Operating Model

- **Network/IT:** To develop a simplified and converged technology factory powering innovative use cases
- **Operating Model:** Create a digital centric, agile, and efficient organisation

Excel: In Customer and Employee Experience

- **Customer Experience:** Deliver analytics powered, personalised and phygital experiences
- **Talent and Culture:** Create a thriving, open and inclusive culture that encourages innovation, where talent can reach their full potential

The successful implementation of the Grow-Transform-Excel strategy will ultimately allow Telecom UAE to continue its growth path, maintaining its role of prime value creation engine for e&. Further, Telecom UAE will also work in close relationship with other e& verticals, to maximise the generation of revenue and cost synergies.

Telecom International

Over the years, our international telecommunication portfolio evolved into operations in 15 countries spread across three geographic regions in the Middle East, Africa, and Asia with strong market positioning, being either the highest-ranked or second highest-ranked operator in terms of value share in most of these countries. Today, growth in these markets is mainly driven by data revenue and mobile money.

Over the last four years, international operations were a key driver for the growth of the Group. Today, its customer base exceeds 146 million customers with revenue of AED 22.6 billion, representing 42% of the Group's consolidated revenue and EBITDA of AED 10.8 billion, contributing 40% to the Group's consolidated EBITDA, with an EBITDA margin of 48%.

Telecom International has defined a clear strategic vision to increase shareholder value leveraging on its diversified portfolio and economies of scale and access to specialised talent and resources. Telecom International developed advanced skills and capabilities, for example in digital, AI, machine learning and virtualisation, and is scaling up its Centres of Excellences to create value across operating companies.

In addition to pursuing organic growth, Telecom International will pursue inorganic growth opportunities in new geographies and explore new business development opportunities such as strategic partnerships and joint ventures in selected areas, achieving scale and synergies while reducing home market dependence and diversifying its footprint.

e& life

e& life has been created with the objective of becoming a leading consumer ecosystem player, starting with Fintech and Entertainment. As a new growth arm that will capitalise on the growing demand of consumer digital services, e& life will create value for e& by scaling up new consumer digital businesses as well as supporting e& Telecommunication brands in optimising their core revenue.

e& life is uniquely positioned to capitalise on e&'s existing financial, operational and brand strengths, such as large addressable markets and an existing customer base, the strong financial position of e&, world-class networks and technical capabilities along with the world's strongest telecoms brand.

Amongst a portfolio scope covering a wide range of potential consumer digital services, Fintech and Multimedia have been selected as priority areas for initial scale-up for e& life. Both areas present a sizeable and growing market opportunity along with e& life possessing strategic advantages that can result in successful business scale-up. In terms of strategic advantages, for example, in both areas e& life can leverage a large customer base, an extensive distribution network, rich sources of data, superior network infrastructure and platforms along with differentiated technology capabilities.

In Fintech, e& life aspires to become the leading player in the region within five years, creating a comprehensive Super-App platform in the fintech ecosystem, powered by partnerships, with use cases spanning from payments and remittance to open banking services, insurance, wealth management and micro lending.

In Multimedia, e& life aspires to create a regional 360-degree media and entertainment business by leveraging E-Vision to build a specialised MediaCo at arm's length to the core telecommunication business. E-Vision is already the largest content aggregator in the UAE, and will be expanding its content in video, gaming, and audio to be distributed through a Direct-to-Customer platform as well as via a Business-to-Business white label solution.

e& life will achieve its strong growth ambition via a balanced combination of organic and inorganic opportunities.

e& enterprise

To execute e&'s strategy of accelerating growth and unlocking additional value from ICT adjacencies, we have created e& enterprise via the carve out of Etisalat Digital. The rationale for the creation of e& enterprise is to accelerate growth in Cloud, Cybersecurity, IoT and AI, and expand our international footprint through new, fast-growth business models. This in turn has led to the formulation of a clear vision, which is guiding the future growth trajectory of e& enterprise, "To be the Leading Digital Enabler for Enterprise & Governments within the MENAP region".

Of note, e& enterprise has already secured a solid position in the market with around 1000 digital experts, a portfolio of advanced digital platforms, innovative ecosystems and agile services models with strong fully managed operational capabilities. These pillars of e& enterprise's delivery engine have led to sustained revenue growth of circa 24% annually since the inception of Etisalat Digital and with revenues reaching around AED1.8 billion. A wide range of key strategic client references have also been secured with landmark projects executed, such as the design and delivery of an end-to-end Multicloud infrastructure for Expo 2020 in the UAE.

e& enterprise has established clear strategic direction in each aspect of its portfolio. Specifically, in Cloud, e& enterprise enables customers on their journey to the cloud with an end-to-end multi-cloud proposition supported by the strongest data centre network in the UAE. Meanwhile in Cybersecurity, through its dedicated company, Help AG, e& enterprise offers industry leading, next-generation cybersecurity services and solutions to help customers remain resilient against cyber-attacks and maximises their level of protection. Finally, within IoT & AI, e& enterprise has developed a customer centric proposition using the latest platforms and technologies and incorporating AI at the centre of its solutions. Through a dedicated team of IoT experts, data scientist and AI practitioners, e& enterprise enables process automation and informed decision-making for its customers based on real-time data.

e& enterprise is also scaling up FutureNow, its innovation engine and a reference model for collaboration with the wider ecosystem. FutureNow is a wide programme encompassing our open innovation centres, co-creation labs and collaboration programmes with scale-ups, with a soon to be launched venture builder designed to launch new ventures in an agile and industrialised manner.

Overall, the ambition of e& enterprise is to double its revenues by 2025, accelerating its growth by expanding regionally as well as pursuing selected inorganic opportunities. To achieve such ambition, e& enterprise will reinforce its commercial model, invest in the expansion of capabilities and platforms and reposition in the market with the new brand.

e& capital

As part of the transition from a Regional Telecom Giant to a Global Technology Group, e& capital will focus on acquiring, growing and supporting the visionary technology businesses that are moving the world forwards.

e& capital is well positioned to engage in Venture Capital and tap into Private Equities and Minority Investments as a move that can generate key strategic benefits for the whole of e&. In fact, through e& capital's investments, e& will be able to move faster in exploring new technology and business models, fill capability gaps by leveraging the agility and innovation of start-ups and drive further growth in adjacencies while keeping an active role in emerging trends and new technology. This will ultimately allow e& to broaden its M&A strategy by increasing the scope of the companies it will target for acquisition, along with testing in advance new priority areas of expansion.

Case Study

Expo 2020 Dubai

Connecting the World's Greatest Show

Expo 2020 Dubai is the largest event ever held in the region and the largest in the world since the COVID-19 pandemic. As a showcase of trailblazing innovation that brings the whole world together in the UAE, it was crucial for Expo 2020 Dubai to have the right partner with the expertise and capability to deliver the needed complex architecture and seamless experience.

Even more importantly, they needed to choose a partner with the telco infrastructure and digital services to ensure that the site was connected with cutting-edge technology – smart, fast and dependable – for the six month duration of the event.

Groundbreaking connectivity at scale

Expo 2020 Dubai selected Etisalat to be the official telecommunications and digital service premier partner, making the landmark event Etisalat's first commercial 5G enterprise customer in the MEASA region.

In line with the Group's efforts to drive the digital future to empower society, this partnership presented a unique opportunity to create one of the fastest, smartest and most connected sites on earth, helping to position Dubai and the UAE as a global innovation leader in technology and infrastructure.

Delivering an exceptional visitor experience

To deliver on this promise, Etisalat worked hand in hand with the Expo 2020 Dubai team to prepare for every eventuality and ensure success. With more than 100+ experts on the ground, Etisalat developed and is operating state-of-the-art infrastructure – from telecommunications to the Cloud to digital solutions – to create memorable experiences for millions of visitors from around the world.

- **Telco Infrastructure:** Etisalat UAE provides heterogeneous coverage over the entire Expo 2020 district, with 5G network speed and slicing, a highly redundant Wi-Fi network, Multiprotocol Label Switching (MPLS), and Internet Dedicated Access (IDA) services with more than 8,000 access points and over 600 km of the latest fibre technology.
- **Cloud and IoT:** Etisalat UAE hosts and manages Expo 2020 Dubai's multi-cloud environment and provides command and control platforms to enhance Expo's operational capabilities, from ticketing to workforce tracking and surveillance platforms to deliver our solutions as a service.
- **Visitor Experience:** Etisalat Digital delivers business analytics and marketing applications, accreditation and event management, and smart solutions to enhance visitor experience, including the visitor website, portals and a mobile application.
- **Country Pavilions:** Etisalat offers Expo 2020 Dubai's international participants solutions to maximise traffic to their pavilions, deliver memorable experiences, and operate seamlessly thanks to our state-of-the-art telecommunication infrastructure, our managed services and our digital solutions.
- **Project Management and Operations:** After Expo 2020 Dubai's successful grand opening ceremony, the Etisalat team of expert technicians transitioned to providing 24/7 onsite support, collaborating closely with the Expo teams to deliver the UAE's promise to host the best Expo in history and bring the world together.

Hosting the world at the Etisalat Hospitality Lounge

With its hospitality lounge on site, Etisalat has been able to host 140 Expo customer visits. Thanks to its partnership with Expo 2020 Dubai, the Company can showcase how it provides a superior network and digital experience to Expo 2020 Dubai's participants and visitors.

It is a way to extend Expo 2020 Dubai's theme "Connecting Minds, Creating the Future" as Etisalat can also showcase its latest technology breakthroughs with its demos and applications.

> Throughout Expo 2020 Dubai, Etisalat allows millions of virtual and physical visitors to connect – anytime, anywhere. Visitors experience a seamless, cutting-edge, immersive digital experience with our state-of-the-art network.

Case Study

Smiles

More Smiles through online food delivery

Etisalat UAE's ambition for our Smiles loyalty programme has been to gradually evolve it into a fully fledged commerce platform with both 'online to offline' as well as '100% online' models to better serve the diverse needs of our customer base. By focusing on the most frequently used lifestyle categories, we aimed to drive user growth and satisfaction, while continuing to enhance our proposition and increase share of wallet.

A unique proposition for our customers

In line with our 360° strategy, online food delivery was identified as the first, natural expansion phase for Smiles to expand into the 100% online space, taking into consideration:

- User behaviour and preferences – offline dining emerged as the most popular category, in terms of both frequency and volume of transactions.
- Market positioning – with a solid presence in offline dining, the next phase was expansion into the online food delivery space.
- Market benchmarks – both global and UAE based players showed significant growth in terms of value, which was further accelerated by COVID-19.
- Customer behaviour benchmarks – confirming a robust YoY growth in time spent in food delivery apps and a significant share of online food delivery transactions.
- Potential synergies – with our core business and our digital ecosystem (e.g. eWallet).

Achieving growth and engagement

Through the expansion of Smiles into the 100% online space with online food delivery, as well as continuous efforts to enhance the programme and experience during the year, Smiles closed 2021 with 2.6+ million users and 3 times year over year growth in time spent in the app, driving customer value and unlocking multiple cross-sell opportunities for our business.

The time our customers spent on our Smiles app grew by 3x in 2021, clearly demonstrating the programme's increased engagement and unique proposition to create value and bring joy to our customers.

Market Overview

Around the world and across the Group's key markets, economic growth returned, the pace of digital disruption accelerated, and the telecommunications sector showed its resilience during 2021, as the persistent volatility and ongoing challenges of the COVID-19 pandemic continued to unevenly impact individuals, organisations and sectors.

Global Telecommunications and ICT Key Trends in 2021

- Returning to revenue growth – Rebounding from a highly challenging 2020, telecommunications sector revenues improved in 2021, as widespread vaccine availability supported increased mobility, but it has not yet returned to pre-COVID levels. Moreover, broadband services are stronger than ever, benefiting from businesses embracing the advantages of remote work, and increased consumer consumption of streaming services, e-commerce, e-learning, gaming, and social video.
- Pursuing new opportunities – Telecommunication operators increased investment and focus on enabling a new generation of networked entertainment services, with several operators providing edge cloud capabilities for cloud gaming services. In the business market, operators aimed to launch cloud-based solutions, combining unified communications, security, and remote access for home workers. Operators also tapped into key sectors that are undergoing transformation, such as remote healthcare and education.
- Rolling out 5G services – As markets around the world deploy 5G services, adoption remains below expectations and wireless spectrum deployment strategies vary for each carrier, impacting availability. However, as more 5G spectrum is deployed and more technologically advanced 5G handsets are made available in a recovering economy, consumer adoption of 5G wireless services continued to gain momentum.
- Accelerating automation efforts – Operators' automation efforts are already reducing costs and headcount for routine work. Following their experiences during the pandemic, operators accelerated their efforts to drive automation to their networks and support consumers with automated attendants and self-care apps.
- Increasing disruption from fintech – The fintech sector experienced growth during the pandemic, as consumers and retailers embraced cashless transactions and digital banking. This trend continued in 2021 and, as fintech companies continue to diversify, has the potential to spark consolidation across the industry.
- Adoption of digital channels – Operators have been promoting digital channels for some time, and they feature in most operators' main strategic objectives. Operators typically try to use digital channels to balance improved customer experience with cost savings. The pandemic accelerated the adoption of digital channels, with operators keen to 'lock in' the behavioural changes of 2020 and continue to deliver cost savings through digital experience initiatives.

UAE by the numbers

Population
9.6
MILLION

Real GDP Growth
3.0%

GDP Per Capita
44.8
USD THOUSAND

Mobile Subscribers
17.7
MILLION

Mobile Penetration
169%

Smartphone Penetration
155%

UAE Telecommunications Market Overview

The UAE is a regional outperformer in terms of information and communications technology given extensive investment made in technological infrastructure that boasts the highest average download speeds in the world, which support work processes and e-commerce growth. The growth of this sector has also been spurred by government initiatives, with the UAE aiming to provide 90% of government services electronically, which in turn improves bureaucratic efficiency and the ease of doing business.

The country is ranked the highest in terms of fibre-to-the-home penetration boosting online activities for businesses and consumers. Similarly, the country enjoys the latest technology in mobile with the deployment of 5G networks. In the long-term, the UAE plans to transform its economy around connected smart-city infrastructures and digital-first businesses, and is well placed to leverage the power of 5G investment for digital transformation. The UAE mobile market is expected to grow over the long-term owing to investment in smart-city solutions and an increasingly diversified digital economy.

In 2021, we witnessed a recovery in mobile revenue attributed to international roaming revenue due to the return of tourists and business travel, while Prepaid to Postpaid migration continued to support growth and 5G use cases were introduced that drove mobile data usage. Despite the impact of voice revenue due to increasing availability of VoIP products, usage of telecommunication networks and services increased robustly as people worked from home and availed a greater range of online content services and digital platforms, such as streaming video and gaming, as well as e-commerce.

Saudi Arabia Telecommunications Market Overview

Saudi Arabia is the largest telecommunications market in the MENA region in terms of revenue, supported by strong disposable incomes and a youthful population that will both drive premium data upselling.

The impact of the pandemic has been less severe than in other markets in the Gulf region because of the relatively limited dependency on expatriates and the higher demand for fibre and business ICT services. Data is the revenue growth driver for the mobile segment driven by increased data usage, high smartphone penetration and many promotional data offers.

The Saudi telecommunications market is expected to grow, driven by new value-added services (VAS) as well as operators' rollout of 5G network. The broadband market is poised for steady growth over the medium-term, thanks to strong investment from operators and the government into next generation networks. Mobile market growth is driven by premium services upselling and strong demand from the new economic verticals in the country that will drive M2M and IoT over the long-term. The fixed broadband market maintained a strong growth momentum driven by the demand for fibre services.

Saudi Arabia by the numbers

Population
36.2
MILLION

Real GDP Growth
4.8%

GDP Per Capita
24.2
USD THOUSAND

Mobile Subscribers
41.2
MILLION

Mobile Penetration
115%

Smartphone Penetration
99%

Egypt by the numbers

Population
105.0
MILLION

Real GDP Growth
5.2%

GDP Per Capita
4.2
USD THOUSAND

Mobile Subscribers
99.7
MILLION

Mobile Penetration
94%

Smartphone Penetration
74%

Egypt Telecommunications Market Overview

Egypt is the second largest telecommunications market in terms of mobile subscribers in the MENA region. The telecoms market in Egypt offers a mixture of strong advanced services demand as well as considerable room for healthy organic growth. The widespread adoption of 4G services offered by operators has created organic growth opportunities for the uptake of advanced technologies.

A youthful population and healthy demographics will support growth in mobile data services and VAS. The mobile market is currently focused on rolling out 4G infrastructure and services, and spectrum acquisition.

The favourable regulatory environment for fintech, the increased penetration of smart-devices and the large unbanked demographic helped to drive the use of mobile wallets, especially during the COVID-19 pandemic.

Morocco by the numbers

Population
36.3
MILLION

Real GDP Growth
3.1%

GDP Per Capita
3.7
USD THOUSAND

Mobile Subscribers
48.6
MILLION

Mobile Penetration
143%

Smartphone Penetration
98%

Morocco Telecommunications Market Overview

The Moroccan telecommunications market is now quite mature, with growth in the mobile sector being driven by a move to postpaid premium services. Data usage is growing rapidly. The Moroccan mobile market is reaching maturity and operators are focusing more on high-value plans.

Enterprise demand will be a crucial driver of growth in the ICT segment and support of the commercial mobile, data, and broadband services. The demand for mobile data services has been fuelled by strong price competition between the operators, as well as the growing affordability of smartphones which means data access is now done through smartphones as opposed to through dedicated mobile broadband devices, such as dongles. Nevertheless, the mobile segment in Morocco is facing increased competition and regulatory uncertainties that is impacting its growth. On the other hand, fixed broadband is the main catalyst for growth in the telecommunications market in Morocco growing by high single digits supported by the expansion of the FTTH network and offsetting the decline in fixed voice.

Pakistan Telecommunications Market Overview

Pakistan is reliant on mobile services for the communication needs of the majority of its residents. Given the underpenetrated nature of the market, the organic growth opportunities are still relatively strong.

Mobile growth will be mainly driven by strong growth potential for 4G services and the adoption of mobile data services that is still low and still has potential to grow.

Effective mobile banking regulations will allow a stronger uptake of mobile financial services, given the large unbanked population. Furthermore, the government's efforts to reduce taxes on mobile use and smartphone imports will further assist in the uptake of advanced services and the telecoms sector's innovations.

The Pakistani mobile market is one of the largest on the continent and is characterised by a quick uptake of 4G services. Fixed voice services remains weak due to fixed to mobile substitution phenomena.

The fixed operators are continuously upgrading their existing infrastructure and network while rolling out Fibre-to-the-Home (FTTH) across the country. Fixed broadband penetration in Pakistan remained low at a mere 6% of the total households but this coupled with a growing need for data consumption provides a significant opportunity in the market.

Pakistan by the numbers

Population
216.5
MILLION

Real GDP Growth
4.0%

GDP Per Capita
1.3
USD THOUSAND

Mobile Subscribers
187.0
MILLION

Mobile Penetration
82%

Smartphone Penetration
47%

Group CFO's Review

Demonstrating our unique market proposition, financial strength and operational resilience, e& accelerated its strategic growth journey this year, achieving significant milestones in profitability, market cap and brand value, while overcoming the continued challenges of the COVID-19 pandemic across our markets to position the Group for continued growth and shareholder value creation in the coming years.

During a year of recovery in the UAE market and continued growth in our international markets, e& was once again recognised as the leading operator in the world in terms of mobile network performance demonstrating our commitment to offering the latest technologies, building the best quality networks, and providing superior customer experience across our footprint.

This strong performance supported an improved revenue trend in the UAE and sustained growth momentum in our international operations, driving an increase in the Group's consolidated revenue of 3.2% in 2021 to reach AED 53.3 billion.

The impact of the COVID-19 pandemic and the ongoing changes in the revenue mix continued to weigh down our operations and results, particularly in terms of softer mobile revenue due to reduced roaming and increased penetration of VoIP applications, as well as an overall reduction of economic activity across our markets.

However, our disciplined and agile financial approach ensured improvement in EBITDA while sustaining a strong 50.1% margin, considered among the highest in the industry, through focused cost optimisation efforts, driving increased profitability and earnings. Accordingly, net profit increased by 3.2%, reaching AED 9.3 billion at a net profit margin of 17%.

During this eventful year, we also increased the foreign ownership limit in our share capital to 49%. This resulted in our weights in key indices being upgraded, spurring significant inflows to Etisalat Group's share. Complementing our strong performance and growth potential, this triggered a consistent increase in market capitalisation of 88% year on year, to end 2021 as one of the top ten telcos worldwide.

Reflecting this success and the Group's commitment to shareholder return, e&'s Board of Directors rewarded its shareholders by recommending a dividend per share of 80 fils for the year 2021, resulting in total shareholder return of approximately 95%.

Diversification driving growth and profitability

A reflection of the strength of e&'s diversified portfolio built over the last few years, we achieved a resilient set of results and business growth across our markets. Group consolidated revenue recovered following the disruption faced in 2020, supported by improved operating environments in some of our key markets in 2021.

Consolidated revenues for the year totalled AED 53.3 billion, up 3.2%, reflecting an improved revenue trend in our UAE operations and a rise in international revenue of 6.7%, due in large part to the strong performance of Etisalat Misr attributed to the growing demand of mobile broadband, improvement in the fixed and mobile broadband in Pakistan, and growth in the international markets of Maroc Telecom Group.

Group consolidated EBITDA for 2021 increased to AED 26.7 billion, resulting in an EBITDA margin of 50.1%, despite the unfavourable changes in the revenue mix; adjusting for a non-recurring item in Morocco last year, EBITDA increased by 1.7% and margin declined by 0.7 points.

Embedded across the Group's operations and corporate culture, cost optimisation programmes continued to create value during 2021, looking for new ways to improve efficiencies or reduce costs to deliver increasing value to customers and shareholders. COVID-19 magnified the importance of these optimisation programmes, given some operational and financial uncertainties. e& used the momentum to further improve efficiency by adopting new operating models including remote working to drive savings in travel, utilities, training, and other administrative costs. The Group continues to enhance its processes through utilising group synergies and digital transformation, which will fuel investments and new revenue streams to drive future growth.

Overall, we delivered a healthy growth in net profits, which rose by 3.2% to reach AED 9.3 billion for the year, while earnings per share amounted to AED 1.07 in 2021, an increase of 3.2% compared to the previous year.

This increase in Group profitability was driven by several factors, including our focus on core revenue that continues to make up a sizeable part of our revenue; leveraging our networks and capabilities to grow new revenue streams; strong focus on cost optimisation efforts, without hampering the growth potential of new revenue streams; higher contributions from key associates; and lower net finance and other costs due to optimised debt profile, following the refinancing of our maturing bonds.

Profit and Loss Summary

(AED million)	2021	2020
Revenue	53,342	51,708
EBTIDA	26,721	26,443
EBTIDA Margin	50.1%	51.1%
Federal Royalty	(5,542)	(5,594)
Net Profit	9,317	9,027
Net Profit Margin	17%	17%

"We focused on improving efficiencies and increasing value to customers and shareholders."

Karim Bennis
Group Chief Financial Officer

Robust balance sheet and cash flow

Continuously strengthening our balance sheet and ensuring the strong financial position of our Group remains a key priority. During 2021, we maintained high liquidity supported by our strong cash flow generation that resulted in a cash balance of AED 28.6 billion at year end, providing a unique net cash position for our industry and great financial flexibility moving forward.

Consolidated capital expenditure (CAPEX) increased by 17.9% in 2021 to reach AED 8.4 billion, resulting in a capital intensity ratio of 15.7%, two percentage points higher than in 2020. Capital spending was driven by spectrum acquisition in Pakistan and Egypt and ongoing network modernisation in several markets, including: 5G rollout in the UAE, fibre investments in Morocco and Pakistan, and networks coverage and expansion in Egypt and international subsidiaries of Maroc Telecom. Excluding the spectrum and license acquisitions in Pakistan, Egypt and Mauritania, capital expenditure increased by 8.5% year on year and capital intensity ratio by 0.6%. Operating free cash flow, excluding spectrum, remained strong and slightly decreased by 1.3% year over year to AED 19.7 billion with FCF margin at almost 37% of revenue.

Total consolidated debt amounted to AED 25.7 billion as of 31 December 2021, as compared to AED 26.7 billion as of end 2020, a drop of AED 1.0 billion due to the Group's improved debt profile. During 2021, we capitalised on the favourable capital market conditions to issue new bonds of EUR 1.0 billion, consisting of two tranches, under the General Medium Term Note (GMTN) programme established in 2014. The proceeds were used to refinance our maturing EUR 1.2 billion bond, which was six times over-subscribed and will deliver solid interest cost savings during the bond tenure. As of 31 December 2021, the Group had a strong net cash position of AED 2.8 billion.

e&'s credit ratings continue to be one of the highest in the telecom sector (AA- by S&P Global and Aa3 by Moody's, with stable outlook), reflecting the Group's robust balance sheet, its proven long-term performance, and its strong cash flow generation.

Growing subscribers, brand value and market share

In a year of significant milestones for e&, we were recognised as the strongest telecom brand in the world by Brand Finance. We are the first and only telecom brand from the MENA region to achieve this global recognition. With a combined brand value of e&'s portfolio valued at well over USD 12.5 billion, rising 16% in 2021, we remain the most valuable telecoms brand portfolio in the region.

Balance Sheet Summary

(AED million)	2021	2020
Cash and Bank Balances	28,575	31,345
Total Assets	128,197	133,018
Total Debt	25,732	26,701
Net Cash/ (Debt)	2,843	4,644
Total Equity	57,564	60,550

Cash Flow Summary

(AED million)	2021	2020
Operating	18, 110	18,968
Investing	(8,775)	(7,129)
Financing	(13,086)	(9,443)
Net Change in cash	(3,751)	2,396
Effect of FX rate changes	1,039	(684)
Others	(58)	(23)
Ending cash balances	28,575	31,345

Our subscriber base continued to grow during 2021, as we remained focused on bringing in high-quality net adds, a key component in helping us continue to deliver solid year-over-year revenue growth. By year-end, e&'s aggregate number of subscribers reached 159 million, representing a 3% increase compared to 2020, mainly due to subscriber growth in high value segments in both the domestic and international operations.

These achievements, as well as our surge in market cap during the year, reflect our undisputed leadership position in our domestic UAE market, where we enjoy value share of 67% of Mobile and 80% of Fixed, as well as our international footprint where we have either number one or number two position in terms of value share in 12 out of the 15 markets.

Our acquisition of elGrocer, a leading UAE grocery delivery platform, enhanced Etisalat UAE's ability to offer value added services to its customers. We increased our ownership in Digital Financial Services by fully acquiring the business, as part of e&'s strategy and digital ambitions in accelerating efforts in mobile financial services in the UAE to meet the growing consumer demands.

In February 2022, we announced a partnership with ADQ, Alpha Dhabi Holding and First Abu Dhabi Bank (FAB) to launch a next generation digital banking platform 'Wio', a unique and exciting opportunity to invest in the growing digital banking sector while leveraging synergies in this space.

Meanwhile, across our international footprint, our stake increase in Etisalat Investment North Africa (EINA) will improve our net profitability, as it will increase our ownership in Maroc Telecom Group by 4.7% to 53%. Maroc Telecom Group, a leading telecom group in North and Sub-Saharan Africa with a high profitability margin and cash flow generation and a key asset in our international portfolio.

Looking forward

In the year ahead, we will continue to pursue our Vision to "Drive the Digital Future to Empower Societies." We will continue to invest in networks that are critical to connecting our customers and vital to the development of the economies within our footprint, while seeking both organic and inorganic revenue growth across our markets.

The fundamentals of our key markets remain robust, and the profound digital shift promises a new era of digital growth and outstanding opportunities for our Group. We intend to leverage the full potential of the digital capabilities we have been building to improve and strengthen our market positioning in the region and capture further growth opportunities.

Risk Management

e& operates in a highly regulated, competitive and rapidly evolving environment, providing great opportunities while also exposing the Group to underlying risks that have the potential to impact our ability to fulfil our vision and achieve our strategic objectives. As an industry leader, we identify and adopt the highest standards and practices in risk management and compliance in order to establish a robust and proactive approach to the effective mitigation and management of all significant risks to our business.

e&'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 our 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.

e&'s compliance function maintains a Group-wide framework to ensure that the Board, management 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 Risk and Audit Committee respectively. 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

This year, the Group continued to integrate risk management activities into the fabric of our organisation and its strategic decision-making process. The Group's Board understands its responsibility and accountability for risk management and has committed and adopted a framework for effectively managing business risks in a proactive and efficient way that helps us in achieving our business and strategic objective. Accordingly, we have defined and communicated risk governance activities at all levels which our management and employees undertake as part of their job routine.

The Group has formalised internal Enterprise Risk Management Committees (ERMCs), which includes CXOs and Risk Management teams, with an objective to proactively discuss changes in risk profiles, scan risk environments and assess the progress on mitigation plans. These committees meet quarterly and are chaired by the CEO of each business entity. Based on the committee's assessments and feedback, consolidated risk reports are tabled at the Management Group ERMC and the Board Risk Committee, for consideration.

The evolution of the COVID-19 pandemic, supply chain disruptions, geopolitical and other macroeconomic factors continue to challenge the business environment, with the Group successfully navigating these through proactively scanning risk horizons, implementing and monitoring mitigation strategies and reducing risk exposures in accordance with governance frameworks. The Board, management and Group ERM continued its journey in further embedding and enhancing the maturity of risk management across the Group, with the following developments and achievements during this year:

- To further enhance risk oversight and in line with SCA regulations, the Board implemented a separate committee for oversight of risk related activities, namely the Board Risk Committee. Prior to June 2021, the responsibility for oversight of risk management activities was housed within the Audit Committee.
- We constituted a Group wide Risk Management Forum with an objective to further improve the coordination and standardisation of risk management activities across all our geographies. The forum includes Head of Risks of all our OpCos.
- We have updated our Enterprise Risk Management Framework to be aligned with latest standards and leading practices in risk management. Our framework is agile and dynamic and allows us to innovate risk management activities for effective implementation.
- To align with the changing business dynamics and to be aligned with new strategy, a Risk Appetite Framework was developed, approved and implemented across the Group. The existing risk rating guidelines were revised to include risk categories which are imperative to our business and a defined level of risk which we can pursue in order to achieve our objectives.
- In a view to assess and enhance our maturity for risk management activities, we continued to benchmark ourselves using best practise models and tools.
- We have deployed IBM OpenPages as an integrated risk management system (IRMS) enabling us to provide combined assurance and a holistic view of governance, risk management, compliance and internal audit.

Ensuring Business Continuity

During 2021, the Group achieved a range of significant business continuity and crisis management milestones, reflecting the continued focus and importance of these areas for our Group, particularly as we approach two years since the onset of the COVID-19 pandemic.

We recognise that business continuity and crisis management are fundamental to the sustainability of our business, and therefore regularly identify, assess, monitor and review key policies, processes, resources and risks that have the potential to materially impact our business, financial performance and brand. We do so in line with the national agenda, regulatory compliance and a well-defined and established business continuity and crisis management framework.

Etisalat UAE's milestones and recognition in 2021:

- 100% score in TDRA audit for Etisalat UAE compliance with National Telecom Emergency Management Plan (NTEMP)
- 100% score in National Critical Buildings Resilience and Security audit
- 100% score in Etisalat UAE Response to Incident and Crisis
- 100% completion of National Requirement for Critical Buildings Resilience and Security
- 100% score in "Shattat" national drill

Three Lines of Defence Model

The Group continues to identify and align its structures and processes in order to best assist the organisation in the achievement of objectives, facilitate strong governance and define high level roles for key stakeholders in the Group when it comes to Enterprise Risk Management.

Management remains ultimately responsible to manage the adequacy and effectiveness of the organisations control environment, thereby limiting the impact of risk exposure in accordance with the Group's Risk Appetite. In support of the governance and control environment, the Group has established various functions to monitor and assist management, including but not limited to the Enterprise Risk Management Committees (ERMC's) and ERM. The ERM function, through the ERMC's, assists management by facilitating and monitoring the implementation of effective risk management practices across the Group. The function also assists the risk owners in defining target risk exposure and risk-related reports to management and the Board.

e& Internal Audit provides independent and objective assurance and advice to management and the Board on the adequacy and effectiveness of governance and risk management. Through their mandate, Internal Audit supports the achievement of the Group's objectives and facilitates the continuous improvement of the Group's governance and control environment.

To enhance the risk oversight and assurance provided to various stakeholders, the Group continues to integrate its processes for risk, compliance and governance oversight with business as well as other assurance functions in line with the concept of Combined Assurance. It ensures that the Group adequately addresses the changing risk landscape by ensuring risks are regularly monitored and communicated, controls are tested, and mitigations are implemented across the Group. Through the Combined Assurance practices, the ERM department shares relevant risk information with departments, including Internal Audit, who in turn assess the adequacy and effectiveness of the organisation wide control environment and supports the provision of Combined Assurance to our stakeholders.

e&'s Board and its sub-committees have the ultimate oversight responsibility for governance and risk management, which has been clearly articulated in the respective charters. The following depicts the three lines Model as defined within the Group:

e&Three Lines Model

Governing Body i.e Board and its sub committees
Responsible for oversight of risk managment activities

First Line

Management i.e. Risk Owners

Function that:
- Own and manage risks
- Implement the response strategies
- Periodical monitoring and reporting

Second Line

ERM i.e. Risk Facilitators

Implement and operationalise the Risk Management framework, promote risk aware culture, provide support to management and challenge on risk related matters. Ensure management has adequate tools and information to manage risks.

Third Line

Internal Audit i.e. Independant Assurance

- Act in accordance with recognised international standards
- Report to a sufficiently high level in the organisation to be able to perform its duties independently
- Have an active and effective reporting line to the governing body

External Audit

Principal Risks

In accordance with our risk management process, we continually scan, assess and monitor the Group's risk and control environment, thereby proactively seeking to reduce risk exposures down to acceptable levels. In line with this process, the following summarises a number of our principal risks and describes the high-level approach to managing these risks.

Type	Risk	Description	Management
Strategic Risks	Geopolitical Threats	Ongoing geopolitical uncertainty poses continuous challenges.	Local expertise and knowledge are 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 the Group's more mature mobile markets. The increase in the use of Voice over Internet Protocol (VoIP) applications is cannibalising traditional telecommunication operators' revenues.	Various commercial strategies in response to such OTT threats are being considered and implemented by respective commercial teams across the Group.
Operational Risks	COVID-19 Pandemic Risk	The evolution of the COVID-19 pandemic may carry long-term risks and consequences 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 the Group 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 the Group 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 the Group'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.
Compliance Risks	Regulatory Challenges and Uncertainties	As the the 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 subsidiaries, with support from the Group's regulatory team.
	Litigation	As with any other organisation, the Group 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 Risks	Foreign Exchange Exposures	The Group 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 2021 Annual Report.

Human Capital

As an ambitious, mission-driven Group, we understand that to deliver on our vision and achieve our strategic objectives we need an empowered, motivated, and highly skilled workforce. If our people are happy, our customers will be happy and our business will thrive.

Etisalat UAE

In the UAE, our human capital focus in 2021 has been on understanding what our people need to succeed and adapting our processes and interactions to improve peoples' everyday experiences accordingly. We have embraced the 'new normal' driven by the ongoing COVID-19 pandemic, extending our remote working options for working mothers, introducing flexible work options, and implementing flexible work schedules.

We have taken a proactive stance on diversity, equity and inclusion (DEI) and we have been bold in our approach to safeguarding our future, offering more learning opportunities than ever before and putting in place a dedicated succession planning framework for our top tier leadership positions. The outputs speak for themselves – attrition is low, we are attracting top talent, and engagement is at an all-time high.

This was undoubtedly one of the most exciting years for Human Resources at Etisalat UAE. At the very centre of this exciting transformation, we found the opportunity for growth and used this time to focus on what really matters for our people. We are committed to continually evolving and adapting to ensure that we elevate careers and improve employee lives every day to make Etisalat UAE a top employer of choice globally.

1) HELPING OUR PEOPLE DRIVE THE DIGITAL FUTURE

At Etisalat UAE, it's about constant re-evaluation, creating purpose, delivering meaning and value to each employee. We look at how each of our employee needs are different, what empowers them, how careers can be uplifted and how we can enable employees to become the best versions of themselves.

At the centre of this aspiration lie our four organisational values. We internalise these values to deliver a stellar employee experience.

AGILITY

Giving our people the freedom to succeed: Whether it's through flexibility, creating learning opportunities or improving wellness, we want you to be successful in your personal and professional lives.

COLLABORATION

Encouraging a culture of collaboration: Working across teams to achieve a common goal allows for greater idea-building, knowledge sharing, and an increased sense of purpose for ' the whole is greater than the sum of its parts.'

EMPOWERMENT

Empowering you to find your purpose: We enable you to drive your career forward, through meaningful purpose-driven work, opportunities for future growth, tools for upskilling and setting pathways for progression.

CUSTOMER CENTRICITY

Satisfying our international customers first means that happy employees will result in happy customers. Therefore, we ensure that we encourage continuous feedback, keep open communication, and practice a people-first culture.

2) CELEBRATING 2021 - YEAR OF MILESTONES

We launched an ambitious transformation strategy in 2021 that has already created a tangible impact

EMIRATISATION
Highest Emiratisation rate in Etisalat's history at **51.2%**

GRADUATES
Highest number Graduates onboard at **61 graduates** in a single day, with **103 total graduates** joining in 2021.

DIGITAL SUMMER CAMP
First Digital Coding and Robotics Summer Camp with a focus on STEM for 150 children of Etisalat employees

GENDER EQUITY
Implementation of **equal benefits and policies** to all regardless of gender for first time in Etisalat's history

EMPLOYEE SURVEYS
First AI-powered employee engagement survey and first-time outsourced employees were included

GENDER DIVERSITY
Highest gender diversity rate in Etisalat's history at **24.21%**

BLOCKCHAIN
First HR Department in the region to use blockchain for employee documents

HR TRANSFORMATION
First time Etisalat had dedicated "Diversity, Equity and Inclusion," "Employee Experience" and "People Analytics" teams in HR

INTERNAL SATISFACTION SURVEY
Above target on all categories, and **3% improvement** on overall HR Satisfaction from 2020

RELAUNCH OF YOUTH COUNCIL
Relaunched and open to all nationalities to celebrate our diversity

LOW ATTRITION
Lowest voluntary attrition rate in last five years at **3.1%**

PULSE EMPLOYEE SURVEYS
79 Engagement score from our first ever pulse employee engagement surveys, which is four points higher than the global benchmark

CAREERS WEBSITE
Relaunch of Careers website featuring Etisalat employees and revamped content to push Etisalat as the 'Employer of Choice'

GOLD PROGRAMME
Strengthening **115 leaders** in our senior leadership with a world-class development programme

STRENGTHENING OUR LEADERSHIP
We had a **50% increase in women** in leadership roles at VP and above, and **65% of UAE Nationals** in senior leadership roles

TRAINING NEEDS ANALYSIS
First time HR conducted analysis for outsourced employees, ensuring inclusion for all employees regardless of contract type. We also achieved **100% completion score** on our Training Needs Analysis

3) RECOGNITION OF OUR ACHIEVEMENTS

The reward for our work is knowing that we have successfully raised the employee experience at Etisalat UAE. We have received awards in areas where our efforts have set the standard for excellence globally, further validating that we are on the right track in achieving our strategy and vision for our organisation.

FUTURE WORKPLACE AWARDS

Best Crisis Communication Strategy

Best Innovative L&D Initiative

Best Talent Management Strategy

MARK OF EXCELLENCE

Best Employee Engagement Strategy

Best Employee Wellness Programme

GOV HR AWARDS

HR Team of the Year

Best Employee Engagement Strategy

LINKEDIN MENA TALENT AWARD

Best Learning Culture Award

4) HYBRID WORKING AND THE FUTURE OF WORK

We are leaders in embracing the future of work and are not afraid to adopt that flexible mindset and bring autonomy to the work life of our people.

EMBRACING AND RESHAPING THE NEW NORMAL

At Etisalat UAE, we are leaders, not followers. Therefore, it was critical to use the pandemic as a golden opportunity to rethink how we work. We continued to offer our employees flexibility in work timings, a hybrid work model, and further remote working options.

- Remote working for mothers
- Work from anywhere benefit

5) MAKING WELLNESS A PRIORITY

The health of our people is of prime importance at Etisalat UAE, and we have identified areas to support employees in their day-to-day life. Whether it's mental or physical health, Etisalat UAE is geared to provide its employees with the best-in-class care and access.

WE TAKE CARE OF OUR PEOPLE

The onset of the pandemic highlighted the importance of prioritising employee wellness, supporting you to find balance, and working together amidst uncertainty to reduce stress and help you stay engaged and feel safe in your work environment.

6) DIVERSITY, EQUITY AND INCLUSION (DEI)

At Etisalat UAE, our people are our strength. Therefore, we strive to create meaningful action to make our workplace more equitable, inclusive, and diverse, in all aspects.

VALUING YOU FOR WHO YOU ARE

A culture that celebrates diverse backgrounds maintains equitable practices, and exercises inclusion, is the secret to our success. We see DEI as a critical factor in positively influencing our employee experience and have raised our efforts to ensure we strike the right balance.

LAUNCH OF DEI PILLAR - This year Etisalat UAE launched a pillar dedicated to Diversity, Equity, and Inclusion to raise awareness around the subject, drive the DEI goals of the organisation and ensure we continue to be an equal opportunity employer. We foster a socially and morally adept workplace, knowing that driving the digital future requires an innovative, diverse, and engaged workforce.

WHAT ARE OUR DEI OBJECTIVES?

- **REPRESENT MINORITIES -** Increase representation of women, People of Determination (PoD), youth, and diverse nationalities. As of December 2021, women comprised 24.2% of our workforce, an 8.5% increase from 2020. The highest growth was in our top management with a 71% increase of women in Vice President or above roles.
- **EQUAL POLICIES -** In 2021, we implemented several policies and initiatives to equalise the experience for our outsourced employees. 2021 was also the first year that we had full equity across genders on all benefits and policies.
- **DIVERSIFY TALENT AND OFFER GROWTH -** Create demand for diverse talent with niche programmes and target setting such as apprenticeships.

THE ETISALAT UAE YOUTH COUNCIL - Aligned with the UAE Youth Empowerment Strategy, we established the 'Etisalat Youth Council' in 2021 with 15 members of different backgrounds, making it an inclusive, true representation of Etisalat UAE.

PEOPLE OF DETERMINATION - At Etisalat UAE, we see each member's value to the team, embrace people with different abilities in the workplace, and continually find ways to create inclusive opportunities for all. As of December 2021, we have 15 People of Determination working in various departments, and we are working with strategic partners to enhance our work environment and raise awareness within the organisation.

7) NURTURING OUR FUTURE LEADERS

Etisalat UAE plays an important role in attracting, developing, and retaining UAE National talent leading to our highest Emiratisation rate in the Company's history in 2021. With each passing year, we have successfully attracted top talent and developed the national workforce at all levels, thus paving the way to becoming our future leaders.

THE ETISALAT AI GRADUATE PROGRAMME - Etisalat UAE wants to shape the digital future through innovative and world-class graduates by ensuring they are prepared for the Future of Work.

OUR NINE MONTH PROGRAMME - With the aim to attract and recruit 100 UAE National graduates to drive the digital future, we launched the Etisalat UAE AI Graduate Programme in 2021. The nine month programme is delivered in three phases and in partnership with world-class education providers.

OUR TECH AND POWER SKILLS FOCUSED COHORTS - In September, the programme welcomed Emirati graduates with a background and interest in AI, Machine Learning, IoT, Big Data, and Analytics. Candidates were selected through a unique and innovative recruitment process including a first-of-its-kind hackathon. This cohort was selected for a nine month journey to gain work-based experience in multiple disciplines including Cybersecurity, Data Science, Machine Learning, and Data and AI Strategy.

In December, we met our goal of recruiting over 100 graduates with our second cohort, which welcomed 65 graduates. The new joiners were part of the AI Power Track, focusing on developing AI skills and nurturing power skills. This second cohort was selected through an intense 'Thinkathon' where we challenged candidates to produce and present solutions to business cases. With on boarding of exceptional young talent and capabilities, Etisalat UAE is further geared to deliver the Group's vision 'to drive the digital future'.

8) REIMAGINING OUR EMPLOYEE AND CANDIDATE EXPERIENCE

We know that the sum of all experience's employees have here in their life cycle with us is key to providing them with a positive employee experience. At Etisalat UAE, we are dedicated to designing, reimagining, and rebuilding current systems, improving methods, and implementing technology to enable more accurate and efficient processes.

CURRENT EMPLOYEES

BLOCKCHAIN LETTERS

This year we digitally enabled all employee service letters through Blockchain technology and automated its service with 19 Robotic Process Automations (RPA).

SMART PARKING

Improving your employee experience also involves looking at your physical environment when at the office. To ease the challenge of limited parking spaces in office buildings, we worked with the Administration Team to ensure that parking spots were available to people with access on a rotational system based on the 'work from office' schedule .

BLOCKCHAIN

First HR Department in the region to use blockchain for employee letters.

FUTURE EMPLOYEES

CAREERS WEBSITE

To give our future employees a glimpse into life at Etisalat, we revamped our entire careers website with engaging relevant content and pictures of real-life at the organisation.

Visit our new website at **https://careers.etisalat.ae/**

9) GIVING OUR PEOPLE A VOICE (EMPLOYEE ENGAGEMENT)

When we listen, we engage. At Etisalat UAE, we give our employees the opportunities to provide continuous feedback and create actionable outcomes. We do not believe in taking the top-down approach to building solutions and encourage employees to offer opinions and suggestions, thus truly keeping ourselves 'People First'.

ETISALAT VOICES: OUR 'ALWAYS ON' LISTENING STRATEGY

Etisalat UAE is continually looking at improving employee engagement, loyalty, and experience. 2021 proved to be a transformational year in raising employee engagement at the organisation with the launch of "Etisalat Voices" - our new AI-driven, fully confidential pulse engagement survey. In addition, we equipped leaders with real-time dashboards to help examine data from multiple perspectives, take the necessary action, and foster a continuous feedback culture.

10) FOSTERING A LEARNING CULTURE

We want our people to be at the top of their game and encourage them to upskill and improve their knowledge and abilities. We see continuous learning as an opportunity to expand skillsets, increase knowledge retention, generate new ideas and perspectives, boost morale, and improve overall employee performance

GOLD (GROUP ORGANISATIONAL AND LEADERSHIP DEVELOPMENT) - GOLD, our 12-month leadership development journey, launched in 2021 in partnership with Emeritus, a leading provider of executive education which brought together the world's best business schools for a curated, customised, and blended learning experience. Virtual and on-campus courses allowed case discussions, group exercises, and feedback sessions. This unique programme allowed self-nomination with a scientific selection process. Elective modules on self-development ensured continuous development for all people leaders on key topics including leading change, data-driven decision-making, divergent thinking and resilience.

FOR ALL LEARNERS, EVERYWHERE - Through our AI-driven Learning Experience Platform, iQra provides access to over 50,000 courses in a range of technical, power, and digital skills for our employees in UAE and Afghanistan, with a focus in 2022 to rollout to our other OPCO's.

TEACHING OUR CHILDREN SKILLS - THE FUTURE IN OUR FIRST-EVER "DIGITAL SUMMER CAMP" - We launched our first-ever virtual 'Digital Summer Camp' for 150 children of our employees to learn coding and robotics with a focus on STEM.

11) DRIVING TRANSFORMATION – SETTING OURSELVES UP FOR SUCCESS

Etisalat UAE's digital transformation will be driven by its people. In 2021, we introduced three new focus areas to ensure we are at the heart of this transformation:

1. **Employee Experience (EX)** – putting human-centred design at the core of our operations to improve all employee touchpoints
2. **People Analytics –** ensuring people decisions are data driven, providing leaders evidence-based decision-making support
3. **Diversity, Equity and Inclusion (DEI) –** implementing key metrics to ensure we continue to build a diverse and inclusive workforce

79

Engagement score from our 2021 Glint employee engagement survey, which is four points higher than the global benchmark

70%

Of respondents left a comment, with 5,900 comments in total, which is 33% above Glint's average

71%

Of our employees responded which shows confidence level of 99%

International Operations

Across our international operations, the Group continued to make important strides in attracting, engaging, supporting, developing, and empowering our human capital, which is the foundation of our Group's success. The below is a selection of human capital initiatives and achievements for 2021.

OUR INTERATIONAL HR TEAMS GOING ABOVE AND BEYOND – Our success in the UAE was reflected across the Group with our Etisalat HR colleagues in Saudi Arabia, Pakistan, Morocco, Egypt, and Afghanistan excelling in delivering an exceptional employee experience.

Saudi Arabia

In 2021, Mobily went through the Human Capital Transformation Project with changes in the overall operating model and practices. The HR initiatives were directly linked to Mobily's GAIN strategy which influenced HR's way of working from a support function to the main driver for Mobily's success.

To create purpose for employees with a holistic journey from onboarding to wellbeing, the Mobily HR team continued to work shoulder-to-shoulder with the internal stakeholders to ensure their functions can achieve the transformation target and sustain it for years to come.

In terms of People Engagement and Culture, Mobily promoted its values through HR initiatives. In addition, they enhanced the employee experience by providing a variety of culture and engagement initiatives by providing work, social, and health-related activities.

A vast enhancement was introduced to the new organisation structure as part of the transformation mission. As a result, Mobily accelerated growth and shifted and adopted an agile, digital mindset with this new operating model.

The HR team understood the role in data governance, enhancement, and reachability for better governance. In the same scope, key HR procedures and processes were revamped.

Mobily introduced retention programmes, including designing a new grading structure to make it simpler to create a learning-orientated culture and a new salary structure helped ensure their alignment with benchmarks and best practices.

The Mobily HR team enhanced the talent development and learning culture by reskilling and upskilling employees through various development programmes.

Strategic knowledge portal

Mobily launched its strategic knowledge site, an initiative developed with the aim of keeping the Mobily family constantly abreast of the latest developments in the ICT sector, the latest use cases of digital technologies, as well as strategic directions.

This initiative will contribute to the knowledge enrichment of Mobily employees to open new horizons of opportunities that enhance the Company's revenues and raise its operational efficiency to be a leader in the sector.

Fifth edition of the Elite Programme

Mobily celebrated the launch of Elite Programme in its fifth edition, which includes significant changes to adapt to rapid changes in digital transformation, as it is one of the key pillars for realising the Kingdom's Vision.

The programme consists of four main areas: job rotation among departments; advanced training from the best international universities; counselling and guidance sessions for programme members to overcome any obstacles they face during the programme; and ongoing evaluation to measure performance progress.

MoU with Al-Yamamah University

Mobily signed a Memorandum of Understanding with Al-Yamamah University to strengthen cooperation between the two parties and to contribute to the development of Mobily's and the University's national staff.

The Memorandum of Understanding included the scope of the cooperation on which work will be undertaken, covering several levels of training, studies and joint research projects that serve the objectives of both parties. There is provision for discounts on tuition fees for the families of Mobily's employees.

These training programmes will contribute to the development of the human resources and will help to fulfil Mobily's aim to enable the digital economy and to create opportunities in communication and information technology.

1,132
Employees
In digital learning programmes

Enrolled 40+ senior management in a coaching-based leadership development programme with a well-known business school

Enhanced Graduates Program (Elite) was launched

72,557
Learning Hours
Blended learning and digital programmes

Succession Management Cycle was identified for certain critical roles

Encouraged Female Leadership and enrolled a number of Mobily's women leaders in interactive leadership development programmes in business school

74%
Employees
In blended learning

Conducted 400+ hiring assessments and 10+ development assessments

Hosted 50+ Cooperative Students to support local Saudi universities in preparing Saudi youth for the future workplace

Morocco

Maroc Telecom Group (MT Group) is the largest telecommunication network in Morocco. They owe their success to its employees' expertise, know-how, and commitment as an organisation, and they continue to focus on the continuous development of skills, career development and ensuring the wellness and safety of its people.

They have a highly diverse training programme covering all business areas to enhance employee skills and keep pace with technological, competency and organisational changes. Fuelled by the challenge of the pandemic, Maroc Telecom adapted its training to go digital via virtual classes and e-learning.

Social Welfare – Maroc Telecom's dynamic social policy addresses social protection and health and pension cover in addition to medical insurance. Employees also have access to other life benefits like subsidies for home loans, transport for pilgrimage, discounted vacations, and rates.

Maroc Telecom has set up a programme of professional courses that can be completed while pursuing evidence of the Company's commitment to constantly evolving and upgrading employee experience.

The right policies for performance

The HR policy of the MT Group is based on modern HR management, attentiveness, and permanent dialogue, steadily improving working conditions and appropriate social benefits. Maroc Telecom's performance is essentially based on the expertise, know-how and commitment of its employees.

The Group therefore focuses its human resources management on the continuous development of skills, professional career development, and the wellbeing and safety of its employees. Maroc Telecom's HR policy is based on the recognition of performance, the development of skills, equity, and equal opportunities.

Enhancing learning and development

Training is the Group's primary lever for developing skills. The Group's training programme is highly diversified and covers all the Company's businesses, with the aim of enhancing employees' skills to keep pace with technological, competitive, and organisational changes.

As part of the digital transformation process launched by the Company, training is currently undergoing several projects aimed at revitalising, strengthening, and modernising its organisation, offerings, and content. Consequently, Maroc Telecom's centre has been reorganised and equipped with pedagogical and logistical means in order to establish a global training system for the development of technical skills, performance and customer satisfaction.

To encourage employees wishing to further their studies in fields related to their jobs, Maroc Telecom has set up a programme of degree courses, in parallel with their professional activity.

Adapting to COVID-19

Since 2020 and considering the context of COVID-19, the training offer has been adapted using distance learning devices in the form of virtual classes or e-learning. In this context and in order to facilitate access to all its employees, Maroc Telecom has set up several local spaces, equipped with the equipment and accessories required for this distance learning method.

Attracting talent

Maroc Telecom is constantly adapting its recruitment policy. The approach adopted is transparent, fair, rigorous, and highly selective. This enables us to attract the best graduates from national and international schools.

Promoting professional development

In order to promote the professional development of employees and to guarantee flexibility in a constantly changing environment, the Company encourages mobility.

Nationally, several programmes are in place to support employees in learning about their new roles. While internationally, career opportunities are offered to its employees who wish to give a new impetus to their professional career.

Pakistan

Pakistan Telecommunication Company Limited (PTCL)

To further their customer support staff, in 2021, PTCL implemented an agile learning environment based on Harvard's learning approach to bridge the skills gap, and the team has been trained in Lean Six Sigma, which helped the Company improve processes and achieve cost savings.

PTCL undertook several initiatives to upgrade its talent pool, including the flagship Summer Internship Programme "Experia" and Management Trainee Programme "Summit". PTCL also executed the Business Intelligence Trainee Programme to help fresh graduates hone skills through on-the- job training for six months with a possible employment opportunity.

PTCL's flagship leadership programme, Fuel, designed to prepare high-performing employees for leadership roles through a streamlined journey, had its third batch graduate in 2021. Furthermore, PTCL offers an Executive MBA in collaboration with Lahore University of Management Sciences (LUMS).

The HR department at PTCL has been instrumental in driving the internal digital transformation for the organisation. To help teams improve their productivity in the hybrid working model, PTCL launched OrganiCer to ease into the cultural shift and raise awareness of task management tools.

PTCL also introduced Effi-Meter, a survey to gauge the voice of their people.

HR continually engaged with employees through leadership Town Halls, celebrated national and global days, and a 'back to office' campaign to welcome employees back after COVID-19 cases reduced.

An innovative peer-to-peer recognition platform, called 'Cheers for Peers', was launched where employees could recognise their peers with fun and unique titles based on their work personality. PTCL also continued a quarterly recognition programme, PTCL Champions, that honours front line Champions to bring excellence in their day-to-day work.

In 2021, Diversity and Inclusion was adopted as a strategic pillar. Initiatives included awareness campaigns on DEI, women's wellness including PCOS and Breast Cancer, and a flagship internship programme for People with Disabilities "Justuju" which included Disability Sensitivity Training.

To help mitigate COVID-19, PTCL used an integrated approach including SMS, IVR, posters and videos which resulted in 100% of their workforce vaccinated.

New learning and training management system

PTCL developed an in-house interactive learning and training management system (based on Harvard learning approach) for its customer support staff. It has helped to track customer support staff learnings and to improve it by adopting a set of certain learning programmes. It has helped to bridge the gap of resources in customer support as and when required, thus helping in managing contact centre service KPIs and customer experience.

Paving the way for new talent

PTCL is constantly upgrading its talent pool by attracting the best talent for its business functions. With its flagship Summer Internship Programme, Experia, the Company selected a cohort of interns from the top universities across Pakistan through an online gamified assessment. This project-based paid internship programme allowed Experians to work on real-time business problems and provide creative solutions and out of the box ideas.

Building skill, knowledge and expertise

PTCL launched an array of high-impact learning interventions for its employees this year, with an emphasis on blended learning and digital learning programmes. Employee participation has shown remarkable growth, reaching a total of 215,923 training hours in 2021.

An Artificial Intelligence Lab was launched with the aim to cultivate innovation and customer centricity. Under this project, AI-based chatbots are being designed for Customer Services and Contact Centre teams. In addition, AI Lab offers certifications, prototype projects, and other innovative solutions.

Nurturing a culture of engagement and recognition

Keeping employee morale high to generate positive results is the Group's priority every year. The management believes in recognising employees for their hard work and commitment. CXOs have been conducting recognition ceremonies to celebrate their teams' efforts.

Carrying forward efforts to keep employees engaged and informed, CXO workshops were conducted including quarterly Group-level workshops with the President and GCEO. A few virtual and physical engagement interventions were organised throughout the year to commemorate and celebrate national and global days.

The PTCL Champions programme continues to operate smoothly for management and non-management staff, whereby nominated Champions receive recognition on a quarterly basis for bringing excellence in their day-to-day work.

Creating a diverse and inclusive workplace

PTCL has always been known for its diversity of resources and infrastructure. However, this year Diversity and Inclusion has been adopted as a strategic pillar by the organisation. The Company has taken a multitude of initiatives to recognise the diverse population groups at the Company and made efforts to ensure inclusion is at the heart of its processes.

The organisation has also made concerted efforts in bringing Persons with Disabilities (PWDs) into the workforce. PTCL ran the second cohort of its flagship internship programme for PWDs, called Justuju, this year.

Ufone

Like its parent company, PTCL, Ufone believes in developing and empowering its people to become drivers of success. To pave the way for new, qualified talent, Ufone also creates opportunities through its summer internship programme, Experia and management trainee programme, Summit. Like PTCL, they also rolled out the Business Intelligence Trainee Programme.

To ensure that their people were kept engaged and empowered, Ufone implemented the same engagement strategies as PTCL, including workshops, the celebration of days and recognition programmes. They also adopted Diversity and Inclusion as a critical pillar and ran the same campaigns as PTCL.

HR at Ufone digitally empowered its employees with the automation of fuel cards, business cards and the digitisation of its Talent Review platform.

Attracting top talent

The world of business is transforming with a rapid pace and people with the Business Intelligence skillset are being valued more than ever. To capitalise on this opportunity, a robust 'BI Trainee Programme' was developed and rolled out whereby fresh students from top universities were provided stipend-based on-job training for six months, with a possible opportunity for employment once completed.

Learning and development

Ufone's commitment to blended learning and digital learning programmes this year delivered strong results, with employee participation growing to 16,000 training hours during 2021. Udemy was a signature programme introduced to improve self-paced learning on digital media.

Customer operations excellence

Investing in the professional development of its employees, Ufone conducted the Lean Six Sigma Green Belt certification programme with the support of PTCL ICT Academy to foster operational excellence culture in the customer services department.

Around 50 participants from Ufone and PTCL (25 participants from Ufone) attended the programme. These certified participants are now fully capable and equipped to implement and bring into practice diverse Lean Six Sigma methodologies in their respective domains, helping achieve operational excellence through enhanced statistical data analysis and decision-making.

Egypt

Etisalat Misr believes in their employees being anchors to success and invests in their professional and personal development.

Among the ongoing pandemic, they undertook several initiatives to keep employees engaged, leading to a 14% increase in their employee engagement index in the past two years. In addition, by engaging in several activities to foster their Employee Value Proposition, such as strategic events and partnerships with top universities, Etisalat Misr has attracted and retained top talent.

Etisalat Misr believes in nurturing the capabilities of its people through opportunities for internal career progression and mobility - in 2021, 47% of the vacant positions were filled internally.

Last year they introduced the 'e to e' programme for current and future leaders that focused on reshaping Etisalat Misr's managers' identity and building characteristics for managers that are essential to driving organisational success. In addition, they shifted their learning approach to virtual and online learning solutions, creating a safe learning environment during the pandemic.

Etisalat Misr availed several online and virtual learning platforms, where 83% of their employees could access and go through a unique learning experience at their convenience. The leadership and management development programmes were customised for each level to shape and boost leaders' skills and capabilities.

Furthermore, Etisalat Misr transformed its induction journey to become digital, which builds a distinctive employee experience. Great emphasis was given to AI and digitising people services by implementing a Chatbot support and an employee app - ietisalat.
Prioritising the health and wellness of its employees, Etisalat Misr closely monitored the pandemic on both macro and micro levels, which helped them make the right decisions regarding employee health and safety, thus increasing satisfaction. Since the breakout of the pandemic, they established all needed safety measures and supporting systems to protect and support both employees and their families.

Delivering blended learning

Etisalat Misr remains committed to supporting and developing its workforce through a wide range of integrated learning and development initiatives. During 2021, Etisalat Misr focused on a blended learning approach, applying virtual classrooms and online learning to create a safe learning environment during the pandemic.

Tailored courses were also rolled out to meet the specific needs various roles, functions, and departments such as Sales Academy, Customer Care Programme, IT and Marketing Agile Programme. Additionally, Etisalat Misr transformed its induction programme in 2021 into a fully digitised programme, to build a distinctive and engaging employee experience.

The leading employer in Egypt

In 2021, Etisalat Misr maintained its position as an employer of choice in Egypt and was awarded the 'Top Employer Egypt Award' for the fourth consecutive year.

Etisalat Misr participated in numerous prominent events and forums for the employment market and partnered with the top universities and the most reputable technical institutes in Egypt to boost its brand in the employment market and promote its Employee Value Proposition (EVP).

Numerous people initiatives were also launched to ensure employee engagement during the pandemic, which led to a significant increase of 14% in the Employee Engagement Index over the past two years, supporting the Company's ability to attract and retain key talent.

Elevating employees for success

Etisalat Misr believes in the exceptional talent at all levels of the organisation and is committed to providing them with every opportunity to rise into senior positions. In 2021, 47% of vacant positions were filled internally, providing more career progression and advancement opportunities.

Furthermore, the role of managers has evolved during the year through the introduction of Etisalat Misr's "e-to-e" programme, which is focused on identifying and promoting three key leadership characteristics for its current and future leaders: 'Enable, Energise, Empathise'.

In addition, important steps were taken this year to digitise HR services by applying Artificial Intelligence for Chatbot support and employee applications, in order to support employees in virtually managing all their needs through easy-to-use self-services.

Ensuring employee health, wellbeing, and productivity

Supporting the health and wellness of its most valued asset, Etisalat Misr launched a hotline to make it easier to listen to employees and to support their needs during the COVID-19 pandemic, including the medical support of all employees and their families.

In addition, Etisalat Misr worked closely with The Ministry of Health and Population to vaccinate employees and their families, while also establishing a range of new wellbeing initiatives to cater for employees' financial, emotional and physical wellbeing.

Afghanistan

In 2021, Etisalat Afghanistan scored 90% on the Employee Engagement Index and 92% on the Performance Excellence Index, a consistent yearly improvement. In addition, their internal mobility score stood at 52% compared to 46% in 2020.

In terms of the health and safety of employees, Etisalat Afghanistan implemented several measures to curb the spread of COVID-19 by:

- Activating a crisis management team
- Developing and implementing social distancing protocols
- Introducing work from home options
- Communicating with employees daily on mitigation
- Sanitisation of offices daily
- Creating contracts with top hospitals for employees' access

To help its people achieve success in remote work, Etisalat Afghanistan supported them with the tools and environment, including P2P points, increasing employee data bundles, and introducing flexible work schedules.

A key success story for 2021 for our colleagues in Afghanistan was adopting a Learning and Development strategy which included the launch of Etisalat Afghanistan's AI learning platform - iQra. They also increased their subscriptions for LinkedIn Learning to 100 accounts, resulting in 1,603 training days in 2021 compared to 768 in 2020, an increase of 109%. The average training days per employee also increased from 1.5 to 3.1, which increased 108%.

Our Corporate Social Responsibility

Through continued progress towards building a digital society and positively transforming every life we touch, the Group maintained focus this year on fulfilling our Vision to 'drive the digital future to empower societies', through a wide array of initiatives that create meaningful and sustainable value across education, health care, economic growth and the environment.

Across our geographic footprint, governments, businesses, and consumers increasingly recognise the fundamental value of digitisation and the positive transformation technology has brought into their lives and day-to-day activities, which has accelerated since the onset of the pandemic.

The Group has taken a stand on the global digital stage to empower people through technology, while harnessing the full force of its network to address modern society's most complex issues. We work towards these commitments by applying our expertise and resources while also bringing together key stakeholders to work collaboratively on a range of initiatives and programmes to support communities in need.

Our portfolio of CSR activities extends to technological development, education, health care, social and cultural engagement, environmental conservation, women empowerment, employee wellness, and beyond.

Safeguarding our Environment

This year, the Group maintained its commitment to the United Nations Global Compact (UNGC) regarding relevant initiatives across the Group's international footprint. Special efforts were undertaken to set new targets for tackling critical issues, such as climate change, promoting sustainable economic growth, and universal access to basic necessities in many countries.

Our long-term commitment to climate action was demonstrated in a variety of ways, including through awareness efforts in Saudi Arabia. Mobily worked with Ericsson to recycle old electronic devices as part of its wider pledge towards the Saudi Vision 2030's sustainability goals to safeguard the environment for future generations. For key occasions, such as 'Earth Hour', special efforts were taken in the UAE and Saudi Arabia, encouraging subscribers and communities to reduce energy consumption as a symbol of commitment to the earth.

In Egypt, Etisalat Misr along with start-up Bassita supported its 'VeryNile' initiative that raises awareness of the importance of protecting and saving the environment by patrolling the River Nile on boats and collecting waste as well as transferring this to a recycling centre.

In Morocco, Maroc Telecom expanded its territorial coverage in remote areas with advanced innovative sustainable technologies that also protected the interests of the families living in these regions. In addition to these investments, Maroc Telecom also implemented projects related to renewable energy, technologies that bring economic benefits to the overall financial performance of the Company and digitalisation of the Company's processes. It participated in the voluntary carbon offset programme of the Mohamed VI Foundation for the protection of the environment and continued its efforts in the country wide 'Clean Beaches' programme and the maintenance of one of the largest gardens in the city of Marrakech.

In Pakistan, Ufone made sustainable progress by reducing its reliance on diesel generators and opting for more energy storage solutions and commercial grid power optimising fuel utilisation. In a major achievement, Ufone also ranked among the top operators on a global level by GSMA benchmarking 31 different operators in 28 countries. The operator has always been an advocate of clean and green sources of power by investing in solar power solutions in areas where the climate and weather patterns permit solar to be a feasible source of energy.

Powering Progress through Technology

Etisalat UAE has always backed national initiatives and the UAE leadership's vision, especially the globally recognised Emirates Mars Mission 'Hope Probe' and the Mohammed Bin Rashid Space Centre satellite launch of 'DMSAT-1'. Similarly, the Company also reinforced its efforts towards innovation by supporting 'UAE Innovation Month', one of the largest festivals in the world, a consolidated effort by the Government, the private sector, and individuals to help create a widespread culture of innovation in the UAE.

This was seen across other operating countries, including in Saudi Arabia, where Mobily worked on creating a one-of-a-kind voice-modifying headset with a focus on gaming safety. This went on to win industry leading awards like Dubai Lynx, Middle East and North Africa's premier festival of creativity.

GITEX Technology Week was one such global event where Etisalat UAE's partners including charitable organisations and universities visited to experience the digital, smart, and innovative solutions all set to empower societies in the near future.

In Morocco, Maroc Telecom was also recognised for its advanced corporate social responsibility practices from 800 listed companies in 31 emerging and developing countries. It was also included in the Casablanca Stock Exchange among the 10 best performing listed companies in social responsibility.

Etisalat Afghanistan, for its part, continued to contribute to the social, environmental and governance principles by improving customer, employee, and overall stakeholder satisfaction.

In Egypt, Etisalat Misr signed a cooperation agreement with Information Technology Industry Development Agency, ITIDA, and Nile Online to provide technical support, training, and to create job opportunities for more than 2,000 youth.

Etisalat Misr also partnered with VictorLink, a provider of technology and marketing solutions, to provide training and educational courses for young people in various fields, in order to develop their capabilities and qualify them for the labour market, and to open new areas for job seekers in various fields.

Enhancing Knowledge and Awareness

Education is another area of prime importance, especially to bridging the technology gaps. At PTCL in Pakistan, connectivity was provided to 11 school campuses that focus on providing education to slum children. Q-Taleem was an innovative initiative from PTCL for education in rural areas. This cloud based digital education platform was selected by the Government to digitalise schools in the country.

In the UAE, Etisalat provided education support worth millions to over 100 students unable to pay their tuition fees by working with entities like Emirates Red Crescent, Al Ihsan Charity and Sharjah Charity International. Etisalat UAE has been working closely with Emirates Red Crescent to raise awareness of their campaign to collect funds for students to complete their education.

With technology and connectivity playing a major role in our lives, children are also the most vulnerable to cyber threats in a connected ecosystem. To create awareness on internet safety Etisalat UAE supported the Khalifa Empowerment programme (Aqdar) across their social media platforms.

It worked with the Supreme Council for Motherhood and Childhood and the Government loyalty programme 'Esaad' to celebrate Emirati Children's Day in the country.

Driving Diversity and Inclusivity

In terms of inclusivity, this was a year where technology innovation improved the overall experience for all segments of society. Etisalat UAE supported international causes like the World Autism Day by introducing a plug-in 'Etisalat Wider Web' enhancing the web browsing experience for autistic people. This web tool developed in conjunction with the Ministry of Community Development and autism centres across the country makes surfing the internet autistic friendly improving the overall experience for the user. Etisalat UAE also worked with the Ministry and the Zayed Higher Organisation for people of determination to create awareness on the commonly used words in sign language by using animation to educate people and encourage everyone to use it while communicating with people of determination with a speaking disability.

For Emirati Women's Day, Etisalat UAE supported young Emirati female entrepreneurs to create a new fragrance called 'Anti' that means 'You' in Arabic. The fragrance represented Emirati women's essence and most importantly every element of this project was managed and completed by these entrepreneurs.

In Egypt, as part of Etisalat Misr's efforts in establishing global cooperation and unity with tolerance and inclusivity, it took the lead by supporting the 'Global Forum of Human Fraternity' which was focused on the theme 'Building a Stronger Global Human Fraternity for Tolerance and Coexistence'. The innovative campaign in the UAE for International Labour Day was also on the same lines of supporting workers from various nationalities to build their child's future with a scholarship for higher education. For World Blood Donor Day, Etisalat UAE worked on creating awareness on blood donation and its impact on saving lives worldwide especially during the pandemic.

REACHING NEW HEIGHTS IN SUSTAINABILITY

The Group's Environmental, Social and Governance (ESG) rating was upgraded from 'BBB' to 'A' by MSCI Global Index, reflecting our continued efforts to operate responsibly and transparently by living our promise of 'Together Matters', together towards a sustainable future. In achieving this rating, e& is now among the top third of global corporations in terms of sustainability.

Caring for Communities

Community development has always been an important focus area for Etisalat. As a support for senior citizens, in collaboration with the Family Development Foundation and the Community Development Authority, Etisalat UAE had a special discount on the Baraktina and Zakhr card for these consumers.

Throughout the year, collaborations with global humanitarian organisations continued especially with Emirates Red Crescent by supporting them on various causes. With Mohammed Bin Rashid Al Maktoum Global Initiatives (MBRGI) Etisalat UAE backed the 100 million meals initiative to provide meals to people living in developing countries of the world and with Noor Dubai Foundation where over 25 million individuals from all over Africa and Asia benefitted from free treatment and preventative programmes including the provision of surgeries, eyeglasses and medication.

To support the success of small and medium sized businesses in the country, Etisalat UAE launched 'SMB Awards 2021' this year, celebrating the success of the business community and showing appreciation for its outstanding performance and contribution to the UAE's economy. This year's awards recognise 10 categories, namely Emirati Business, Women in Business, Digital Transformation, Artificial Intelligence, Top Sustainability, Business Mobility, Top Healthcare, CSR, Tech for Good, and SMB of the Year.

Promoting Health and Wellbeing

Etisalat UAE's loyalty programme 'Smiles' added the international medical charity 'Operation Smile' whose global network of thousands of credentialed medical volunteers from over 80 countries is committed to helping improve the health and lives of children from more than 60 countries. The charity has provided more than 240,000 free surgeries for children and young adults. During the month of Ramadan, Etisalat UAE also helped the Sharjah City of Humanitarian Services who provide services to the people of determination. With the Ministry of Tolerance and Coexistence, Etisalat UAE joined the 'Zayed Tolerance Trail' and 'Ride for Life' engaging with the community especially the people of determination.

In Pakistan, PTCL also set up Mobile Medical Health Units for underprivileged communities whereby vans equipped with medical staff and supplies reached out to underserved people in farthest parts of the country and provided them with basic medical assistance.

The Group also supported global causes to make a difference through its efforts to raise awareness on neglected tropical diseases such as dengue, lymphatic filariasis, trachoma, and leishmaniasis, which disproportionately affect the world's poorest countries.

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UAE OPERATIONS

Gaining momentum as the world's strongest telecom brand

Etisalat has been crowned as the world's strongest telecommunications brand and is the first in the Middle East and Africa (MEA) region to achieve this milestone recognition among 500 global brands.

With a telecommunication portfolio of well over USD 12.5 billion, Etisalat not only retained its AAA brand rating but also its position in MEA as the strongest brand across all categories and the most valuable brand portfolio. These accolades underline the UAE's leadership position globally in its cutting-edge telecommunication infrastructure and strategic advances in digital transformation.

These achievements are according to the latest Global 500 report released by Brand Finance, the world's leading independent branded business valuation and strategy authority. Founded in 1996 and headquartered in London, it aims to 'bridge the gap between marketing and finance.' Brand Finance evaluates over 5,000 brands across all sectors and geographies every year. The 500 most valuable brands are included in the Brand Finance Global 500 report.

Etisalat's brand ranking further enhances the UAE's leading position in cutting-edge telecommunications and digital transformation globally.

Eng. Hatem Dowidar, Group CEO, said: "To be recognised as the world's strongest telecommunications brand with the most valuable telecommunications brand portfolio in MEA underlines the success of our strategic initiatives to build a robust telecommunications infrastructure that creates added value for our customers wherever we serve. With our relentless focus on being customer centric, we continue to push our horizons by investing in next generation technology that will enhance our service offering and help shape the digital future."

He added: "In this digital-first era, our focus is to be agile to meet the evolving requirements of our customers and deliver relevant and flexible services. Since our inception in 1976, we have been led by a vision to create a world-class telecommunication infrastructure that is central to economic progress. We are inspired by the support and guidance of the UAE leadership to stay innovative and future-focused so that we can continue to empower communities and enrich lives."

Etisalat UAE

11.0 MILLION **Mobile Subscribers**	**1.1** MILLION **eLife Subscribers**	**1.3** MILLION **Fixed Broadband Subscribers**	**30.2** AED BILLION **Revenue**
15.5 AED BILLION **EBTIDA**	**51%** EBITDA **Margin**	**7.8** AED BILLION **Net Profit**	**2.6** AED BILLION **CAPEX**

Etisalat UAE has embarked on a bold journey designed to accelerate its growth and transformation in order to establish its position as a leading technology company within the region and the operator of choice in the UAE for government, corporates and consumers.

2021 was another year of success and achievement for Etisalat UAE, with solid strategic progress and financial performance, while undergoing a transformational shift in its operating model.

This year was a major inflection point for Etisalat UAE, which saw us fully align with the overall the Group's growth and expansion strategy. This began with the appointment of Masood Mohamed Sharif as CEO of Etisalat UAE and was followed by a range of organisational changes designed to maximise shareholder value and ensure superior customer experience.

Winning the leading mobile network performance in the world for the second year in a row stands out as one of the key highlights of the year, complemented by maintaining global leadership in fibre penetration and striking major improvements in fixed broadband ranking and associated speeds.

Strong financial results followed, enabled as well by positive market recovery and favourable countrywide economic activity. Overall, the UAE mobility levels have recovered to pre-COVID-19 levels, while the opening of Expo 2020 was a major economy boost and a declaration of the country's resilience.

As the UAE celebrated its golden jubilee, it launched the 'Towards the Next 50' initiative, which will drive the economy further and create massive opportunities, specifically in the ICT sector through initiatives like Tech Drive, PyCon MEA, the fourth Industrial Revolution Network, and 100 Coders Every Day. The UAE continues to demonstrate its unique dynamism and resilience, and Etisalat UAE is well positioned to unlock this value.

Overall, Etisalat UAE celebrated many accomplishments this year, some being the natural outcome of years of focused planning and strategic investments while others surfaced as an outcome of its recent transformation journey, dubbed the "North Star" transformation programme.

Transforming for the future

In 2021, Etisalat UAE's "North Star" transformation programme was launched to address key strategic priorities focusing on de-risking revenues, growth potential, optimising costs, and cementing the enablers in the areas of governance, talent, and culture. The programme's objectives were delivered for the first year; it has generated OpEx savings through increased spend-efficiency and optimisation of third-party contracts, while CAPEX savings were achieved through scope optimisation, demand streamlining and procurement driven synergies.

The transformation project delivered a step change towards a major strategic goal for Etisalat UAE, that of creating a customer-centric digital telco. Some of the key achievements of its consumer-focused digitisation drive included transforming more than 52 stores into a state-of-the-art digital format, embracing no-touch digital journeys, increasing digital recharges to above 75%, and achieving Mobile App penetration of above 30% with monthly active users exceeding three million in 2021 for the first time.

Digital channels are always a focus for Etisalat UAE, such channels are under continuous improvements, including adding more features and notable look-and-feel enhancements. The Company also continued to promote the benefits of its digital channels, providing customers with the ability to digitally access a wide range of services while receiving exciting discounts and deals, as part of its 'Online is better' awareness campaign.

For Small and Medium Businesses (SMBs), more than 50% have been migrated to non-legacy services, with revenue growth from cloud exceeding 2.5X the baseline. Etisalat UAE's major focus on customer experience was also translated into a 50% reduction in Fixed Complaints compared to 2020.

Accelerating performance

Moving to operations, Etisalat UAE is well positioned to provide advanced and comprehensive solutions for all B2B verticals, such as Oil and Gas, Smart Cities and Health Care. Etisalat UAE has also developed and deployed innovative solutions to support business continuity in the new normal, enabling new digital business models and accelerating digitisation, primarily through its comprehensive range of cloud propositions.

Etisalat UAE cloud services propositions have evolved into a Multi-Cloud Managed Service Provider, empowered by state-of-the-art infrastructure, and with partnerships with leading global hyper-scale cloud service providers, offering a wide variety of cloud services complemented with strong consulting and operations capabilities.

In 2021, Etisalat UAE expanded its collaboration with Microsoft in Azure services, and signed a joint agreement with Oracle and Accenture to accelerate its seamless digital transformation capabilities. Etisalat UAE Cloud infrastructure also powers its leading Business Edge platform, enhanced in 2021 with new digital capabilities, to offer SMBs an important engine to support their growth, innovation, and job creation. As a leading cloud provider, Etisalat UAE continued to look for opportunities in the underlying infrastructure, with particular focus on data centres. This year, Etisalat signed an agreement with G42 to merge their data centres in the UAE, in order to build the largest data centre offering in the Middle East and Africa. 12 data centres will be combined in the new joint venture, providing customers with a unique portfolio of infrastructure services, and creating a market leader to host global hyper-scalers. This agreement will further strengthen the UAE as a preferred destination for global technology companies seeking a world-class presence in the region and propel the development of the UAE's digital ecosystem to support digitalisation ambitions.

When it comes to 'Internet of Things' (IoT), Etisalat UAE has strengthened its position as the preferred M2M and IoT provider, powering over 1.6 million cellular IoT devices' SIMs through its IoT enablement platform. In 2021, Etisalat UAE also expanded its collaboration with several leading MNCs and local companies, such as Indra and ADDC, delivering one of the largest end-to-end smart metering solutions in the region, with more than 1.2 million smart meters to be connected in the coming years.

In the B2C digital space, Etisalat UAE continued to innovate and explore new ventures. The Company unveiled a new VoIP app, GoChat messenger, with voice and video calls, instant messaging and digital content features this year, while also launching Arena Mobile, a gaming platform offering over 850 ad-free titles with mobile data included.

Etisalat UAE also introduced more insurance options, expanded its smart living devices portfolio and brought Etisalat "House of Cricket" vision one step closer to reality by hosting premium cricket content and events on e-Life and Switch TV for OTT video customers.

For its Smiles loyalty programme, which was voted the UAE's 'Best Discount Programme' at the inaugural Bayut 'Your Home, Your Choice Awards' 2021, Etisalat UAE expanded its Blockchain-powered rewards exchange feature, which allows consumers to monitor their loyalty currencies and exchange them across platforms. It also added more high-value partners, including GEMS Education, ADNOC and Shukran loyalty programmes, enabling users to keep track of their points and swap them across platforms. Smiles users surpassed 2.6 million in 2021, following the launch of Smiles food delivery service, which was a major feature request of Smiles users.

With respect to financial services, Digital Financial Services (DFS) – Etisalat's eWallet provider – received its upgraded license as a Stored Value Facilities (SVF) provider by the UAE Central Bank, allowing the Group to acquire Dubai Islamic Bank's shares in DFS, raising the Group's ownership to 100%. This acquisition will allow DFS to offer eWallet users better bundled financial services and facilitate service growth in the UAE.

In late 2021, in line with its strategy to continuously enhance relevance to consumers in the digital age, the Group signed an agreement to acquire 100% of the UAE based online grocery platform elGrocer. The move will support Etisalat UAE's digital ambitions by enriching its services; bringing it closer to the daily lives of the consumers and unlocking synergies that drive a diversified and integrated product portfolio. elGrocer's strong online presence in the country will complement Smiles food delivery and lifestyle offers and expand the ability to earn and redeem points at more than 7,000 outlets across the UAE.

Connecting a new world at Expo 2020

As the Digital Services Premier Partner of Expo 2020 Dubai, Etisalat UAE connects a whole new world for the largest event ever staged in the Arab region, welcoming 192 countries and millions of visitors from across the globe over the course of six months.

Ahead of the opening, Etisalat UAE built the necessary robust infrastructure by applying the most advanced 5G network and technology solutions, cementing its reputation as a leading technology brand on the global stage.

For the event, Etisalat UAE delivered and is operating various cloud and digital applications, including the Expo portal, visitor mobile applications, venue booking solution, interactive digital map, and other business analysis and reporting solutions. Etisalat has also deployed a state-of-the-art telecommunication infrastructure, including more than 600 km of fibre cables, more than 4,000 WiFi access-points, and more than 100 in-building coverage solutions.

The partnership with Expo 2020 goes beyond technology infrastructure, as Etisalat UAE launched a volunteer campaign across the UAE community calling for support in bringing 'The World's Greatest Show' to life during the lead-up to the event. During Expo 2020, which began in October 2021 and culminates at the end of March 2022, Etisalat UAE remains present on site through mobile service hubs across the venue, as well as at a business hospitality pavilion and other branded spaces.

Expo 2020 Dubai is the first commercial 5G enterprise customer in the Middle East, Africa and South Asia (MEASA) region to access 5G services, enabling Etisalat UAE to set a benchmark for the region, and globally and positioning the UAE as an innovation leader in technology and infrastructure. This milestone is aligned with the Group's vision to 'Drive the digital future to empower societies', and its continuous efforts to enhance the UAE's reputation as a leader in innovation, infrastructure, and technological development.

Delivering exceptional services and experience

Moving to core services, Etisalat UAE continued to blend its core and digital offerings to enhance relevance and resilience, catering to the diverse needs of the UAE population, and delivering unmatched value through a mix of unprecedented benefits.

In 2021, Etisalat UAE expanded the segmented mobile product portfolio with the introduction of novel propositions, such as Emirati Freedom, Wasel Flexi and Five-all-Rounder, as well as Youth Music On and Game On add-ons, which provide the youth segments with entertainment benefits bundled with data.

In addition, Etisalat UAE introduced its eLife Ultra portfolio of services offering additional digital benefits along with ultra-fast speeds, and provided free speed upgrades to all its customers, including a 1 Gbps speed boost to its eLife Unlimited users to celebrate the 50th anniversary of the nation's founding.

Moreover, Etisalat UAE has enhanced its Mobile Service Centre to give more visibility and control to business customers, providing them with user-friendly self-service capabilities, real-time usage visibility, and a subscriptions recommendation engine based on usage behaviour.

In terms of customer care, Etisalat UAE focused on scaling up the use of AI-powered virtual assistants, which plays a pivotal role in serving its customers faster and more effectively. This helped Etisalat UAE achieve a notable increase in end-to-end AI-enabled care completion rates, as well as improved satisfaction ratings, which was recognised through a number of customer experience awards this year.

Etisalat UAE continues to harness and adopt the latest technologies for the benefit of its customers. In 2021, Etisalat UAE expanded its 5G network, providing better coverage and unmatched experience to its customers, and engaged with B2B customers and partners in advanced 5G deployments and Proofs of Concept, such as Ajmax X Autonomous Vehicle, ADNOC Smart Petrol Stations, and Smart Ports.

Etisalat UAE also launched the next generation Wi-Fi 6 services for the governmental, enterprise and SMB sectors, catering to the increased demand by customers for higher speed and bandwidth. In addition, the Company extended the availability of many of its business and consumer services over its 5G network, including eLife Triple Play, Video surveillance, and Enterprise SDWAN services, as well as various proof of concepts for Industry 4.0 applications.

Leading the wholesale market

Etisalat UAE Wholesale Services maintained its leading status as the largest international voice hubbing carrier, the leading SMS hub and the most resilient international connectivity provider.

In 2021, Etisalat UAE signed – as part of a consortium – the supply contract of the Africa-1 submarine cable, which will strengthen Etisalat UAE's reach to Africa and provide additional diversity to its international network towards Europe.

Etisalat UAE also expanded its SmartHub facilities with a new data centre in Dubai, enhancing customers' experience through content-rich services, such as video streaming, gaming, and financial trading applications.

Additionally, it has reinforced its reputation as the operator with the largest roaming footprint globally, continuously adding more 4G and 5G roaming partners. With almost 100 5G roaming partners as of year-end, Etisalat UAE customers can enjoy 5G services across the globe.

Driving continuous innovation

Fostering open innovation through its #FutureNow scale-up programme remains a strategic pillar for Etisalat UAE. The Company continues to enhance the innovation ecosystem in the UAE, increasing traction in existing partnerships such as DIFC Fintech Hives and Dubai Future Accelerators, and signing new strategic agreements with some of the most important private sector and government institutions, such as Hub71 and Abu Dhabi Investment Office.

In addition to Etisalat Innovation Centre in Dubai, Etisalat UAE also officially inaugurated its second Innovation Centre in Abu Dhabi in October, helping customers discover the best and latest technologies, and serving as an inspiration to digitise their businesses.

Etisalat UAE also launched the 'Digital Premium Internet' service, a unique enterprise proposition providing internet bundled with digital services, applying an "à la carte" model, allowing an on-demand selection of various add-ons.

The world's leading mobile network once again

Etisalat UAE prides itself on building one of the best networks globally. This year, it was named the leading operator worldwide in terms of mobile network performance for the second year in a row and maintained the #1 rank globally in fibre network penetration.

In 2021, it deployed cognitive network planning technologies, enabling a zero-touch automated forecast of network capacity planning and expansion activities. Moreover, in the spirit of Group collaboration, Etisalat UAE extended the use of the Mobile Networks Intelligent Network (A3) platform to be used across the Group.

Etisalat UAE is taking serious steps towards transforming its network and IT into a cloud/AI stack model and built a hybrid multi-cloud set-up for IT backbone. The Company is committed to leading in 5G and providing the best 5G experience to its customers, with coverage of main cities reaching up to 95% by the end of 2021. Moreover, as the official Telecommunications Partner for Expo 2020 Dubai, Etisalat UAE worked hand-in-hand with the Expo team to ensure seamless connectivity for organisers and visitors alike.

Celebrating the UAE's Golden Jubilee

A once in a lifetime occasion deserved a campaign like no other. To mark the 50th National Day of the UAE, Etisalat UAE launched a campaign to celebrate this momentous occasion.

The UAE is a beacon of hope in the world – a shining example of tolerance and unity. Embodying the spirit of the union, and exemplifying the Group's brand promise that "Together Matters", it launched a unique campaign with the message of "50 Years United in Celebration".

The campaign honoured the memory of the UAE's founding father, Sheikh Zayed, and showcased the achievements of the UAE over the past 50 years. The campaign also showed the sense of unity, and belonging that expats feel for the UAE, and the promise of the next 50 years for the nation.

People from all sectors of the society participated in the campaign; from Sheikhs to ministers, sports stars and media personalities to influencers, Emiratis and expats.

The main campaign film was accompanied by a multicultural song, performed by the UAE's pre-eminent vocal artist, Ahlam. This helped elevate the campaign, and instantly ushered the song into the rich lore of UAE National Day songs.

The campaign achieved widespread success, and the admiration of the denizens of the UAE, across both social and traditional media. It showcased the sense of togetherness that people in the UAE feel for each other, in a way that only Etisalat UAE can achieve.

Looking forward

In the year ahead, Etisalat UAE remains committed to being a partner for its customers and a pillar in its community. Future prospects are positive but dictate a different strategy to address challenges and capture opportunities, and therefore demand a radical approach in managing market dynamics and delivering growth aspirations.

Hence, Etisalat UAE will be executing a new strategy that is beyond defending the core. It will emphasise themes around growing and scaling digital verticals, transforming the network, building a customer-focused and agile-digital telco, while operating in a performance driven culture that promotes talent in general and UAE Nationals in particular.

Etisalat UAE is excited to be part of Expo 2020, which will last until the end of Q1 2022, and is working to ensure it plays a key role in a range of key upcoming projects related to the UAE's 'Towards the next 50' initiative.

E-Vision

E-Vision is committed to becoming the most compelling and efficient platform-agnostic content aggregation company in the region, creating value for telecommunications firms through the provision of the richest content offering and turnkey IPTV and OTT solutions, so they can focus on their core marketing and sales activities.

In line with its commitments to support and create value for its telco customers, E-Vision delivered a strong performance and faithfully executed its strategy during this year, which included:

Diversifying
and deepening content aggregation services provided to telcos for consumer and hospitality across multiple genres and market segment ethnicities, for linear and VoD services across IPTV and OTT platforms

Aggregating
applications covering an extended scope of entertainment, including video, music, gaming, e-sport, etc.

Enhancing
its service offering and quality, including a larger number of linear channels (FTA and Premium), Subscription-on-Demand (SVoD), Transaction-on-Demand (TVoD), Content Management and Servicing, EPG, etc.

Increasing
its sports content in the region, with a particular focus on cricket

Growing
its customer base and partnerships

Growing content

During 2021, E-Vision continued to deliver on its promises through the successful implementation of multiple strategic and operational programmes, delivering excellent results and placing the organisation on a path towards further growth.

E-Vision enhanced its offering by adding multiple new HD and 4K channels from different categories in its catalogue, serving the consumer and hospitality market and addressing multiple customer segments.

Its agreement with beIN was renewed with new terms that includes a new Ultimate Package with special events channels to telecast all major sporting events. Key featured content included: AFCON 2021, IPL, UEFA Champions League, EURO2020, COPA America, English Premier League (EPL), La Liga, Ligue 1 and Tennis Grand Slams, the eagerly anticipated FIFA World Cup in 2022 and other premium sports content.

E-Vision also secured MENA rights for the much-awaited ICC T20 Men's World Cup 2021, something to celebrate for cricket fans across the region. It also launched CricLife Max and sub-licensed the content to reach out to a wider audience in the GCC, and for the first time ever, distributed CricLife channels throughout the entire MENA region, and not only in the UAE.

Another milestone was the agreement signed with Rotana and ART to acquire popular Arabic content, including movies, TV series and plays, in order to enhance E-Vision's Arabic content offering in the UAE, Saudi Arabia and Egypt.

Expanding reach

In terms of its international expansion, E-Vision, as the sole turnkey TV/content solution provider to Etisalat Misr and Mobily in Saudi Arabia, plays a pivotal role in Etisalat TV and Mobily TV respectively, providing over 13,000 hours of preferred content. The Company continued to work closely with both Mobily and Etisalat Misr to drive subscriber growth in the Kingdom and Egypt. It also launched new sub acquisition offers, including hard bundling the service with high-value customers (i.e. Etisalat Misr's Emerald and Mobily's Raqi subbase).

In Pakistan, E-Vision continued the success of both TVoD/eJunior products and worked jointly with StarzPlay to extend the service to Ufone subscribers to offer convenient billing through the Ufone DCB platform. E-Vision and StarzPlay also came to terms with PTCL to launch a video bundle to the new high-speed fixed/fibre customer base.

Enhancing experience

E-Vision officially launched its innovative Television Audience Measurement (TAM) service with top international and local broadcasters, which was shortlisted as the 'MENA Trendsetter of the Year' at the Broadcast Pro Awards.

As the hospitality market continued to recover from the impact of COVID-19, E-Vision maintained a zero-churn strategy on its existing accounts. Additionally, it successfully acquired 36 new properties, including the first WB themed hotel in the world.

evision

To enrich its video-on-demand (VOD) content, for the first time ever E-Vision released over 20 blockbuster titles from studios as a premium VOD/early release, just five weeks after theatrical releases.

On TVOD and SVOD, E-Vision renewed strategic relations with key studios and entered new partnerships, with the aim of strengthening and diversifying its content and enriching customer experience.

Looking forward

In 2022, E-Vision will continue to provide the most compelling sports offering in the market, while keeping the lead in terms of its entertainment proposition, in order to cater to all members of the family, as well as all expat segments and ethnic groups in the UAE.

E-Vision will also continue to work closely with international operating companies to progressively enrich its content and provide great experiences to its customers.

Etisalat Services Holding

Etisalat Services Holding (ESH) delivered on its promises this year, continuing to innovate and create substantial value for the Group by providing support across key areas through its seven operating entities.

Outsourcing Management Business (OMB)

Spun off as a separate company in 2020 to better serve the growing outsourcing and shared services market within the region, OMB aims to become the market leader by providing value added, turnkey solutions to private and public sector clients within its areas of expertise.

In its first full year of independent operations, OMB successfully adapted to the new dynamics of business, despite the significant challenges caused by the pandemic. Overall, over 1,800 employees were onboarded for clients, a range of new services were launched, and the business was reorganised to be more efficient and progressive, laying a strong foundation to emerge as one of the prominent players within the industry offering multiple services to some of the best blue-chip companies across the region.

Tamdeed

Tamdeed succeeded in delivering a wide range of strategic and high-value projects to its customers this year, while emphasising cost optimisation along with a focused approach to projects completion.

The Company's biggest project this year was for Expo 2020 Dubai. Tamdeed had dedicated, highly experienced teams working around the clock to ensure that all requirements were met as per the agreed schedule. Reflecting the importance of this event to the UAE, the Company successfully delivered the installation of more than 4,000 access points and 8,000 antennas and laid 2,500 km of fibre. Moreover, Tamdeed delivered full ICT for the Morocco and the Opportunity pavilions and will continue to provide support and maintenance until the end of the event.

Tamdeed also delivered key projects for a range of key public and private sector clients, including:

- Connectivity for Microsoft new data centres in Dubai
- Fibre infrastructure in the Western Region for the Crown Prince Court
- Connectivity and firewall for VVIP palaces
- Audio visual solution for Umm Al Quwain Civil Defence
- Mobile coverage upgrade for Mall of the Emirates, Dubai Mall, Yas Mall and Deerfields Mall
- Active networking components and WiFi for seven schools in Abu Dhabi

Tamdeed also continued to grow and diversify its revenue streams. Currently, a focused approach is being taken to enhance its capabilities in areas where user experience enhancement is required, which includes 5G rollout, network modernisation, Extra-low voltage (ELV) projects and Fibre Distribution Hub (FDH)/last mile uplifting.

In addition to capturing more business, it also launched an initiative to build a network of public relations and strategic partnerships with the biggest players in the market. This is an essential step to help Tamdeed to identify and capture more business opportunities in the future.

Etisalat Facilities Management (eFM)

In 2021, eFM increased its revenue through intensive sales activities and operation excellence, which was the result of winning new contracts. It also renewed 13 key contracts, through proactive customer satisfaction initiatives, which included new AI, ML, IoT product trails, as well as initiatives to enhance operational delivery and data-driven decision-making.

This year, eFM launched a number of sustainability and energy efficiency products and services with leading technology partners, which included supercapacitor chargers; fuel cells; AI, ML, IoT predictive maintenance and energy saving operational platform; AI air quality monitoring and analysis; and photocatalytic ionises sanitisation.

eFM remains committed to the highest standards of quality and seeks accreditations and certification that keep it ahead of the competition. The Company successfully obtained ISO18788:2015 for security services, ISO certification specially OSHAD, and ISO 41001:2018 for Facilities Management System (FMS). eFM is now one of only three organisations in the world to hold ISO18788 Security Management, and Private Security Business Department (PSBD)/Private Security Firms Regulatory Department (PSFRD) from the Ministry of Interior.

Etisalat Academy

Etisalat Academy has a long-standing track record of providing innovative and diverse learning solutions to its clients across the UAE. To ensure that it stays ahead of the competition, it is continuously refining its offerings and focusing on digital, business, and personal development portfolios for a wide range of audiences, ranging from young students to experienced professionals and business leaders.

In 2021, it continued to offer exclusive and customised programmes for students of all levels and ages, such as Youth Camps, IT Boot Camps, and other special projects. It also continued to deliver customised programmes for government clients and expanded its reach within the corporate and international segments, attracting prominent clients such as DP World, Essa Saleh Al Gurg, Omantel, CITC (KSA), etc.

While focusing on individual capability development, Etisalat Academy launched its public training programmes, introducing in-demand industry-specific programmes and new solutions aligned with the latest global trends and needs of organisations and businesses locally and worldwide.

Notable achievements in 2021 also include the successful transition to a blended learning model. Over 90% of the training projects were delivered virtually this year, in alignment with the new norm, ensuring business continuity. Etisalat Academy also managed to maintain an excellent customer satisfaction score of over 95%.

To ensure that Etisalat Academy leads the market and is aligned with the current and future market outlook, it analysed the UAE's workforce strategies for the next five years, as announced under the 'Towards the next 50' initiative. Etisalat Academy believes that people who are eager to learn are those who can create a better world and it is proud to have the opportunity to continue to inspire the communities it serves.

Etisalat Information Services (eIS)

This year, eIS launched a number of new services to better support customers, including social media management packages for SMEs, eCommerce packages services for SMEs, and Search Engine Optimisation (SEO) services. This was supported by ongoing digital transformation projects to deliver a 6% increase in service execution in 2021.

eIS also succeeded in increasing its client retention rate from 32% in 2020 to 55% in 2021, Tier 1 customers increased from 38 in 2020 to 53 in 2021 (up 40%) and collections were improved 20% compared to 2020. Collectively, the success of this year provides a solid foundation for future growth for the business.

Emirates Data Clearing House (EDCH)

In line with its strategy to expand its presence globally, EDCH expanded from its headquarters in the UAE into seven new geographical locations around the world this year: Canada, Gambia, Ivory Coast, Congo, India, Sri Lanka and Azerbaijan.

To support this growth, it kicked off a rebranding project to reflect the global expansion in sales and product focus. This included revamping the EDCH website and social media image, as well as increasing press coverage and hosting a global telecommunications event (GSMA Wholesale Agreements and Solutions Group in March 2021).

Customer satisfaction increased during the year to 98.17%, driven by the introduction of focus groups and assigning service managers to VIP customers, which reinforced customer service as a strong competitive edge for the Company.

In 2021, EDCH launched service operations from India, Pakistan and Egypt as well. Previously only offered from the UAE, this helped achieve cost optimisation, business continuity, and multilingual support. It also increased its regular support timing to cover 12 hours each day, with a target to increase the coverage to 20 hours in 2022, with the remaining four hours covered as emergency support via phone calls.

It successfully transitioned its Core Clearing System to the LINUX platform, ensuring enhanced processing and cost savings. It also grew its workforce, adding in-depth knowledge and expertise to the business, in order to accelerate product development in different markets. Not only will this serve to enhance current services, but it will also open avenues into new technologies, such as Communications Platform as a Service (CPaaS) and Blockchain, that will help define the Company's direction moving forward.

Ebtikar Card Systems (ECS)

In 2021, ECS introduced three shifts to provide 24/7 production and support, maximising production capacity and improving delivery timelines with zero delay or penalties. It also added eSIM, the digital version of SIM cards, to its services portfolio and successfully delivered this service to Etisalat UAE, SOMTEL and 9 Mobile. It also developed an application to generate QR codes for eSIMs and share automatically in PDF format.

In addition, ECS developed the profile for M2M (machine-to-machine) SIMs for the Group, as well as MFF2 (machine-to-machine form factor) SIMs for industrial gates, supporting the client for the non-mobile SIMs. Also, the team has developed the applets for M2M SIMs.

Through these enhanced services and solutions, 2021 saw ECS succeed in increasing its vendor rating to its client, Etisalat UAE, to 113% from 74% the previous year.

E-Marine

For nearly three decades, E-Marine has been the trusted principal provider and leader of submarine cable solutions in the Middle East, East Africa and the Indian subcontinent, with a modern fleet consisting of five ships and one shallow water survey boat.

During 2021, E-Marine successfully registered and pre-qualified with several major oil and gas (O&G) and utility companies. It was awarded prestigious marine survey and installation projects during the year and acquired new cable maintenance contracts thereby increasing its coverage. It also succeeded in completing the equivalent of over 321 days of repair operations this year.

The Company's marine survey operations business, offering comprehensive solutions and equipment for marine surveys, launched last year, and its first deep water project is already underway. To cater to increasing market needs and with the aim of increasing revenue and market share, E-Marine plans to augment fleet strength, equipment, depot infrastructure and bases in the coming years.

INTERNATIONAL OPERATIONS

Maroc Telecom Group

70.0 MILLION **Mobile Subscribers**	2.3 MILLION **Landline Subscribers**	1.9 MILLION **Fixed Broadband Subscribers**	35.8 MAD BILLION **Revenue**
18.6 MAD BILLION **EBTIDA**	52% EBITDA **Margin**	6.0 MAD BILLION **Net Profit**	5.6 MAD BILLION **CAPEX**

Digital transformation and innovation are strategic priorities for Maroc Telecom Group, which continues to invest purposefully to extend and strengthen its networks in all territories and offer the latest technologies. This year, Maroc Telecom launched a new brand, 'Moov Africa', which brings together its subsidiaries under a single visual identity, thus reinforcing its strategic positioning as the benchmark operator on the African continent.

Driving strategic innovation

During this year of accelerating success and performance, Maroc Telecom maintained its focus and commitment to supporting digital transformation and making technological innovation accessible to as many people as possible.

To meet the increasing demand for data, the Company's Mobile Postpaid offers and Prepaid Passes were enhanced and its Fixed Internet speed increased, ensuring a positive experience for its customers, while offering them enhanced services and regular promotions.

To help customers buy smartphones, significant price discounts were offered, in particular via special e-boutique flash sales, with a 100% digital customer experience.

In order to bring access to social networks closer to the masses, Maroc Telecom launched the Facebook Autoflex service, allowing users to stay connected to their community even after their rate plan has been used up.

The Company also seeks to support its customers in their daily digital uses by enhancing its catalogue of internet accessories with new references, such as access points, repeaters, and mesh routers for a better WiFi range.

As part of its innovative strategy, Maroc Telecom has a catalogue of connected objects on the topics of security, comfort, and health in partnership with internationally renowned suppliers. It also pioneered the eSIM in Morocco, a digital SIM that allows users with a compatible smartphone to activate their line simply by scanning a QR code.

Concerning content services, Maroc Telecom launched "MT TV", the first convergent service offering a better high-definition streaming experience, rich content of TV channels and VoD produced by the biggest studios and advanced features.

Maroc Telecom also supported businesses by facilitating rapid access to digitalisation and teleworking by enhancing the MT VISIO videoconferencing service catalogue with the "Zoom Business" solution, a unified communications platform based on video.

Investing in the network

Maroc Telecom Group continued to invest in broadband and ultra-broadband to meet the growing needs of its customers for data and voice services. Across its geographic footprint in West Africa, its investments focused on the development and modernisation of infrastructure to improve coverage and mobile data speeds.

In Morocco, investments have been directed towards the development of optical fibre using FTTH (Fibre-to-the-Home) technology and the improvement of Mobile Data speeds offered to customers. Moreover, Maroc Telecom's 4G mobile network covers 99% of the Moroccan population as of the end of 2021.

With regards to its subsidiaries, Maroc Telecom has pursued its strategy of rolling out mobile broadband technologies through the continuation of programmes to extend and increase the density of data coverage and the development of FTTH fixed-line residential networks in Mauritania, Burkina Faso, Mali, Gabon, Côte d'Ivoire, and Chad.

Improving customer experience

As part of its ongoing digital transformation strategy, Maroc Telecom has implemented several projects and initiatives to better meet users' expectations and improve the quality of the customer experience.

This year, Maroc Telecom provided customers with a more simple, fluid, and secure customer experience for its digital services. It also continued to modernise and diversify the automatic payment methods widely adopted by customers, both digital and physical, direct and via third party partners.

The Company also integrated social networks into its customer relationship management to interact directly with customers. In addition, it has set up and enhanced its digital channels, allowing customers to consult invoices online via Selfcare or via WhatsApp. Throughout the year, interactive terminals were upgraded for the payment of bills and the purchase of refills by credit card, while exclusive promotions and dedicated raffles supported increased customer recruitment via the digital e-shop.

The processing of customer files was also transitioned to digital platforms with the deployment of electronic signature pads. The protection of personal data is essential to Maroc Telecom, which has been ISO 27001 certified since 2007, ensuring the protection of customer data by the Company.

Launching Moov Africa

In 2021, Maroc Telecom rebranded its 11 subsidiaries in Africa as 'Moov Africa'. With more than 70 million customers on the continent, Moov Africa brings together its subsidiaries under a single visual identity, marking a further step in its international development and further strengthening its strategic positioning as a benchmark telecommunications player in Africa.

The new identity illustrates the vision of Maroc Telecom, "Africa on the move", which is founded on the principle of sharing the Company's know-how and its capacity for innovation for the benefit of the countries and communities where it operates

Looking forward

In 2021, Maroc Telecom and Moov Africa will accelerate their growth journey, bringing market-leading services and offers to support and empower the people, businesses, and government partners across Africa.

Mobily

Activating eSports in Saudi Arabia

As part of Mobily eSports' mission to raise awareness on the many benefits, and potential dangers, of online gaming, it launched a campaign announcing a gaming headset made specifically for children called "ProtectSet".

The headset was said to be designed to automatically change a child's voice to sound older, which was intended to decrease the risk of being targeted by online predators. The campaign generated significant demand for the product but, it was then revealed that "ProtectSet" was a faux marketing campaign, and the product did not commercially exist. This resulted in much press and discussion about how technology is not enough to solve such problems, and how parents' involvement and common sense dialogue with their kids is important to enjoy the true benefits of safe gaming.

The campaign was a massive hit with the community and media alike, and nabbed several reputable advertising awards in the process, including Dubai Lynx, Cannes Lion, and the prestigious NY Festival. The campaign won two gold awards, two silver, two bronze, and was shortlisted more than nine times.

14.8	5.6	38%	2.1
SAR BILLION **Revenue**	SAR BILLION **EBITDA**	EBITDA **MARGIN**	SAR BILLION **CAPEX**

Mobily executed its strategy and delivered record results during 2021, driven by the committed focus of its employees towards the Company's vision, overcoming the challenges posed by the COVID-19 pandemic to post another strong financial performance and successful year.

Exceptional performance and innovation

During 2021, Mobily continued to create value for its customers and stakeholders through a range of innovative initiatives, while investing in its infrastructure, people and sustainability, while continuing to deliver market leading customer experience.

Through its partnership with Nokia, it successfully piloted 4G and 5G fixed wireless access (FWA) network slicing – the first sliced FWA deployment in the world. The solution will allow Mobily to offer new FWA services to priority consumer and enterprise customers, while also enabling slicing per application, including voice, data, online gaming, or home office applications.

Mobily and Nokia also extended their managed services partnership by signing a three-year agreement under which Nokia will manage and maintain the radio and transport network in Riyadh and other regions and completed a narrowband 'Internet of Things' (IoT) network deployment that connected more than 4,000 sites and enhanced IoT cell radius coverage to better serve its enterprise customers.

Mobily partnered with Ericsson as well this year to deploy a new software package on its 5G network in Saudi Arabia. This is intended to boost upload speeds and enhance the user experience, in line with Mobily's aim to provide a high-quality network performance to contribute to the goals of Saudi Vision 2030.

As part of Mobily's leadership in 5G technologies, Mobily signed an agreement with the Saudi General Authority for Small and Medium Enterprises (Monshaat) to enable entrepreneurs and owners of small and medium enterprises to adopt innovations in technologies to achieve sustainability, efficiency, and growth in the Saudi market by leveraging advanced 5G technologies.

Mobily also launched Mobily TV service, a video-on-demand viewing service that provides a large number of the most popular and newest films, series, documentaries and other entertainment for children.

Mobily also launched the Fixed Number Portability (FNP) service for SIP Trunk product, allowing customers to keep their existing landline numbers when switching from any service provider to Mobily.

In terms of facilitating eCommerce, Mobily and Tech Mahindra signed an agreement to implement an advanced eCommerce platform, Blue Marble, which will contribute to increasing customers satisfaction and digital revenue. The platform will help automate all digital channels customers' orders and integrate it with Mobily systems, payment gateway and the last mile delivery systems for shipment, in addition to enhancing time-to-market and customer experience.

Mobily also launched Amazon Prime as the first mobile operator in the Kingdom to provide the service – which offers customers shopping features and exclusive access to deals on Amazon.sa, as well as video streaming on Amazon Prime Video, and more.

The fastest growing telecommunications brand in the Middle East

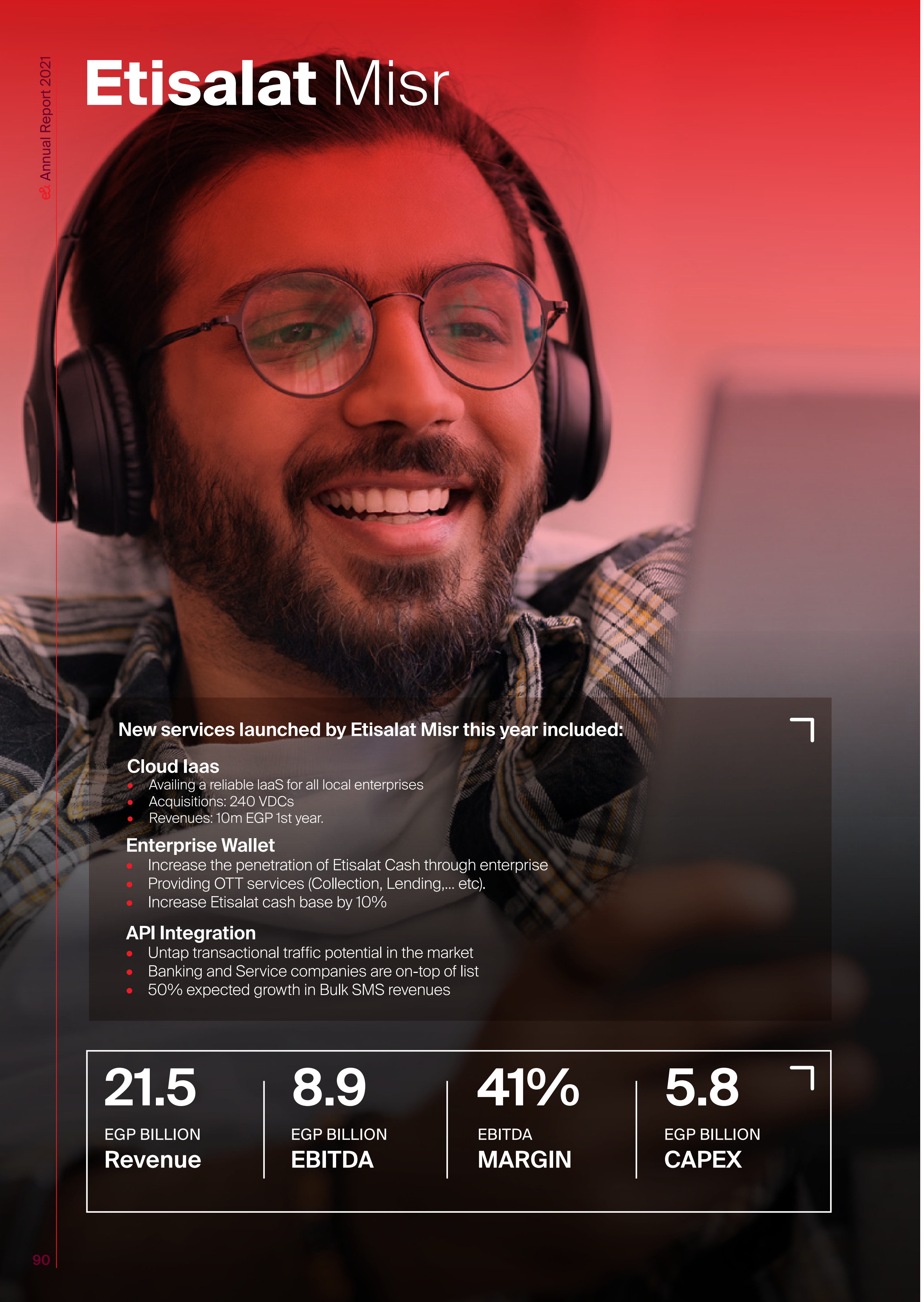
Rising two places since last year, Mobily ranked seventh on the list of the most valuable brands in the Kingdom this year by Brand Finance. Mobily's rising brand value made it 'The fastest growing telecommunications company in the Middle East' in 2021, with a 17% brand value growth compared to last year to reach SAR 4.8 billion, along with the highest Brand Strength Index score in its history, AA+ rating.

These exceptional results are a direct result of the collective and sustained efforts by Mobily employees to raise the level of service and customer experience, and to develop the Company's infrastructure and digital transformation, thus strengthening Mobily's status in the ICT sector, both in the Kingdom of Saudi Arabia and across the Middle East.

Looking forward

In the coming year, Mobily will build on this positive momentum and strong performance in 2021, continuing to execute its strategy, innovate for its customers and invest in its infrastructure and its people, in order to ultimately create strong and sustainable value for its shareholders and all its stakeholders.

Etisalat Misr



New services launched by Etisalat Misr this year included:

Cloud Iaas
- Availing a reliable IaaS for all local enterprises
- Acquisitions: 240 VDCs
- Revenues: 10m EGP 1st year.

Enterprise Wallet
- Increase the penetration of Etisalat Cash through enterprise
- Providing OTT services (Collection, Lending,... etc).
- Increase Etisalat cash base by 10%

API Integration
- Untap transactional traffic potential in the market
- Banking and Service companies are on-top of list
- 50% expected growth in Bulk SMS revenues

21.5	8.9	41%	5.8
EGP BILLION **Revenue**	EGP BILLION **EBITDA**	EBITDA **MARGIN**	EGP BILLION **CAPEX**

Etisalat Misr continues to accelerate its organic growth while capturing increased market share and providing market leading services and offers to enrich customers' lives. During this year, Etisalat Misr focused on supporting the ecosystem towards greater financial inclusion, while enabling mega projects and the transition to a digital economy, in line with Egypt's 2030 Vision.

During this era of hyper-connectivity that is reshaping the way we interact and live, Etisalat Misr put the fundamentals in place early to capitalise on the opportunity to support innovation and disrupt the industry. The Company has focused on providing an expanded range of services through higher bandwidth – educational services, entertainment services, digital-enterprise building solutions – to better serve customers and grow its business.

In 2021, it announced the introduction of a new experience that integrates its service offerings with entertainment to deliver a more robust and nuanced approach to customer engagement. This is in line with its vision "to be Egypt's top digital telco brand", a clear direction to respond to the new normal, focusing on internal and external digital transformation through the execution of its three-year strategic plan.

This year Etisalat Misr demonstrated its strength and resilience in persevering through a challenging operating landscape. As the second largest operator in the market, it succeeded in surpassing the market leader on service revenue growth rates, while growing its active subscriber base to a record level this year, driven by focused efforts on mobile internet and segmented offerings.

The Company's mobile internet user base steadily increased, thanks to launches of relevant and innovative offerings, while it captured first position across all customer experience measures (TRI*M and NPS), demonstrating its high standing in the Egyptian market.

Providing innovative offerings

Etisalat Misr's new Mega Monthly Bundles from Super Connect drove home service revenue growth and renewals by doubling usage on customers' favourite apps, including unlimited WhatsApp after fully consuming the bundle. It also coined Egypt's first digital entertainment currency, e-Coins, to gamify the entertainment services redemption experience for high-value customers.

Etisalat Misr obtained a license from the Central Bank of Egypt to provide electronic payment services through QR Codes, which is an easy and secure way to implement and accept payments electronically without the need for traditional POS devices. This service will be rolled out across the largest number of outlets possible to support the merchants and their customers.

Expanding into digital lifestyle platforms

In alignment with Etisalat Misr's overall mission to deliver insightful segmented services to enrich lives in a changing world, it continued to rapidly accelerate its digitisation programme this year. It is focused on digitalising a number of key retail services for consumers, accelerating m-commerce capabilities, and introducing a number of entertainment apps that deliver exclusive content, in order to satisfy today's consumers' growing appetite for quality content.

Launching its Etisalat Music, Etisalat TV and Etisalat Sports applications positioned Etisalat Misr as the most powerful and relevant brand in the market. Along with its existing strong sub-brands portfolio, this has further strengthened its position, elevated its overall brand image, and resulted in Etisalat Misr leading the market in Net Promoter Score (NPS) since the start of 2021.

As the market leader in terms of its network and digital services, Etisalat Misr was confident in claiming "Aqwa b Keteer" or "The Most Powerful" in its Ramadan 2021 brand campaign. The campaign, which exceeded 100 million social media views, featured megastars, such as Nancy Ajram and Amir Karara, to deliver a message of exclusivity – Etisalat provides customers a unique proposition in Egypt.

During this eventful year, Etisalat Misr also launched the 'My Etisalat App', which drove increasing customer acquisition, engagement, and revenue.

Supporting of the nationwide digital transformation efforts, the Company also began providing e-signature certificates, e-seal, and time stamp services for both individuals and businesses. Additionally, the digital signature aims to link government services to the private and civil sectors.

Looking forward

Etisalat Misr will seek to leverage its unique position and proposition in the Egyptian market to deliver strong growth and financial performance in the coming year, while continuing to support and enable its customers, employees, and partners to achieve their goals through the power of its advanced telecommunications and technology offering.

PTCL Group

22.7 MILLION **Mobile Subscribers**	2.5 MILLION **Landline Subscribers**	1.6 MILLION **Fixed Broadband Subscribers**	137.6 PKR BILLION **Revenue**
41.7 PKR BILLION **EBTIDA**	30% EBITDA **Margin**	2.6 PKR BILLION **Net Profit**	35.0 PKR BILLION **CAPEX**

The Group's Pakistan operations continued their strong momentum this year to deliver innovative new offerings to customers, establish new strategic partnerships and create shareholder value, all while enhancing cooperation with each other and overcoming the challenges of a volatile market.

2021 witnessed increasing cooperation and alignment between PTCL and Ufone to enhance efficiency through optimal utilisation of network and infrastructure. PTCL and Ufone initiated several projects and initiatives, including site consolidation, space rationalisation, unified security solution, contact centre consolidation, transmission and RAN optimisation, and synergies in various other areas.

In addition, several synergy projects relating to Ubank were executed, to gradually increase the share of banking services being utilised by PTCL and Ufone through the Group's own banking segment.

Pakistan Telecommunication Company Limited (PTCL)

During 2021, as market dynamics drove a rebound in customer demand, PTCL saw both its retail and enterprise segments return to growth. The increased dependence on reliable connectivity services has driven PTCL to upgrade its infrastructure and offer customised solutions, while fully embracing digitalisation throughout the organisation to capture the market opportunity in connectivity and managed services.

The focus of capital investments during 2021 remained on the expansion of the FTTH network. Some investments were also made to safeguard the existing customer base, while expansion in its networks were made to meet the growth requirements of both PTCL and Ufone. IP Edge Transport Network Transformation and Billing System upgrade also formed a major portion of the year's capital investment.

Committed to continuous innovation

In 2021, PTCL embarked on a mission to transform and modernise its edge network through the implementation of a more robust solution. This strategic initiative will see PTCL's long-haul capacity increase to multiple terabits per seconds, capable of delivering better services across the country. In Phase One, 46 of the most critical sites were selected and prepared for imminent upgrade.

In line with its commitment to serving its valued customers with state-of-the-art solutions and enhancing their experience with proven technology products, a project was launched to replace its existing inter-city and long-haul network with a state-of-the-art 100G OTN network capable of handling multiple terabits of traffic per second and delivering better services across the country. This initiative helped in sourcing modern, resilient, and scalable transport network with advanced features.

PTCL also strengthened its existing portfolio of cloud products by offering its PaaS (Platform as a Service) to financial services institutions in Pakistan. It also launched a cloud-based digital education platform called Q-Taleem to enable the delivery of an end-to-end virtual educational experience, from online training to support for boarding and operations, through a single window.

Bringing a digital sub-brand to life

As an ICT pioneer in Pakistan, PTCL is focused on accelerating digitalisation through large-scale hardware and infrastructure projects that ensure the Company remains at the forefront of the digitalisation of Pakistan and provides its customers with the most reliable connectivity.

This year, PTCL launched Flash Fibre, a premium, youth-oriented Fibre-to-the-Home sub-brand to cater to the communication, surfing, gaming, and entertainment needs of the present and emerging generation of high-data users.

With faster, more reliable internet speeds and an even better user experience, Flash Fibre generated significant interest in the market. Currently available in the large cities, it succeeded in attracting new customers and enhancing the reputation of the brand.

Putting customers first

In 2021, PTCL continued to improve its network and service to enhance customer experience and satisfaction. In line with the Customer Happiness Index framework, various network improvement projects were executed to enable more data, speed, and consistency of service for the entire customer base. As a result, there was a significant reduction in overall complaints this year, continuing a positive trend for the last two years.

This year also saw PTCL sign an agreement with Nokia to enhance the service management platform (SMP) capabilities to introduce Interactive Voice Response (IVR) and selfcare channels to support omni-channel experience for the swift resolution of customer complaints and enhanced operational efficiency. The new selfcare channel empowers customers to carry out their own troubleshooting with ease and convenience, which delivered significantly reduced service agent and customer effort and improved first call resolution.

PTCL also partnered with WhaleCloud to modernise its charging and billing platform, automating manual processes, and enabling customers to get their bills on demand, while allowing the Company to manage customer debt and credit more effectively.

Finally, this year PTCL's mobile broadband service, CharJi, which offers unlimited internet packages for the whole month launched a nationwide campaign to further solidify its footprint and attract new customers with higher internet speeds throughout Pakistan.

Ufone

Ufone delivered a strong financial and operational performance in 2021, supported by network rollout and upgrades and multiple commercial initiatives designed to spur business growth and sustainability.

The Company's revenue continued its positive momentum, bolstered by growth in data services and its super card portfolio. Moreover, Ufone maintained its position among the top two operators in the country in terms of 'customer loyalty measures' this year, based on Net Promoter Score (NPS).

During 2021, demand for cellular mobile broadband in Pakistan continued to grow and therefore data throughput and Mobile Broadband (MBB) coverage remained a major focus for mobile operators. As a result, Ufone participated in the Government's auction of spectrum for MBB services and won 9 MHz additional spectrum in Ufone's preferred 1800 MHz Band at PKR 47.2 billion. The newly acquired spectrum, coupled with aggressive coverage expansion plans, form cornerstones of Ufone's business strategy for the coming years to improve its competitive positioning in the market.

With the acquisition of the spectrum, investment focus was on upgrading network sites to enable 4G services. Approximately 250 new 4G sites were deployed in 2021 to enhance coverage across the country. In addition, 4,928 carrier upgrades were completed, above our annual target of 4,789 upgrades, to address capacity challenges in areas with higher data usage and demand. The strategic objective is to tap the growing need for subscribers' data utilisation, monetise the spectrum and improve customer experience.

Meanwhile, Ufone's data strategy centred on revamping the entire portfolio by introducing new competitive packages with more volume at market competitive prices. The acquisition of additional spectrum has provided the opportunity for Ufone to address the growing data needs of its customers more effectively.

Ufone touches emotions on Pakistan's Independence Day

Throughout COVID-19, Ufone was a beacon of hope through its many incentives to support those worst hit by the pandemic and brighten the overall spirit of the country. Pakistan's Independence Day acted as a spark to rekindle hope, love, brotherhood, and humanity.

As a true Pakistani brand, Ufone launched a campaign to reignite the happiness and sense of belonging to the beautiful country and its rich heritage, culture, and colour. The campaign featured wholesome Pakistani faces with smiles that each told its own story.

Through this campaign, Ufone honoured people from different provinces, religions, ethnicities, ages, and genders. Customer-centricity has always been the cornerstone of Ufone, and the campaign visualised its deep connection with the people of the country, its valued customers.

The campaign was received like a breath of fresh air and much appreciated for its emotive and authentic messaging that served to brighten the spirits of the people of Pakistan.

Innovative services and solutions

In 2021, Ufone relaunched its digital financial services brand, 'UPaisa', with a vision to prioritise customer ease and convenience. In a market where the majority of customers still rely on traditional modes of payment, UPaisa provides a hassle-free digital services experience through a mobile app that unlocks faster and easier transactions.

Following a positive initial response, UPaisa launched multiple offers and promotions throughout the year, primarily through digital campaigns, that delivered 75% growth in the active base during the year. Transaction volumes also increased by more than 140%, positioning UPaisa for further traction and growth as it continues to enrich its service portfolio and expands the channel moving forward.

In terms of 5G, Ufone successfully conducted a 5G trial after requisite authorisations from the regulator and participated in the Next-Generation Mobile Services Auction (NGMSA) 2021 in Pakistan, in addition to the Gilgit-Baltistan and Azad Kashmir territories.

Ever since the launch of BizEaze, Ufone has continued to enhance its proposition for business customers. In 2021, the Company upgraded its online portal through various value additions and improvements in overall user experience. Through this portal, customers have the freedom and convenience to not only choose from customised voice, data and SMS bundles based on their needs but also to share with other linked mobile numbers.

Strong focus on Customer Value Management (CVM) delivered benefits for the organisation this year, with CVM revenue contribution being enhanced to ~7% from 5% last year. Recent 4G rollout opened new horizons for Ufone to grow and CVM is playing a role to bring in more 4G internet users. It is focused on increasing lifetime value of existing internet users and working closely with relevant stakeholders to increase penetration of 4G-enabled SIMs within the Ufone subscriber base. Applying machine learning models, Ufone also introduced new AI models for retention and engagement, while also moving towards digital CVM for enhanced customer experience.

To enhance digital customer experience, Ufone added further incentives within the 'My Ufone' app, including engaging cricket-savvy customers through CrickWick, a local cricket news services provider, to keep its customers updated on the latest cricket match scores. In addition, it improved user experience and security of the app, which is continuously being upgraded based on customer insights to increase customer engagement.

In line with the Group's initiative to maximise synergy among all Group companies, Ufone migrated the GPRS Roaming Exchange (GRX) carrier to the Group, resulting in significant operational cost savings.

The UAE and Saudi Arabia remained key data roaming destinations for Ufone customers. Ufone continued to leverage this by offering "Roam Like Home" offers to capitalise on the opportunity presented by the Expo 2020 Dubai. In addition, in a first for the Pakistan market, Ufone launched a Gift Data Bucket enabling customers to receive 1 GB data bucket gifts from other subscribers while roaming in Saudi Arabia or the UAE.

Looking forward

In the coming year, the Group's Pakistan operations will look to continue to build on the positive momentum established during a successful 2021.

PTCL will leverage its FTTH network to capture growth opportunities in the expanding data segment, offering superior quality fixed line services to consumers and enterprises, while connecting the towers of the mobile operators with its fibre network and delivering a comprehensive suite of business services.

Meanwhile, Ufone is set to capitalise on the opportunity presented by 4G spectrum acquisition through an aggressive network rollout and upgrade strategy. In the year ahead, Ufone will upgrade ~95% of its network to 4G and significantly enhance coverage, thereby reducing the existing coverage gap with the competition and allowing Ufone to improve the quality of its services and enhance customer experience.

Its network strategy will be complemented by aggressive subscriber acquisition and a focus on expanding data services. To fully leverage growth from data, Ufone will focus on offering competitive products and tapping into the high-end data savvy segment, while the MBB portfolio will be further enhanced by increasing reach across Pakistan.

Etisalat Afghanistan

Etisalat Afghanistan has been a trailblazer since entering the Afghanistan market, successfully introducing a range of services and continuously raising the bar for its customers. From 3.75G internet, mobile money services and LTE to a self-provisioning App and eSIM, there are many examples of innovative offerings that the Company has brought to Afghanistan.

Despite the challenging operating environment in the country resulting from the pandemic, Etisalat Afghanistan continued to make good progress in achieving its business goals and empowering the people of Afghanistan. During this eventful year, 158 new 3G sites went live, 119 4G sites began offering LTE in 12 new provinces, auto billing of all Enterprise (B2B) services was launched, and a new Security Information and Event Management solution was deployed.

Prioritising strategic objectives

During 2021, Etisalat Afghanistan focused its people and resources around three strategic pillars to achieve its ambitions despite the challenging operating environment:

1. Leadership in data
2. Adding high-value customers and value capture
3. Building and promoting the brand

These overarching goals were further cascaded into clear objectives for consumers, corporates, and the brand.

Accelerating achievements

This year, Etisalat Afghanistan focused its efforts to deliver on the above strategic pillars, supported by over 250 site upgrades and extending the LTE experience to customers beyond Kabul to 'Top 5' and 'Next 13' cities.

The most important new customer proposition launched during the year was Mukammal, offering hybrid (Voice + Data) benefits to subscribers along with Silver/Gold/Platinum graded lines – currently a clear differentiator in the market. Mukammal customers are also eligible for exclusive follow up bundles that provide high-value hybrid benefits. This highly successful initiative enabled high-value acquisitions and improved data user penetration, leading to a 45% increase in acquisition average revenue per user (ARPU).

This year saw major capability overhauling for Etisalat Afghanistan. Data user penetration and value capture efforts targeting existing subscribers were significantly enhanced through the Campaign Manager and Dynamic Pricing tools. The Dynamic Pricing tool provides an innovative capability to enable the Company to offer dynamic data pricing propositions based on resource availability, site traffic congestion, and customers' consumption.

Another major achievement was the rollout of Dynamic IVR, which enhanced the customer experience via the call centres and significantly reduced call volumes. Dynamic IVR also proved to be an effective channel for bundle activations through call centres without impacting agent productivity or increasing costs. Furthermore, a USSD Selfcare channel was launched to host all mass market and segmented offerings, providing Etisalat Afghanistan a major edge in the market.

The Company's retention and downgrade programmes effectively delivered on the 'Low Gross Low Churn' business model formulated in 2020. This approach helped to build a highly profitable model delivering month-on-month positive net adds with a healthy net churn and solid average gross adds.

Finally, demonstrating its focus on innovation and infrastructure improvement, Etisalat Afghanistan launched a dynamic GSM-LTE spectrum allocation solution and successfully completed a proof of concept for Open RAN with Parallel Wireless for 2G and 4G.

Looking forward

Etisalat Afghanistan remains committed to delivering a strong performance in 2022. A well designed strategy covering all aspects of the business is in place and the team is focused and motivated to meet the Company's 2022 objectives.

In the year ahead, Etisalat Afghanistan will focus on increasing data coverage by upgrading 150 sites from 2G to 3G and 91 sites from 3G to 4G. It will also invest in network modernisation, continue to transform to local cloud, deploy AI and Machine Learning to better serve customers, and launch a range of new cybersecurity tools to keep them safe.

Leveraging the power of football through Manchester City Football Club

As football audiences came back to stadiums in 2021, this brought with it excitement and passion among teams and fans alike, which meant more opportunities for the Group through its partnership with Manchester City Football Club to uplift the brand on a global scale and engage fans in its markets.

Manchester City saw great success on the pitch during the 2020-21 season, earning their fifth Premier League title in the last 10 years, securing a fourth successive League Cup victory and advancing to the UEFA Champions League Final. The on-pitch success of Manchester City is echoed off the pitch whereby the club is ranked the most innovative team in global sports, and among the top four football clubs globally in terms of brand value. This in turn means that the Group continues to garner millions of dollars in media value globally from its brand presence on some of the football club's major media assets. Such assets include the on-pitch perimeter LED system recently upgraded to a supersized double tier LED wall, the interview and press conference backdrops, and the branding presence on gaming platforms like FIFA, by EA sports.

Etisalat and Manchester City continued to innovate the social content space in 2021, through multiple editorial streams including a new match day piece called 'High speed moments presented by Etisalat' and the widely popular long form content segment involving players asking each other fan questions from around the world, 'Etisalat brings you closer'. Such flagship content with high quality viewership and engagement directly yielded additional media value for Etisalat in addition to aligning with its brand promise of enabling togetherness through technology, and association with its mobile network performance.

During Ramadan, Etisalat teamed up with Manchester City, to engage FIFA gamers in Egypt and the UAE through an online tournament, culminating in cash prizes and PlayStation 5 gaming consoles for the winners. Etisalat was the presenting partner of the tournament. A finals broadcast was streamed across the UAE and Egypt through Twitch and Facebook.

As in-person engagements returned in late 2021, the Group leveraged the partnership through on-ground activations which included bringing Manchester City's championship trophies to the UAE, engaging with fans at Etisalat's offices as well as at two high profile events, GITEX Global and EXPO 2020 Dubai.

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GOVERNANCE

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Board of Directors

H.E. Jassem Mohamed Bu Ataba Alzaabi
Chairman
Chairman of Investment and Finance Committee

Essa Abdulfattah Kazim Al Mulla
Vice Chairman
Member of Risk Committee
Member of Nominations and Remunerations Committee

Sheikh Ahmed Mohd Sultan Al Dhahiri
Board Member
Member of Audit Committee

Mariam Saeed Ahmed Ghobash
Board Member
Chairperson of Audit Committee
Member of Investment and Finance Committee

Michel Combes
Board Member
Chairman of Nominations and Remunerations Committee
Member of Investment and Finance Committee

Hesham Abdulla Qassim Al Qassim
Board Member
Chairman of Risk Committee
Member of Investment and Finance Committee

Mansoor Ibrahim Ahmed Al Mansoori
Board Member
Member of Audit Committee
Member of Nominations and Remunerations Committee

Saleh Abdulla Ahmed Alabdooli
Board Member
Member of Risk Committee

Abdelmonem Bin Eisa Bin Nasser Alserkal
Board Member
Member of Investment and Finance Committee

Khalid Abdulwahid Hassan Alrustamani
Board Member
Member of Risk Committee

Otaiba Khalaf Ahmed Al Otaiba
Board Member
Member of Nominations and Remunerations Committee

Hasan Mohamed Al Hosani
Corporate Secretary and Board Rapporteur

Senior Management

Hatem Dowidar
Group Chief Executive Officer

Mr. Hatem Dowidar was appointed CEO of e& in December 2020. He joined the 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 at 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, Mobily, PTCL, Ufone and Etisalat Misr. He also serves on the Board of Abu Dhabi Chamber of Commerce and Industry. 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
Group Chief Financial Officer

Dr. Karim Bennis was appointed as Chief Financial Officer of e& in July 2020. Prior to this role, he was Vice President Financial Control and Planning of the Group from 2013. His previous positions include Deputy Managing Director and CFO at Tractafric Motors Corporation in Paris, 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 (formerly CarnaudMetalbox). Dr. Bennis is a Board member and Audit Committee member of Maroc Telecom Group, and an Audit and Risk Committee member of Mobily, Etisalat Egypt and Atlantique Telecom Holding. He also serves as Chairman of the Audit Committee, Board member and Investment and Finance Committee member of PTCL and Ufone. He holds a PhD in Economics and Technology from Conservatoire National des Arts et Métiers Paris, a Master's degree in Applied Economics and Corporate Finance from Sciences-Po Paris, a Master's degree in Audit and Management Accounting from SKEMA Business School and an Executive MBA from École Nationale des Ponts et Chaussées Paris. He has also completed the Executive CFO programme at Columbia Business School in New York.

Obaid Bokisha
Group Chief Operations Officer

Mr. Obaid Bokisha was appointed as Chief Operations Officer in October 2021. Prior to this role, he served as Chief Transformation Officer (October 2020), Chief Business Continuity and Corporate Quality Officer (October 2017) and before that he served as Chief Procurement Officer of the Group (June 2012). Since joining the Company in 1998, he has been assigned various responsibilities contributing to the network planning, optimisation, design, and implementation of Mobile systems covering GSM, UMTS. Other positions held include Vice President Mobile Networks Planning and International Support of Etisalat UAE and Senior Vice President Mobile Networks Optimisation of the 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 the Group such as Etisalat Misr, Etisalat Nigeria, CanarTel and Zantel. He has a first-class Honor's degree in Communications Engineering from the Etisalat College of Engineering.

Dena Al Mansoori
Group Chief Human Resources Officer

Ms. Dena Al Mansoori was appointed as Chief Human Resources Officer of e& 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 with 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 the USA.

Ali Amiri
Group Chief Carrier and Wholesale Officer

Mr. Ali Amiri was appointed as Group Chief Carrier and Wholesale Officer of e& in March 2016. Mr. Amiri started his career with the Group in the Engineering department and held various key positions including Executive Vice President Operations and Chief Carrier and 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 and RCN. Mr. Amiri also serves as the Chairman of the Board of Etisalat Services Holding and E-marine PJSC. Mr. Amiri holds a Bachelor of Science in Electronic and Electrical Engineering from King's College London.

Mohamed Dukandar
Group Chief Internal Control and Audit Officer

Mr. Mohamed Dukandar was appointed as Chief Internal Control and 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 e&, he was the Group Executive, Telkom Audit Services of Telkom South Africa SOC Limited from 2009. Mr. Dukandar started his career as an auditor with KPMG in 1996 and subsequently worked with National Treasury, South Africa, and the City of Johannesburg. Mr. Dukandar serves as a member on the Audit Committee of PTCL and Etisalat Services Holding. He has a Bachelor of Commerce from the University of Witwatersrand, South Africa and Honors in Accounting from the University of South Africa.

Senior Management (Continued)

Masood M. Sharif Mahmoud
Chief Executive Officer, Etisalat UAE

Mr. Masood Mahmood was appointed as Chief Executive Officer of Etisalat UAE in August 2021. Mr. Masood was previously the CEO of Yahsat from 2012, where he was instrumental in optimising business operations and expanding to new geographies and sectors. Prior to that, he was a Vice President at Mubadala overseeing the Technology and Communications investment portfolio. He also held positions at Dubai Investment Group and The Executive Office of the Government of Dubai. Mr. Masood served on the Board of Emirates Integrated Telecommunications Company (du) from 2013 to 2020 and he is currently a member of the boards of Yahsat, UAE Space Agency and Etihad Aviation Group. He holds an MBA in Finance from McGill University and a Bachelor's degree in Engineering from Boston University.

Salvador Anglada
Chief Executive Officer, e& enterprise

Mr. Salvador Anglada was appointed as Chief Executive Officer of e& enterprise in November 2021. Prior to this role, he was the Chief Business Officer of Etisalat UAE from 2013. Mr. Anglada has over 25 years of experience in the Telco and IT Industry. He spent 12 years at Telefonica where he was the Managing Director of Telefonica Empresas, the enterprise division of Telefonica Spain. He also served for more than five years as CEO of Telefonica O2, the Telefonica subsidiary in the Czech Republic. He was an Executive Board Director of Telefonica Europe and served on several other boards including ACENS Technologies and Conexxo. Mr. Anglada holds a Master's degree in Industrial Engineering fromPolytechnic University of Madrid, an Executive MBA from IE Business School, and a Postgraduate Diploma from IESE.

Khalifa Al Shamsi
Chief Executive Officer, e& life

Mr. Khalifa Al Shamsi was appointed as Chief Executive Officer of e& life in February 2022. Prior to this role, Mr. Al Shamsi held the position of Chief Strategy and Corporate Governance Officer of the Group since 2016 and prior to that the Chief Digital Services Officer and Senior Vice President of Technology Strategy for the Group. Since joining the Company in 1993, Mr. Al Shamsi has held various key senior positions including Vice President and Senior Vice President of Marketing for Etisalat UAE. Mr. Al Shamsi serves on the Boards of Mobily, PTCL, Ufone and Etisalat Afghanistan, and is the Chairman of E-Vision. Mr. Al Shamsi has a Bachelor's degree in Electrical Engineering from the University of Kentucky, USA.

Abdeslam Ahizoune
Chairman of the Man-agement Board, Maroc Telecom

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

Hazem Metwally
Chief Executive Officer, Etisalat Misr

Mr. Hazem 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 telecommunications 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.

Hatem Bamatraf
Chief Executive Offi-cer, PTCL Group

Mr. Hatem Bamatraf was appointed CEO of PTCL Group in May 2021. Prior to this appointment, he was the Chief Technology Officer of Etisalat International from 2013. Mr. Bamatraf started his career in the technology division responsible for the planning of Etisalat UAE's mobile network. He was seconded to Saudi Arabia as part of the team that established Mobily, the second licensed telecommunications provider in the Kingdom. He also worked at Integrated Telecommunications Company (du) between 2007 and 2013 where he headed the Enterprise business. Mr. Bamatraf served as a Board member of Etsialat Misr and Etisalat Afghanistan. He holds a Bachelor's degree in Electrical and Electronic Engineering from Khalifa University.

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 General Assembly of the Company is in charge of all the matters related to the Company as stipulated in the Company's Incorporation Law and in its Articles of Association, and is, but not limited to, entrusted with approving the Annual Report on the Company's activities, the Company's financial position during the preceding financial year, appointing external auditors and setting their fees and approving their reports as well as 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 with regard to dividend payouts and bonus shares, if any.

The General Assembly 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, if needed.

Board of Directors

The Board of Directors exercises all powers required for the carry out of the Company's business except those retained for the General Assembly by virtue of the Law and the Articles of Association of the Company.

The Group's Board of Directors currently consists of 11 members, seven of them including the Chairman and Vice Chairman of the Board, were appointed EIA.

The other four members of the Board of Directors were elected during the General Assembly meeting, which was held on 17 March 2021 by the shareholders that own 40% of the Company's shares, i.e. those shares not held by the Government shareholder.

e& is committed to applying best practices and corporate governance standards, taking into consideration the applicable best international standards and UAE laws. Therefore, the Company considers the requirements of the legislations related to Governance Rules and Corporate Discipline Standards with respect to the composition of the Board and its committees and the number of Independent and Non-Executive members.

Committees of the Board of Directors

For the purpose of rendering the assistance to the Board of Directors in discharging its responsibilities, the Board has established four Committees:

- Audit Committee
- Risk Committee
- Nominations and Remunerations Committee
- Investment and Finance Committee.

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 legislations that are in force in the UAE. This Charter is considered a delegation from the Board to the Audit Committee to undertake the tasks mentioned therein, which 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 reviews the changes in accounting policies and practices, procedures and control systems.
- Considering all the matters related to the external auditor's work, action plan as well as the notes, suggestions and reservations raised by the Company's external auditor in relation to accounting books, financial statements or control systems. The Committee also ensures that the auditor receives a timely response from the Management to his fundamental notes. The Committee also investigates any significant and uncustomary items included or that should be included in the reports and financial statements and approves the additional duties that the external auditor carries out and the fees paid to them against such duties. The Committee pays attention to the matters raised by the Company's Chief Financial Officer, Compliance Officer or the 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. The Committee also ensures their compliance with the applicable rules, regulations, resolutions and the Company's Articles of Association in addition to following up and monitoring their independence and meeting and discussing with them the nature, scope and efficiency of their audit and all relevant matters.
- Reviewing, appraising and implementing the Company's systems of internal audit and risk management, discussing these systems with the Board in addition to ensuring that the Internal Control and Audit Department carries out its duties of establishing efficient internal control systems. The Committee studies the abovementioned Department's reports and follows up the rectification measures for the shortcomings raised therein to ensure that it is undertaking its duties accurately. In addition, the Committee provides the required tools for the internal audit and for reviewing and monitoring its efficiency. It also reviews the external auditor's evaluation for the internal audit measures and ensures that a coordination between the internal and external auditors exists. The Committee further considers the outcomes of the fundamental investigations on the 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 good 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 the measures that warrant fair and independent investigations for the same.
- Monitoring the related parties' dealings/transactions with the Company, ensuring non-existence of conflict of interest and making recommendations to the Board on such transactions before signing of the same.

The Committee's Charter has detailed the Audit Committee's duties, composition, conditions and quorum for convening its meetings and the mechanisms of its decision-making.

The Committee is comprised of four members who are well-versed and experienced in financial and accounting matters. Three of the Committee members were selected from the Non-Executive Board members out of whom two are independent while the fourth is an external member who holds finance-related qualifications with relevant experience. The Committee convenes at least four times per year or whenever necessary.

Risk Committee:

The Risk 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 legislations that are in force in the UAE. This Charter is considered a delegation from the Board to the Risk Committee to undertake the tasks mentioned therein, which include the following:

- Oversee the Company's risk management systems, assessing the effectiveness and mechanisms for determining, measuring and monitoring risks and determining areas of inadequacies.
- Advise the Board in relation to its determination of overall risk appetite, tolerance and strategy, taking into account the Company's values and public interest purpose, as well as the current and prospective regulatory, macroeconomic, technological, environmental, and social developments and trends that may be relevant for the Company's risk policies.
- Regularly reassess the Company's capacity to take on risks and be exposed to such risks by overseeing the monitoring of the Company's risk exposure against the Risk Appetite Framework and recommend mitigation actions as appropriate to ensure that the Company does not go beyond such level.
- Consider any matter delegated to it by the Board within the roles, responsibility and scope of the Committee, notwithstanding that the matters may have been previously referred to and considered by another Board committee.
- Provide advice and assurance to the Board by adopting a holistic and enterprise-wide view of the Company and the key risks that it is exposed to, assessing the adequacy and effectiveness of the Company's adoption of the Enterprise-Wide Risk Management Framework.
- Advise, where appropriate, the Board on proposed strategic transactions including acquisitions or disposals ensuring that a due diligence appraisal of the proposition is undertaken, focusing on risk aspects and implications for the risk appetite and tolerance of the Company, and taking independent external advice where appropriate and available.
- Assist in the establishment of a consistent ERM framework across the Group and its subsidiaries and Operating Companies (OpCos).
- Provide oversight over subsidiary and OpCo's key risk exposures.
- Review reports on any material breaches of risk limits and the adequacy of proposed action.

The Committee's Charter has detailed the Risk Committee's duties, composition, conditions and quorum for convening its meetings and the mechanisms of its decision-making. The Committee is comprised of four members with a wealth of expertise and business experience within the telecommunication industry and in the field of risk management. All the Committee members were selected from the Non-Executive Board members, of whom two are Independent Board members.

The Risk Committee meets at least once every three months and may convene additional meetings, when the need arises or upon the invitation of the Board of Directors or its Chairperson.

Nominations and Remunerations Committee:

In compliance with the applicable laws in the field of governance and in 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, which is in line with the requirements of the Governance Rules and Corporate Discipline Standards and the relevant rules and legislations put in force in the UAE. This 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 Nominations and Remunerations Committee is to ensure that the Board of Directors is undertaking its duties competently and diligently. Also, the Committee reviews the composition of the subsidiaries' Board of Directors and the changes that can be carried out in those Boards. Further, the Committee carries out an annual review of the skills, capabilities and qualifications required for the membership of those Boards. The Committee directly oversees the appointments of the Group's top management.

The Committee is also responsible for organising and following up the nomination procedures for Board membership in line with the UAE's applicable rules and regulations and Securities and Commodities Authority's (SCA) resolutions.

The Committee is further entrusted with determining the Company's needs for talents at the level of Executive Management and staff and their selection criteria, and with developing policies for training, human resources and granting compensations and incentives to the Company's Board members, Executive Management and employees. While exercising its functions, the Committee takes into consideration the competitive nature of the Company's strategy and fair compensations that are commensurate with such strategy to attract, ensure diversification between the two genders and retain these talented employees for the achievement of the best possible results. The Committee also links the remunerations and the Company performance on the short, medium and long-terms.

The Committee's Charter provided for the detailed powers of the Committee, its composition, the conditions and quorum of its meetings' convention and decision-making mechanisms.

The Nominations and Remunerations Committee is composed of four Non-Executive members from the Board of Directors (three of them are Independent members). The Committee holds four meetings per year or as needed.

Investment and Finance Committee:

In addition to the Audit Committee, Risk Committee and the Nominations and Remunerations Committee provided for in the legislations 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 passing appropriate resolutions thereon. That 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 major ones among which are the carry-out of reviews and making recommendations to the Board concerning the policies and frameworks related to the treasury, investment and divestment strategies, capital structure of the Company and its subsidiaries, the Company's dividend policies which have to adhere to regulatory requirements and have an impact on surplus funds, issuance of guarantees and pledges and definition of operational and financial targets, plans and KPIs.

The Investment and Finance Committee is comprised of five Non-Executive members from the Board of Directors (four of them are Independent). The Committee holds at least six meetings per year or as needed.

Operating Structure of the Company

The Company operating structure is designed to manage its international expansion strategy, protect value resulting from the Company's operations in the United Arab Emirates and overseas, and to 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 United Arab Emirates, the Group provides the licensed telecommunication services. Some of these services are provided through its various companies as well as its subsidiaries. On the other hand, Etisalat Services Company (a holding company wholly owned by the Group) was established to provide other services to the Group as well as third parties.

International Operations Department is responsible for the Company's investments overseas by managing its shareholdings in various companies like Maroc Telcom, 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 key policies of its operating companies, prepares their plans, monitors their operational and financial performance, and presents regular reports on the same to the Board of Directors.

Group Compliance

e& is fully committed to promote and support all initiatives aimed at fostering a culture within which Compliance and ethical Obligations are a central tenant. The "tone from the top" is communicated in a clear, succinct and consistent manner so that everyone working for and with the Group is aware that illegal or unethical behaviour is not tolerated.

The Group 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 Culture:

e& is true to its mission and core values, and senior Management has created an environment in which everyone is encouraged to say and do the right thing. In our effort to reinforce and embed a culture of compliance across the Group, e& strives to ensure that all staff, outsourced providers and contracting parties adhere to the Company's policies, processes and procedures. We have achieved this through our commitment to maintain a culture of compliance at the middle and the top, the provision of information and training, ensuring alignment with enterprise risk management, incentivizing ethical behaviour, and deploying technology to manage scalability and reliability of processes.

Compliance Governance:

At e&, compliance governance extends 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. Compliance governance ensures that there are checks and balances at every level of the Company, enabling transparency and the monitoring of potential incidents of non-compliance.

e&'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. The GCCO also engages in activities that promote an ethical culture and adherence to the highest level of ethical standards. The GCCO reports to the Board of Directors, through the Group Audit Committee, on the state of compliance across the Group.

Education and Training:

The Group 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 Group'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 non-compliance. The Group provides training to employees on its speak-up measures to ensure that employees know how to respond when they find themselves in a crisis or conflict situation.

Channels of Communication:

e& employees have access to a variety of open communication channels where they c an 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.

The global whistleblowing process affords staff the opportunity, in confidence and without fear of retaliation, the ability to raise concerns and receive feedback. The process promotes openness in the workplace and encourages employees to report instances of unethical behaviour, actual or suspected fraud and violation of the Group'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.

05

FINANCIAL STATEMENTS

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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 2021, 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 2021, 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.

Revenue recognition

See Note 3, 4 and 6 to the consolidated financial statements.

The key audit matter

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 the matter was addressed in our audit

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 & implementation and tested the operating effectiveness of the manual controls and general IT controls and application controls around the Group's IT environment relevant to initiation, authorization, processing and recording of revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated 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)

Federal royalty

See Note 4, 7 and 25 to the consolidated financial statements.

The key audit matter

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 2021 and the federal royalty liability as of that date is AED 5,542 million and AED 5,541 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 the matter was addressed in our audit

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 2021.

Assessment of carrying value of goodwill

See Note 3, 4, 11 and 12 to the consolidated financial statements.

The key audit matter

The Group holds significant investments in telecommunication and related businesses in various geographical locations. The carrying value of goodwill as of 31 December 2021 totaled AED 11,352 million.

The carrying amount 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.

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, 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 to its recoverable amount, which was estimated as the present value of its future projected cash flows.

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 includes consideration of the effects of the COVID-19 pandemic on the macroeconomic factors used in arriving at the assumptions which underpin valuations.

How the matter was addressed in our audit

Our audit approach included an understanding and assessment of the design & implementation 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, our procedures included, amongst others, those described below:

- We tested management judgments around which assets and liabilities should form part of the CGU for reasonableness;
- We engaged our valuation specialists to test the reasonableness of the key assumptions underpinning the valuation, including the CGU's respective discount rate and terminal growth rate;
- We tested the mathematical accuracy and integrity of the respective impairment workings;
- 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)

Provisions and contingent liabilities

See Note 3, 4, 7, 9, 10, 25, 31 and 37 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
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.	Our procedures included, amongst others, those described below: For legal cases, we obtained a summary of all the significant 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 opinions 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.

Property, plant and equipment

See Note 3, 4 and 13 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The carrying value of the Group's property plant and equipment ("PPE") amounts to AED 43,715 million, which represents 34% of the Group's total assets as of 31 December 2021. 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.	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 2021 which included examination of management's assessment as to whether the costs met the criteria for capitalization under IFRS. On a sample basis, we evaluated the reasonableness of depreciation rates and residual values assigned to certain 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.

Independent Auditors' Report (continued)

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 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, 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 (as amended) 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.

Independent Auditors' Report (continued)

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

- 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 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.

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.

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended) we report that for the year ended 31 December 2021:

i. we have obtained all the information and explanations we considered necessary for the purposes of our audit;
ii. the 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 (as amended);
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 the consolidated financial statements, the Group has purchased additional shares during the year ended 31 December 2021;
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 2021 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 (as amended) 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 2021; and
viii. note 7 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2021.

KPMG Lower Gulf Limited

Richard Ackland
Registration No:1015
Abu Dhabi, United Arab Emirates

Date: 24 February 2022

Emirates Telecommunications Group Company PJSC

Consolidated statement of profit or loss

for the year ended 31 December

	Notes	2021 AED'000	2020 AED'000
Revenue	6 (a)	**53,342,246**	**51,708,211**
Operating expenses	7 (a)	(34,081,274)	(31,839,996)
Impairment loss on trade receivables and contract assets	35 (b)	(1,069,210)	(1,159,364)
Impairment loss on other assets - net	12	(148,141)	(296,704)
Share of results of associates and joint ventures	16	297,462	197,407
Operating profit before federal royalty		**18,341,083**	**18,609,554**
Federal royalty	7 (b)	(5,541,606)	(5,594,431)
Operating profit		**12,799,477**	**13,015,123**
Finance and other income	8	1,289,120	1,112,374
Finance and other costs	9	(1,284,136)	(2,361,052)
Profit before tax		**12,804,461**	**11,766,445**
Income tax expenses	10	(1,744,972)	(1,450,709)
Profit for the year		**11,059,489**	**10,315,736**
Profit attributable to:			
Owners of the Company		9,317,045	9,026,522
Non-controlling interests	15(c)	1,742,444	1,289,214
		11,059,489	**10,315,736**
Earnings per share			
Basic and diluted	39	AED 1.07	AED 1.04

Chairman

Board Member

The accompanying notes on pages 125 to 197 form an integral part of these consolidated financial statements.
The independent auditors› report is set out on pages 114 to 119.

Emirates Telecommunications Group Company PJSC

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December

	Notes	2021 AED'000	2020 AED'000
Profit for the year		**11,059,489**	**10,315,736**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations - net of tax		(51,594)	103,136
Share of other comprehensive loss of associates and joint ventures – net of tax		(2,189)	(12,669)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(1,285,250)	1,508,303
Gain / (loss) on net investment hedge	28,34	782,797	(720,856)
Fair value gain/(loss) arising on cash flow hedges		97,490	(76,498)
Loss on revaluation of financial assets		(5,458)	(4,635)
Share of other comprehensive income / (loss) of associates and joint ventures – net of tax		20,012	(11,546)
Total other comprehensive (loss) / income		**(444,192)**	**785,235**
Total comprehensive income for the year		**10,615,297**	**11,100,971**
Total comprehensive income attributable to:			
Owners of the Company		9,560,109	9,402,898
Non-controlling interests		1,055,188	1,698,073
		10,615,297	**11,100,971**

The accompanying notes on pages 125 to 197 form an integral part of these consolidated financial statements.
The independent auditors› report is set out on pages 114 to 119.

Emirates Telecommunications Group Company PJSC

Consolidated statement of financial position

as at 31 December

	Notes	2021 AED'000	2020 AED'000
Non-current assets			
Goodwill and other intangible assets	11	25,830,041	26,276,442
Property, plant and equipment	13	43,715,088	45,803,436
Right-of-use assets	14	2,436,921	2,700,102
Investments in associates and joint ventures	17	4,452,409	4,250,007
Other investments	18	3,597,210	3,160,512
Other receivables	21	459,899	343,459
Finance lease receivables	23	123,448	159,535
Derivative financial instruments	28	5,171	-
Contract assets	22	460,317	450,242
Deferred tax assets	10	136,863	175,489
		81,217,367	**83,319,224**
Current assets			
Inventories	20	748,786	704,908
Trade and other receivables	21	14,288,386	14,572,812
Current income tax assets		725,836	630,896
Finance lease receivables	23	25,505	-
Due from related parties	19	82,026	75,300
Contract assets	22	1,389,614	1,295,065
Other investments	18	434,192	1,074,823
Cash and bank balances	24	28,575,372	31,344,883
Assets held for sale	42	709,982	-
		46,979,699	**49,698,687**
Total assets		**128,197,066**	**133,017,911**
Non-current liabilities			
Other payables	25	1,365,500	1,407,792
Borrowings	27	19,176,107	13,819,946
Payables related to investments and licenses	29	512,945	73,155
Derivative financial instruments	28	-	16,027
Deferred tax liabilities	10	2,155,977	2,540,592
Lease liabilities	30	2,109,273	2,211,130
Provisions	31	377,561	345,572
Provision for employees' end of service benefits	32	1,223,883	1,194,993
Contract liabilities	26	42,426	30,885
		26,963,672	**21,640,092**
Current liabilities			
Trade and other payables	25	28,701,904	29,040,664
Contract liabilities	26	3,016,756	3,055,458
Borrowings	27	6,556,178	12,881,074
Payables related to investments and licenses	29	111,272	11,022
Current income tax liabilities		312,264	278,074
Lease liabilities	30	544,777	573,748
Provisions	31	4,270,082	4,652,246
Derivative financial instruments	28	40,660	149,053
Due to related parties	19	4,733	84,083
Provision for employees' end of service benefits	32	110,946	102,376
		43,669,572	**50,827,798**
Total liabilities		**70,633,244**	**72,467,890**
Net assets		**57,563,822**	**60,550,021**
Equity			
Share capital	33	8,696,754	8,696,754
Reserves	34	28,598,188	28,400,580
Retained earnings		10,291,094	11,936,605
Equity attributable to the owners of the Company		**47,586,036**	**49,033,939**
Non-controlling interests	15	9,977,786	11,516,082
Total equity		**57,563,822**	**60,550,021**

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 125 to 197 form an integral part of these consolidated financial statements.
The independent auditors› report is set out on pages 114 to 119.

Emirates Telecommunications Group Company PJSC

Consolidated statement of changes in equity

for the year ended 31 December 2021

		Attributable to owners of the Company					
	Notes	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 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**
Balance at 1 January 2021		**8,696,754**	**28,400,580**	**11,936,605**	**49,033,939**	**11,516,082**	**60,550,021**
Profit for the year		-	-	9,317,045	9,317,045	1,742,444	11,059,489
Other comprehensive income / (loss) for the year		-	270,210	(27,146)	243,064	(687,256)	(444,192)
Total comprehensive income for the year		**-**	**270,210**	**9,289,899**	**9,560,109**	**1,055,188**	**10,615,297**
Other movements in equity		-	1,264	(1,135)	129	(960)	(831)
Transfer to reserves		-	124,406	(124,406)	-	-	-
Transactions with owners of the Company:							
Repayment of advances to non-controlling interests		-	-	-	-	(67,274)	(67,274)
Acquisition of non-controlling interests (NCI) without a change in control	15(d)	-	(198,272)	(378,275)	(576,547)	(1,286,423)	(1,862,970)
Dividends	38	-	-	(10,431,594)	(10,431,594)	(1,238,827)	(11,670,421)
Balance at 31 December 2021		**8,696,754**	**28,598,188**	**10,291,094**	**47,586,036**	**9,977,786**	**57,563,822**

The accompanying notes on pages 125 to 197 form an integral part of these consolidated financial statements.
The independent auditors› report is set out on pages 114 to 119.

Consolidated statement of cash flows

for the year ended 31 December

	Notes	2021 AED'000	2020 AED'000
Operating profit		**12,799,477**	**13,015,123**
Adjustments for:			
Depreciation		6,370,772	6,203,909
Amortisation		1,824,688	1,695,888
Impairment loss on other assets - net		148,141	296,704
Share of results of associates and joint ventures		(297,462)	(197,407)
Provisions and allowances		35,500	(1,198,892)
Unrealised currency translation (gain) / loss		(905,547)	745,698
Operating cash flows before changes in working capital		**19,975,569**	**20,561,023**
Changes in:			
Inventories		(66,299)	84,421
Due from related parties		(6,481)	37,552
Trade and other receivables including contract assets		(380,286)	811,300
Trade and other payables including contract liabilities		821,242	(521,673)
Cash generated from operations		**20,343,745**	**20,972,623**
Income taxes paid		(2,118,248)	(1,786,826)
Payment of employees' end of service benefits		(114,641)	(217,311)
Net cash generated from operating activities		**18,110,856**	**18,968,486**
Cash flows from investing activities			
Proceeds from disposal of investments at amortised cost		185,213	-
Acquisition of investments at amortised cost		(1,231,372)	(658,433)
Acquisition of subsidiaries *(net of cash and bank balances acquired)*	41	(57,340)	(153,059)
Acquisition of investments classified as fair value through profit or loss		(769,720)	(1,168,939)
Proceeds from disposal of investments classified as fair value through profit or loss		2,122,619	624,724
Acquisition of non-controlling interests without a change in control	15 (d)	(1,862,970)	-
Acquisition of investments classified as fair value through other comprehensive income ("OCI")		(12,756)	(1,668)
Proceeds from disposal of investments classified as fair value through OCI		-	13,645
Purchase of property, plant and equipment		(6,446,212)	(6,073,778)
Proceeds from disposal of property, plant and equipment		50,306	128,756
Purchase of intangible assets		(1,916,139)	(1,021,812)
Proceeds from disposal of intangible assets		2,332	1,997
Dividend income received from associates, joint ventures and other investments		124,344	80,744
Term deposits made with maturities over three months		(8,023,167)	(18,692,281)
Term deposits matured with maturities over three months		17,440,742	27,359,270
Cash flows from unwinding of derivative financial instruments - net	28	(8,101)	-
Finance and other income received		1,044,438	1,098,518
Net cash generated from investing activities		**642,217**	**1,537,684**
Cash flows from financing activities			
Proceeds from borrowings	27(c)	10,639,273	4,599,030
Repayments of borrowings	27(c)	(10,214,403)	(3,372,872)
Payments of lease liabilities		(714,931)	(739,592)
Repayment of advances to non-controlling interests		(67,274)	-
Dividends paid		(11,574,258)	(8,401,773)
Finance and other costs paid		(1,154,800)	(1,528,272)
Net cash used in financing activities		**(13,086,393)**	**(9,443,479)**
Net increase in cash and cash equivalents		**5,666,680**	**11,062,691**
Cash and cash equivalents at the beginning of the year		13,205,530	2,827,314
Effect of foreign exchange rate changes		1,039,310	(684,475)
Cash and cash equivalents at the end of the year	24	**19,911,520**	**13,205,530**

The accompanying notes on pages 125 to 197 form an integral part of these consolidated financial statements.
The independent auditors› report is set out on pages 114 to 119.

Notes to the consolidated financial statements

for year ended 31 December 2021

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 held a General Assembly meeting on 8th December 2021, which approved all the necessary amendments to the Articles of Association to be aligned with Federal Decree by Law No. 26 of 2020.

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 the 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. The 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 the Group's General Assembly scheduled on 17 March 2021 and the approval of the competent authorities. On 6 September 2021, the Group secured the required approvals for increasing the foreign ownership limit in its share capital to 49% and accordingly, the new foreign ownership limits have come into effect.

The Group is required, for the year ended 31 December 2021, to be in compliance with the applicable provisions of the UAE Federal Law No. 2 of 2015, as amended. On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021.

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 24 February 2022.

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 (as amended). 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 information.

- Interest Rate Benchmark Reform – Phase 2 *(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*
- IFRS 16 Leases – *COVID 19 Rent Concessions – Relief for Lessees*
- COVID-19-Related Rent Concessions – *(Amendment to IFRS 16)*

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
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
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction *(Amendments to IAS 12)*	1 January 2023
Disclosure of Accounting Policies *(Amendments to IAS 1 and IFRS Practice Statement 2)*	1 January 2023
Definition of Accounting Estimate *(Amendments to IAS 8)*	1 January 2023

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

Emirates Telecommunications Group Company PJSC
Notes to the consolidated financial statements
for year ended 31 December 2021

3. Significant accounting policies (continued)

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)

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.

3. Significant accounting policies (continued)

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.

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.
Business Fixed contracts	• Gateway router • Fixed voice • Internet service • Office application • Security solution • Managed services • Ancillary devices (laptop, printer, IP Telephone, etc)	Revenue recognition for services is over the contract period, whereas revenue recognition for ancillary devices is upon transfer of control to the customer (i.e. point in time). The contracts are billed and paid on monthly basis.
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.

3. Significant accounting policies (continued)

Service/ Product category	Nature of performance obligations	Point of revenue recognition and significant payment terms
Digital Solutions contracts	• 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.
Miscellaneous	• Installation services	Installation services provided for service fulfillment are not distinct POs and the amount charged for installation service is recognised over the service period. Installation services are generally billed on upfront basis.

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.

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:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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.

3. Significant accounting policies (continued)

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. 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 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.

3. Significant accounting policies (continued)

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.

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.

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3. Significant accounting policies (continued)

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

3. Significant accounting policies (continued)

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:	
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:	
Motor vehicles	3 – 5
Computers	3 – 5
Furniture, fittings and office equipment	4 – 10

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3. Significant accounting policies (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)

(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)

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.

3. Significant accounting policies (continued)

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 revaluation 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 Customers", 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.

3. Significant accounting policies (continued)

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.

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)

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.

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3. Significant accounting policies (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 the proceeds received.

3. Significant accounting policies (continued)

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:

- 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, 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 2021 was in accordance with aforementioned Scheme and the Correspondence.

4. Critical accounting judgements and key sources of estimation uncertainty (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; and
- capital expenditure;

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.

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4. Critical accounting judgements and 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.

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.

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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 2021 Revenue							
External revenue	30,952,478	7,406,369	4,977,103	3,017,830	6,988,466	-	53,342,246
Inter-segment revenue	336,956	495,272	50,065	97,841	103,858	(1,083,992)	-
Total revenue	**31,289,434**	**7,901,641**	**5,027,168**	**3,115,671**	**7,092,324**	**(1,083,992)**	**53,342,246**
Segment result	**12,940,191**	**2,717,186**	**1,201,763**	**22,369**	**1,459,574**		**18,341,083**
Federal royalty							(5,541,606)
Finance and other income							1,289,120
Finance and other costs							(1,284,136)
Profit before tax							**12,804,461**
Income tax expenses							(1,744,972)
Profit for the year							**11,059,489**
Total assets	68,087,168	30,625,852	11,008,944	12,606,834	17,767,603	(11,899,335)	128,197,066
Non-current assets *	31,028,749	27,719,151	9,695,931	8,906,020	14,213,998	(10,488,516)	81,075,333
Depreciation and amortisation	2,941,264	1,872,313	875,318	900,461	1,606,104	-	8,195,460
Impairment and other losses	7,085	-	-	-	141,056	-	148,141
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**
Taxation							(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

* Non-current assets exclude derivative financial assets and deferred tax assets.

6. Revenue

a) The following is the disaggregation of the Group's revenue

	UAE AED'000	International: Morocco AED'000	International: Egypt AED'000	International: Pakistan AED'000	International: Others AED'000	Consolidated AED'000
31 December 2021						
Mobile	10,763,672	4,047,492	4,083,560	1,047,410	6,417,308	26,359,442
Fixed	11,151,498	2,784,689	304,013	1,455,764	473,148	16,169,112
Equipment	1,863,104	306,566	91,367	15,752	17,375	2,294,164
Others	7,174,204	267,622	498,163	498,904	80,635	8,519,528
Total revenue	**30,952,478**	**7,406,369**	**4,977,103**	**3,017,830**	**6,988,466**	**53,342,246**
31 December 2020						
Mobile	10,789,290	4,320,897	3,439,289	1,021,794	6,035,165	25,606,435
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	371,291	462,697	86,758	8,153,909
Total revenue	**30,751,960**	**7,366,733**	**4,113,156**	**2,852,043**	**6,624,319**	**51,708,211**

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 2021	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	8,809,439	1,907,540	10,716,979
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

6. Revenue (continued)

c) Timing of revenue recognition

	UAE AED'000	International: Morocco AED'000	International: Egypt AED'000	International: Pakistan AED'000	International: Others AED'000	Consolidated AED'000
31 December 2021						
PO satisfied at the point of time	2,658,434	294,739	97,874	46,021	2,248	3,099,316
PO satisfied over a period of time	28,294,044	7,111,630	4,879,229	2,971,809	6,986,218	50,242,930
Total revenue	**30,952,478**	**7,406,369**	**4,977,103**	**3,017,830**	**6,988,466**	**53,342,246**
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**

7. Operating expenses and federal royalty

a) Operating expenses

	2021 AED'000	2020 AED'000
Direct cost of sales	12,899,790	12,344,708
Staff costs	4,690,304	4,619,424
Depreciation	6,370,772	6,203,909
Network and other related costs	2,795,408	2,569,522
Amortisation	1,824,688	1,695,888
Regulatory expenses (i)	1,559,598	1,426,910
Marketing expenses	1,094,637	887,497
Consultancy costs	695,692	649,315
Operating lease rentals	35,008	36,526
IT costs	391,696	311,548
Foreign exchange losses / (gains) - net	333,409	(165,370)
Other operating expenses	1,390,272	1,260,119
Operating expenses (before federal royalty)	**34,081,274**	**31,839,996**

Operating expenses include an amount of AED 25.8 million (2020: AED 101.1 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.

7. Operating expenses and federal royalty (continued)

ICT Fund Contribution	2021 AED'000	2020 AED'000
UAE Net Regulated Revenue	19,108,531	19,530,283
ICT Fund Contribution	191,085	195,303

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"). 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 2021 was in accordance with the new royalty scheme and the Correspondence.

On 03 January 2022, the MoF issued new guidelines for the computation of federal royalty for the financial years 2022 to 2024 with no changes to the guidelines issued previously in February 2017. Accordingly, there will be no change in the rates for payment of federal royalty by the Group in the financial years 2022 to 2024.

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.

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8. Finance and other income

	2021 AED'000	2020 AED'000
Interest on bank deposits and amortised cost investments	522,893	648,794
(Loss) / gain on forward foreign exchange contracts	(24,019)	12,938
Net gain / (loss) on financial assets designated as FVTPL	114,506	(65,018)
Other income	675,740	515,660
	1,289,120	**1,112,374**

9. Finance and other costs

	2021 AED'000	2020 AED'000
Interest on short term bank borrowings, loans and other financial liabilities	441,299	425,946
Interest on other borrowings	762,995	784,300
Ineffectiveness on net investment hedge	-	250,489
Foreign exchange gain on borrowings - net	(2,538)	(3,655)
Other costs	58,317	886,895
Unwinding of discount	24,063	17,077
	1,284,136	**2,361,052**
Total borrowing costs	1,293,633	2,369,477
Less: amounts included in the cost of qualifying assets (Note 11 and 13)	(9,497)	(8,425)
	1,284,136	**2,361,052**

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 8.76% (2020: 10.20%) for expenditure on such assets. Borrowing costs have been capitalised in relation to loans by certain of the Group's subsidiaries.

10. Taxation

	2021 AED'000	2020 AED'000
Current tax expense	2,007,113	1,747,073
Deferred tax credit	(262,141)	(296,364)
	1,744,972	**1,450,709**

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10. Taxation (continued)

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 30.56 % (2020: 32.03%). 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:

	2021 AED'000	2020 AED'000
Tax based on the applicable weighted average tax rate of 30.56 % (2020: 32.03%)	1,630,426	1,383,540
Tax effect of share of results of associates	14,686	10,731
Tax effect of expenses that are not deductible in determining taxable profit	282,785	271,375
Tax effect of utilization of tax losses not previously recognized	14,243	15,416
Effect on deferred tax balances of change in income tax rate	(29,569)	(32,195)
Effect on deferred tax balances due to purchase price allocation	(167,599)	(198,158)
Income tax expenses recognised in profit or losses	**1,744,972**	**1,450,709**

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:

	2021 AED'000	2020 AED'000
Deferred tax assets	136,863	175,489
Deferred tax liabilities	(2,155,977)	(2,540,592)
	(2,019,114)	**(2,365,103)**

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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 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 / 1 January 2021	**2,727,807**	**74,867**	**30,702**	**2,833,376**
(Credit) / charge to the consolidated statement of profit or loss	(262,599)	9,409	29,107	(224,083)
Credit to other comprehensive income	-	-	(2,984)	(2,984)
Other movements	-	-	(22,439)	(22,439)
Exchange differences	(134,966)	-	(2,158)	(137,124)
At 31 December 2021	**2,330,242**	**84,276**	**32,228**	**2,446,746**

Deferred tax assets	Tax losses AED'000	Others AED'000	Total AED'000
At 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 / 1 January 2021	**16,288**	**451,984**	**468,272**
Credit to the consolidated statement of profit or loss	13,739	24,319	38,058
Credit to other comprehensive income	-	1,032	1,032
Other movements	(1,338)	(13,170)	(14,508)
Exchange differences	-	(65,223)	(65,223)
At 31 December 2021	**28,689**	**398,942**	**427,631**

Unused tax losses	2021 AED million	2020 AED million
Total unused tax losses	29	81
of which deferred tax assets recognised for	29	81

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11. Goodwill and other intangible assets

	Goodwill AED'000	Licenses AED'000	Trade names AED'000	Others AED'000	Total AED'000
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 investment property	-	-	-	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**
Cost					
At 1 January 2021	16,771,776	17,861,196	2,094,627	9,221,996	45,949,595
Additions	-	130,609	-	1,787,489	1,918,098
Transfer from property, plant and equipment	-	-	-	596,810	596,810
Capitalized during the year	-	1,642,532	-	(1,642,532)	-
Acquisition of subsidiary (Note 41)	140,428	-	-	-	140,428
Disposals	-	(12,351)	-	(18,256)	(30,607)
Exchange differences	(599,590)	(693,724)	48,524	(655,904)	(1,900,694)
At 31 December 2021	**16,312,614**	**18,928,262**	**2,143,151**	**9,289,603**	**46,673,630**
Amortisation and impairment					
At 1 January 2021	4,929,500	7,947,704	673,120	6,122,829	19,673,153
Charge for the year	-	836,808	81,784	935,678	1,854,270
Impairment losses	34,648	17,722	-	27,455	79,825
Disposals	-	(12,351)	-	(15,924)	(28,275)
Exchange differences	(3,202)	(297,196)	(812)	(434,174)	(735,384)
At 31 December 2021	**4,960,946**	**8,492,687**	**754,092**	**6,635,864**	**20,843,589**
Carrying amount at 31 December 2021	**11,351,668**	**10,435,575**	**1,389,059**	**2,653,739**	**25,830,041**

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for year ended 31 December 2021

11. Goodwill and other intangible assets (continued)

Others - net book values	2021 AED'000	2020 AED'000
Indefeasible rights of use	334,121	332,011
Computer software	1,286,023	1,347,059
Customer relationships	54,919	65,626
Others*	978,676	1,354,471
	2,653,739	**3,099,167**

* Included in others is an amount of AED 299 million (2020: 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.

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 are as follows:

	2021 AED'000	2020 AED'000
Pakistan Telecommunication Company Limited (PTCL)	**-**	**334,641**
of which relating to goodwill - net (Note 11)	-	148,157
of which relating to other intangible assets (Note 11)	-	186,484
Etisalat UAE	**7,085**	**(37,250)**
of which relating to property, plant and equipment (Note 13)	7,085	(37,250)
Maroc Telecom international subsidiaries	**34,648**	
of which relating to goodwill (Note 11)	34,648	-
Others	**106,408**	**(687)**
of which relating to intangible assets (Note 11)	45,177	-
of which relating to property, plant and equipment (Note 13)	61,231	(687)
Total impairment losses for the year	**148,141**	**296,704**

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:	2021 AED'000	2020 AED'000
Maroc Telecom	8,929,537	9,427,018
Maroc Telecom international subsidiaries	2,193,263	2,326,834
Help AG group	76,469	76,469
Etisalat Misr (Etisalat) S.A.E.	11,971	11,956
Digital Financial Services LLC (see Note 41)	140,428	-
	11,351,668	**11,842,277**

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 and capital expenditure.

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 3.3% to 5.2% (2020: 2.9% to 4.6%).

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 10.19% to 16.27% (2020: 8.74% to 19.76%).

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.

Sensitivity analysis

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 [3.4% increase in discount rates and 3% decrease in long term terminal growth rates (2020: 2.3% increase in discount rates and 1.5% 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 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	-	-
Transfer to intangible assets	-	-	(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**
Cost					
At 1 January 2021	10,014,152	79,726,888	6,953,221	5,488,171	102,182,432
Additions	121,406	1,545,216	190,816	4,588,774	6,446,212
Transfer to intangible assets (Note 11)	-	-	(547,393)	(49,417)	(596,810)
Reclassified as held for sale (Note 42)	(16,056)	(432,220)	(16,213)	(226,632)	(691,121)
Transfers	308,347	3,630,973	993,383	(4,932,703)	-
Disposals	(4,278)	(836,065)	(593,861)	(9,686)	(1,443,890)
Acquisition of subsidiary (Note 41)	-	-	10,124	-	10,124
Exchange differences	(546,533)	(3,930,317)	(191,183)	(39,878)	(4,707,911)
At 31 December 2021	**9,877,038**	**79,704,475**	**6,798,894**	**4,818,629**	**101,199,036**
Depreciation and impairment					
At 1 January 2021	3,422,120	47,541,697	5,233,138	182,041	56,378,996
Charge for the year	228,166	5,019,102	544,748	-	5,792,016
Impairment charge	-	57,656	2,016	8,644	68,316
Disposals	(3,172)	(818,905)	(578,986)	-	(1,401,063)
Other movement	1,051	133	(1,958)	-	(774)
Exchange differences	(152,633)	(2,996,448)	(168,287)	6	(3,317,362)
Reclassified as held for sale (Note 42)	(4,287)	(30,293)	(1,601)	-	(36,181)
At 31 December 2021	**3,491,245**	**48,772,942**	**5,029,070**	**190,691**	**57,483,948**
Carrying amount at 31 December 2021	**6,385,793**	**30,931,533**	**1,769,824**	**4,627,938**	**43,715,088**

13. Property, plant and equipment (continued)

The carrying amount of the Group's land and buildings includes a nominal amount of AED 1 (2020: 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 9.5 million (2020: AED 8.4 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 3,706 million (2020: AED 3,981 million).

Assets under construction include buildings, multiplex equipment, line plant, exchange and network equipment.

14. Right-of-use assets

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computer, furniture AED'000	Total AED'000
Balance at 1 January 2020	1,549,119	1,139,497	55,716	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 January 2021	**1,450,271**	**1,104,683**	**145,148**	**2,700,102**
Additions for the year	311,143	162,313	30,436	503,892
Disposals for the year	(89,203)	(13,369)	(9,072)	(111,644)
Depreciation for the year	(345,359)	(185,028)	(48,369)	(578,756)
Exchange differences	(65,583)	(5,867)	(5,223)	(76,673)
Balance at 31 December 2021	**1,261,269**	**1,062,732**	**112,920**	**2,436,921**

15. Subsidiaries

a) The Group's principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Percentage shareholding 2021	Percentage shareholding 2020
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.	Ivory Coast	Telecommunications services	100%	100%
Pakistan Telecommunication Company Limited	Pakistan	Telecommunications services	23% *	23% *
Etisalat Investment North Africa LLC	UAE	Holds investment in Société de Participation dans les Télécommunications (SPT)	100%*	91.3%
Société de Participation dans les Télécommunications (SPT)	Kingdom of Morocco	Holds investment in Maroc Telecom	100%*	91.3%
Etisalat Al Maghrib S.A (Maroc Telecom)	Kingdom of Morocco	Telecommunications services	53% *	48% *
Etisalat Mauritius Private Limited	Mauritius	Holds investment in Etisalat DB Telecom Private Limited	100%	100%
Ubiquitous Telecommunications Technology LLC	UAE	Installation and management of network systems	85%	85%
Help AG Abu Dhabi	UAE	Digital services	100%	100%
Help AG KSA	Kingdom of Saudi Arabia	Digital services	100%	100%
Etisalat Digital KSA	Kingdom of Saudi Arabia	Digital services	100%	100%
Solid FZCO	UAE	Mobile Phones and accessories trading	100%	100%
UTC Information Technology Network Services Co. LLC	UAE	Blockchain Enabled Financial Services	100%	100%
Digital Financial Services LLC (Note 41)	UAE	Mobile Financial Services	100%**	49.99%**

*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.

On 28 October 2021 , the Group has successfully completed the acquisition of Abu Dhabi Fund For Development's stake in Etisalat Investment North Africa LLC (EINA) of 8.7%, increasing the Groups' ownership in EINA to 100%. EINA holds investment in Société de Participation dans les Télécommunications (SPT) that holds investment in Maroc Telecom Group. This acquisition ultimately increased the Group's effective ownership in Maroc Telecom Group from 48.4% to 53.0%.

The final consideration paid amounted to AED 1.86 billion which was financed by bank borrowings. The financial impact of the transaction has been reflected in the consolidated financial statements of the Group effective from 28 October 2021.

**On 9 December 2021 (the effective date), the Group has successfully completed the acquisition of Dubai Islamic Bank's stake in Digital Financial Services LLC (DFS) of 50.01%, increasing the Groups' ownership in DFS to 100% from 49.99%. DFS has been fully consolidated in these consolidated financial statements from the effective date and equity method has been discontinued for previously held 49.99% interest in DFS from the same date.

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15. Subsidiaries (continued)

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
		2021 AED'000	
Information relating to non-controlling interests:			
Non-controlling interest (shareholding %)	47.0%	76.6%	33.6%
Revenue	6,543,473	2,386,604	1,689,129
Profit for the year	1,414,784	86,241	241,753
Other comprehensive (loss) / income for the year	(341,247)	(354,705)	2,323
Total comprehensive income / (loss) for the year	**1,073,537**	**(268,464)**	**244,076**
Cash flows from operating activities	2,428,556	1,268,620	679,153
Cash flows from investing activities	(1,483,154)	(1,344,600)	(446,850)
Cash flows from financing activities	(2,009,536)	363,188	(219,028)
Dividends paid to non-controlling interests	(1,129,414)	-	(106,843)
Non-controlling interests as at 31 December	4,950,355	3,048,911	1,955,211
Summarised information relating to subsidiaries:			
Current assets	6,052,306	3,701,114	1,307,841
Non-current assets	32,427,665	8,908,390	9,701,103
Current liabilities	15,081,224	5,399,571	3,140,965
Non-current liabilities	3,608,913	4,338,359	1,927,521
		2020 AED'000	
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

Emirates Telecommunications Group Company PJSC

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15. Subsidiaries (continued)

c) Movement in non-controlling interests

The movement in non-controlling interests is provided below:

	2021 AED'000	2020 AED'000
As at 1 January	11,516,082	11,155,790
Total comprehensive income:		
Profit for the year	1,742,444	1,289,214
Remeasurement of defined benefit obligations - net of tax	(26,637)	48,672
Exchange differences on translation of foreign operations	(659,283)	365,002
Loss on revaluation of investment classified as fair value through OCI	-	(4,815)
Fair value loss arising on cash flow hedges	(1,336)	-
Other movement in equity	(960)	4,118
Transaction with owners of the Company:		
Repayment of advances to non-controlling interests	(67,274)	-
Acquisition of additional stake in a subsidiary	(1,286,423)	-
Dividends	(1,238,827)	(1,341,899)
As at 31 December	**9,977,786**	**11,516,082**

d) Acquisition of non-controlling interests without a change in control

In October 2021, the Group acquired an additional stake of 8.67% in EINA, increasing its ownership from 91.33% to 100%. The carrying amount of 8.67% NCI in the Group's consolidated financial statements on the date of acquisition was AED 1,286 million.

	AED'000
Carrying amount of NCI acquired	1,286,423
Consideration paid to NCI	(1,862,970)
Decrease in equity attributable to owners of the Company	**(576,547)**
The decrease in equity attributable to owners of the Company comprised:	
Decrease in retained earnings	(378,275)
Decrease in the translation reserve	(198,272)
Total decrease in equity attributable to owners	**(576,547)**

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16. Share of results of associates and joint ventures

	2021 AED'000	2020 AED'000
Associates (Note 17 b)	292,174	200,045
Joint ventures (Note 17 g)	5,288	(2,638)
Total	**297,462**	**197,407**

17. Investment in associates and joint ventures

	2021 AED'000	2020 AED'000
Associates (Note 17 b)	4,405,649	4,204,637
Joint ventures (Note 17 g)	46,760	45,370
Total	**4,452,409**	**4,250,007**

a) Associates

Name	Country of incorporation	Principal activity	Percentage shareholding 2021	Percentage shareholding 2020
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 (DFS) (see (ii) below)	UAE	Digital Wallet services	100%	50%

i) The 15 % stake in Hutch has been classified as investment in associate on account of the significant influence the Group has over the financial and operational decisions through voting rights in Board meetings of Hutch.

ii) DFS became a 100% owned subsidiary during the year , please refer note 15(a) for more details.

b) Movement in investments in associates

	Mobily		All Associates	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Carrying amount at 1 January	**4,202,887**	**4,013,045**	**4,204,637**	**4,029,371**
Share of results (Note 16)	293,720	214,621	292,174	200,045
Exchange differences	(3,085)	(286)	(3,085)	(286)
Dividends received	(105,535)	-	(105,535)	-
Share of other comprehensive income / (loss) – net of tax	17,662	(24,493)	17,662	(24,493)
Other movements	-	-	(204)	-
Carrying amount at 31 December	**4,405,649**	**4,202,887**	**4,405,649**	**4,204,637**

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17. Investment in associates and joint ventures (continued)

c) Reconciliation of the above summarised financial information to the net assets of the associates

	Mobily		All Associates	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Net assets	14,864,756	14,140,664	14,864,756	14,143,755
Our share in net assets of associates	4,161,091	3,958,396	4,161,091	3,959,941
Others *	244,558	244,491	244,558	244,696
	4,405,649	**4,202,887**	**4,405,649**	**4,204,637**

* Others include an amount of AED 150 million (2020: AED 150 million) relating to premium paid on rights issue in prior years.

d) Aggregated amounts relating to associates

	Mobily		All Associates	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Current assets	8,091,984	6,346,489	8,091,984	6,379,425
Non-current assets	30,413,240	31,259,447	30,413,240	31,273,295
Current liabilities	(11,052,719)	(10,760,637)	(11,052,719)	(10,785,215)
Non-current liabilities	(12,587,749)	(12,704,634)	(12,587,749)	(12,723,750)
Net assets	**14,864,756**	**14,140,665**	**14,864,756**	**14,143,755**
Revenue	14,515,878	13,750,566	14,515,878	13,751,734
Profit	1,048,557	766,770	1,048,557	770,738
Total comprehensive income	1,111,652	679,274	1,111,652	650,117

The share of results and carrying amounts of assets and liabilities of Mobily have been adjusted to comply with the Group accounting policies.

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:

	2021 AED'000	2020 AED'000
Etihad Etisalat Company ("Mobily")	6,567,854	6,047,019

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17. Investment in associates and joint ventures (continued)

f) Joint ventures

Name	Country of incorporation	Principal activity	Percentage shareholding 2021	Percentage shareholding 2020
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

	2021 AED'000	2020 AED'000
Carrying amount at 1 January	**45,371**	**48,009**
Share of results	5,288	(2,638)
Dividends	(3,899)	-
Carrying amount at 31 December	**46,760**	**45,371**

h) Aggregated amounts relating to joint ventures

	2021 AED'000	2020 AED'000
Current assets (including cash and cash equivalents AED 24,479 thousand (2020: AED 38,008 thousand)	191,533	228,410
Non-current assets	6,100	20,406
Current liabilities (including current financial liabilities excluding trade and other payables and provisions of AED 85,022 thousand (2020: AED 119,370 thousand)	(92,537)	(147,105)
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions of AED 9,532 thousand (2020: AED 8,162 thousand)	(11,250)	(11,105)
Net assets	**93,846**	**90,606**
Revenue	265,184	305,526
Depreciation and amortisation	1,881	1,730
Interest expenses	150	975
Profit or loss	10,099	(5,278)

The Group has not identified any contingent liabilities or capital commitments in relation to its interest in joint ventures.

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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 2020	1,439,790	225,066	202,863	1,150,463	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**	**193,900**	**1,834,206**	**4,235,335**
of which current	1,074,823	-	-	-	1,074,823
of which non-current	746,649	385,757	193,900	1,834,206	3,160,512
At 1 January 2021	1,821,472	385,757	193,900	1,834,206	4,235,335
Additions	769,720	-	12,756	1,231,372	2,013,848
Disposal	(2,122,619)	-	-	(185,213)	(2,307,832)
Fair value changes	133,570	(10,697)	(7,431)	-	115,442
Exchange differences	(13,315)	7,949	(1,811)	(18,214)	(25,391)
At 31 December 2021	**588,828**	**383,009**	**197,414**	**2,862,151**	**4,031,402**
of which current	293,712	-	-	140,480	434,192
of which non-current	295,116	383,009	197,414	2,721,671	3,597,210

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 2021, the market value of the investment in these bonds was AED 2,496 million (2020: AED 1,677 million).

The financial assets at amortised cost and those classified as fair value through profit or loss include bonds worth AED 1,065 million (2020: AED 937 million) and AED 141 million (2020: AED 149 million), respectively, which have been temporarily lent to various financial institutions under securities lending arrangements.

19. Related party transactions and balances

Transactions and balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions and balances 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 1,586 million (2020: AED 1,685 million), which are net of allowance for doubtful debts of AED 424 million (2020: AED 310 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 and balances 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 and balances that the Group has with such related parties is the provision of telecommunication services. and procurement of services.

b) Joint ventures and associates

	Associates		Joint Ventures	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Trading transactions				
Telecommunication services – sales	300,342	217,146	-	-
Telecommunication services – purchases	19,892	31,921	29,753	30,641
Management and other services	115,826	79,813	7,342	9,275
Due from related parties as at 31 December	**59,934**	**46,346**	**22,092**	**28,954**
Due to related parties as at 31 December	**-**	**79,642**	**4,733**	**4,441**

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.

19. Related party transactions and balances (continued)

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.

	2021 AED'000	2020 AED'000
Long- term benefits	1,024	1,262
Short-term benefits	46,512	83,698

The prior year remuneration includes existing and previous executives' remuneration and their end of service benefits.

20. Inventories

	2021 AED'000	2020 AED'000
Subscriber equipment	474,321	470,104
Maintenance and consumables	438,178	428,347
Obsolescence allowances	(163,713)	(193,543)
Inventories	**748,786**	**704,908**

Movement in obsolescence allowances	2021 AED'000	2020 AED'000
At 1 January	**193,543**	**223,436**
Net decrease in obsolescence allowances	(29,849)	(30,148)
Exchange differences	19	255
At 31 December	**163,713**	**193,543**
Inventories recognised as an operating expense within direct cost of sales during the year	3,393,914	3,066,828

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21. Trade and other receivables

	2021 AED'000	2020 AED'000
Amount receivable for services rendered	10,878,178	10,924,677
Amounts due from other telecommunication operators/carriers	2,561,479	2,211,372
Total gross carrying amount	**13,439,657**	**13,136,049**
Lifetime expected credit loss	(3,373,088)	(3,209,253)
Net trade receivables	**10,066,569**	**9,926,796**
Prepayments	627,835	583,630
Accrued income	835,020	800,326
Advances to suppliers	949,028	1,234,203
Indirect taxes receivable	387,181	472,280
Other receivables	1,882,652	1,899,036
At 31 December	**14,748,285**	**14,916,271**
Total trade and other receivables	**14,748,285**	**14,916,271**
of which current trade and other receivables	14,288,386	14,572,812
of which non-current other receivables	459,899	343,459

The Group's normal credit terms ranges between 30 and 120 days (2020: 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.

Trade receivable - as on 31 December 2021	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 38%	0% to 45%	0% to 60%	9% to 100%	
Estimated total gross carrying amount	4,303,136	473,452	2,137,915	6,525,154	13,439,657
Lifetime expected credit loss	(392,037)	(55,885)	(513,858)	(2,411,308)	(3,373,088)
Net trade receivables	**3,911,099**	**417,567**	**1,624,057**	**4,113,846**	**10,066,569**
Trade receivable - as on 31 December 2020					
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**

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21. Trade and other receivables (continued)

Movement in lifetime Expected Credit Losses:	2021 AED'000	2020 AED'000
At 1 January	**3,209,253**	**2,737,393**
Net increase in allowance for doubtful debts, net of write offs	221,420	427,533
Acquisition of subsidiary (Note 41)	-	368
Exchange differences	(57,585)	43,959
At 31 December	**3,373,088**	**3,209,253**

No interest is charged on the trade receivable balances. With respect to the amounts receivable from the services rendered, the Group holds AED 209 million (2020: AED 226 million) of collateral in the form of cash deposits from customers. Collateral with fair value of AED 464 million (2020: AED 398 million) are held against loans to customers.

22. Contract assets

	2021 AED'000	2020 AED'000
Cost to acquire	410,277	396,281
Cost to fulfill	246,291	281,217
Unbilled revenue	1,193,363	1,067,809
	1,849,931	**1,745,307**
of which current contract assets	1,389,614	1,295,065
of which non-current contract assets	460,317	450,242
	1,849,931	**1,745,307**

23. Finance lease receivables

	2021 AED'000	2020 AED'000
Current finance lease receivables	25,505	-
Non-current finance lease receivables	123,448	159,535
	148,953	**159,535**

23.1 Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Amounts receivable under finance lease				
Within one to two years	47,302	-	34,937	-
Between 2 and 5 years	189,206	189,206	164,812	141,871
After 5 years	-	47,302	-	45,308
	236,508	**236,508**	**199,749**	**187,179**
Less: future finance income	(36,759)	(49,329)	-	-
	199,749	**187,179**	**199,749**	**187,179**
Allowances for uncollectible lease payments	(50,796)	(27,644)	(50,796)	(27,644)
	148,953	**159,535**	**148,953**	**159,535**

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23. Finance lease receivables (continued)

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 30 days of receiving notice.

24. Cash and cash equivalents

	2021 AED'000	2020 AED'000
Maintained in UAE	23,544,580	25,413,663
Maintained overseas, unrestricted in use	4,958,828	5,858,376
Maintained overseas, restricted in use	71,964	72,844
Cash and bank balances	**28,575,372**	**31,344,883**
Less: Deposits with maturities exceeding three months from the date of deposit	(8,663,852)	(18,139,353)
Cash and cash equivalents	**19,911,520**	**13,205,530**

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

	2021 AED'000	2020 AED'000
Current		
Federal royalty	5,541,492	5,594,311
Trade payables	7,150,225	7,664,028
Amounts due to other telecommunication administrators	3,045,623	2,575,938
Accruals	8,110,678	8,042,874
Other taxes payable	1,876,610	2,118,999
Advances from customers	355,462	365,545
Deferred income	304,418	499,672
Funds payable and amounts due to customers	581,290	691,466
Other payables	1,736,106	1,487,831
At 31 December	**28,701,904**	**29,040,664**
Non-current		
Other payables and accruals	1,365,500	1,407,792
At 31 December	**1,365,500**	**1,407,792**

Federal royalty for the year ended 31 December 2021 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 2021.

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26. Contract liabilities

	2021 AED'000	2020 AED'000
Current		
Deferred revenues	2,894,341	2,905,765
Material right / customer loyalty	122,415	149,693
	3,016,756	**3,055,458**
Non-current		
Deferred revenues	42,426	30,885
	42,426	**30,885**

Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to AED 3,055 million (2020: AED 3,119 million) respectively.

27. Borrowings

Details of the Group's bank and other borrowings are as follows:

	Fair Value		Carrying Value	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Bank borrowings				
Short term bank borrowings	4,703,535	5,823,852	4,703,535	5,823,852
Bank loans	8,254,816	6,955,985	9,258,377	7,334,621
Other borrowings				
Bonds	11,706,741	13,672,359	10,898,562	12,580,935
Vendor financing	248,785	329,020	323,994	414,029
Others	5,130	4,914	5,541	5,307
	24,919,007	**26,786,130**	**25,190,009**	**26,158,744**
Advance from non-controlling interests			542,276	542,276
Total borrowings			**25,732,285**	**26,701,020**
of which due within 12 months			6,556,178	12,881,074
of which due after 12 months			19,176,107	13,819,946

27. Borrowings (continued)

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.

External borrowings of AED 3,493 million (2020: AED 3,315 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, the Group 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:

- 5 years tranche: USD 500 million with coupon rate of 2.375% per annum
- 7 years tranche: EUR 1,200 million with coupon rate of 1.750% per annum
- 10 years tranche: USD 500 million with coupon rate of 3.500% per annum
- 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 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.

In May 2021, the Group issued 7 and 12 years bonds under its established USD 10 billion GMTN Programme amounting to EUR 500 million each with annual yields of 0.375 % and 0.875% respectively. The net proceeds from the issuance of the bonds have been used for the repayment of the existing 7-year tranche amounting to EUR 1.2 billion which matured in June 2021.

As at 31 December 2021, the total amounts in issue under GMTN programme split by currency are USD 0.5 billion (AED 1.84 billion) and Euro 2.2 billion (AED 9.7 billion) as follows:

27. Borrowings (continued)

	2021 AED'000		
	Nominal Value	Fair Value	Carrying Value
Bonds			
3.500% US dollar 500 million notes due 2024	1,837,000	1,946,168	1,828,068
Bonds in net investment hedge relationship			
0.375% Euro 500 million notes due 2028	2,197,260	2,094,904	2,072,095
0.875% Euro 500 million notes due 2033	2,197,260	2,077,736	2,044,932
2.750% Euro 1,200 million notes due 2026	5,263,680	5,587,933	4,953,467
At 31 December 2021	**11,495,200**	**11,706,741**	**10,898,562**
of which due within 12 months			-
of which due after 12 months			10,898,562

	2020 AED'000		
	Nominal Value	Fair Value	Carrying Value
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

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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 2021 AED'000	Carrying Value 2020 AED'000
Variable interest borrowings					
Secured bank loans	2022-2026	USD	3M LIBOR and 1.7% to 2.9%	881,200	1,212,172
Unsecured bank loans	2022	EGP	Lending Corridor minus 0.15%to 0.5%	175,606	150,430
Unsecured bank loans	2023-2026	USD	3 Month Libor + 0.9%	2,657,925	2,653,890
Unsecured vendor financing	2022-2026	PKR	6.43% to 9.34%	323,994	414,029
Unsecured short term bank borrowings	2022	EGP	Mid corridor	442,088	220,273
Secured short term bank borrowings	2022	PKR	3 Month KIBOR + (0.1% to 0.85%)	136,437	34,468
Unsecured bank loans	2023-2026	AED	EIBOR + 0.55%	1,990,944	-
Secured bank loans	2022-2026	PKR	6 Month KIBOR + (0.75% to 1.1%)	64,267	94,649
Secured bank loans	2023 onwards	PKR	3 Month KIBOR + (0.5% to 0.75%)	698,242	48,069
Unsecured bank loans	2022-2026	PKR	6 Month KIBOR -1% to +3.5%	43,748	-
Fixed interest borrowings					
Unsecured short term bank borrowings	2022	MAD	3.16% to 3.5%	3,469,679	4,649,714
Secured bank loans	2022	FCFA	5.25%	73,862	264,079
Secured bank loans	2021	EURO	4.8%-5.7%	-	155,799
Secured short term bank borrowings	2022	FCFA	5.5% - 6.5%	46,234	106,606
Secured short term bank borrowings	2022	PKR	6.65%	35,043	118,505
Unsecured short term bank borrowings	2022	FCFA	6% to 8.5%	377,800	536,322
Unsecured bank loans	2022 onwards	FCFA	1% to 7%	504,321	631,299
Secured bank loans	2022 onwards	FCFA	5.5% to 8%	665,462	210,406
Secured bank loans	2025 onwards	FCFA	5.5% - 7.25%	-	473,997
Unsecured bank loans	2022-2026	FCFA	0% to 7%	733,985	702,711
Secured bank loans	2022-2026	PKR	0.9%-14.14%	861,193	873,181
Other borrowings					
Advance from non-controlling interest	N/A	USD	Interest free	542,276	542,276
Unsecured bonds	2024	USD	3.5%	1,828,068	1,825,472
Unsecured bonds	2021	EURO	1.8%	-	5,402,479
Unsecured bonds	2026	EURO	2.8%	4,953,467	5,352,984
Unsecured bonds	2028	EURO	0.375%	2,072,095	-
Unsecured bonds	2033	EURO	0.875%	2,044,932	-
Others	Various	Various	Various	109,417	27,210
Total Borrowings				**25,732,285**	**26,701,020**

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27. Borrowings (continued)

a) Interest rates

The weighted average interest rate paid during the year on bank and other borrowings is set out below:

	2021 AED'000	2020 AED'000
Bank borrowings	3%	3%
Other borrowings	2%	2%

b) Available facilities

At 31 December 2021, the Group had AED 1,975 million (2020: AED 1,701 million) of undrawn committed borrowing facilities in respect of which all conditions 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.

	2021		2020	
	Borrowings AED'000	Lease liabilities AED'000	Borrowings AED'000	Lease liabilities AED'000
As at 1 January	**26,701,020**	**2,784,878**	**23,889,091**	**2,708,983**
Additions	-	584,103	-	815,487
Proceeds	10,639,273	-	4,599,030	-
Repayments during the year	(10,214,403)	(714,931)	(3,372,872)	(739,592)
Exchange differences	(1,393,605)	-	1,585,771	-
As at 31 December	**25,732,285**	**2,654,050**	**26,701,020**	**2,784,878**

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	2021 AED'000	2020 AED'000
Other comprehensive income / (loss) on net investment hedge	782,797	(720,856)
Other comprehensive income / (loss) on cash flow hedges	97,490	(76,498)
Total effective part directly recognised in other comprehensive income / (loss)	**880,287**	**(797,354)**
Fair value of derivative financial instruments		
Fair value of forward contracts and options	9,024	(15,304)
Fair value of derivative swaps	(44,513)	(149,776)
	(35,489)	**(165,080)**
These derivative financial instruments are included as following in the consolidated statement of financial position:		
Non-current assets	5,171	-
Current liabilities	40,660	149,053
Non-current liabilities	-	16,027
Net amount	**(35,489)**	**(165,080)**

The fair value of bonds designated as hedge is disclosed in Note 27.

The Group has received cash of AED 3.4 million (2020: AED Nil million) on maturity of derivatives during the year.

29. Payables related to investments and licenses

	Current AED'000	Non-current AED'000	Total AED'000
At 31 December 2021			
Investments			
Atlantique Telecom S.A.	11,022	-	11,022
Help AG	-	75,096	75,096
Licenses			
PTCL Group	100,250	437,849	538,099
	111,272	**512,945**	**624,217**
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**

All amounts payable on acquisitions are financial liabilities measured at amortised cost and are mostly denominated in either USD, AED or PKR.

30. Lease liabilities

i) The Group as a lessee

Details of the Group's lease liabilities are as follows:

	Carrying Value	
	2021 AED'000	2020 AED'000
Contractual undiscounted cash flow		
Within one year	594,840	668,323
Between 2 and 5 years	1,756,965	1,933,370
After 5 years	2,012,210	2,111,860
Total undiscounted lease liabilities	**4,364,015**	**4,713,553**
Lease liabilities included in the consolidated statement of financial position		
of which due within 12 months	544,777	573,748
of which due after 12 months	2,109,273	2,211,130

It is the Group policy to lease certain of its plant and machinery under finance leases. For the year ended 31 December 2021, the average effective borrowing rate was from 2.51% to 18.33% (2020: 2.62% to 18.15%). The fair value of the Group's lease obligations is approximately equal to their carrying value.

Amounts recognized in profit or loss	2021 AED'000	2020 AED'000
Interest on lease liabilities	249,099	246,266
Expenses relating to short-term leases	782	3,796

Amounts recognized in the statement of cash flow	2021 AED'000	2020 AED'000
Total cash outflow from leases	714,931	739,592

31. Provisions

	Asset retirement obligations AED'000	Other AED'000	Total AED'000
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 1 January 2021	**257,637**	**4,740,181**	**4,997,818**
Additional provision during the year	39,124	527,680	566,804
Utilization of provision	(536)	(490,909)	(491,445)
Release of provision	-	(368,232)	(368,232)
Unwinding of discount	8,385	(18,192)	(9,807)
Exchange differences	25	(47,520)	(47,495)
At 31 December 2021	**304,635**	**4,343,008**	**4,647,643**
Included in current liabilities	-	4,270,082	4,270,082
Included in non-current liabilities	304,635	72,926	377,561
At 31 December 2021	**304,635**	**4,343,008**	**4,647,643**

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 (2020: 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 2021.

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32. Provision for employees' end of service benefits

The liabilities recognised in the consolidated statement of financial position are:

	2021 AED'000	2020 AED'000
Funded Plans		
Present value of defined benefit obligations	2,756,820	3,082,461
Less: Fair value of plan assets	(2,749,724)	(2,921,615)
	7,096	**160,846**
Unfunded Plans		
Present value of defined benefit obligations and other employee benefits	1,327,733	1,136,523
Total	**1,334,829**	**1,297,369**
of which included in current liabilities	110,946	102,376
of which included in non-current liabilities	1,223,883	1,194,993

The movement in defined benefit obligations for funded and unfunded plans is as follows:

	2021 AED'000	2020 AED'000
As at 1 January	**4,218,984**	**4,174,172**
Current service cost	90,652	102,463
Interest cost	323,158	345,814
Actuarial gain arising from changes in assumptions	25,844	(27,778)
Remeasurements	44,973	5,368
Benefits paid	(290,990)	(333,429)
Gain on settlement	-	(12)
Exchange differences	(328,068)	(47,614)
As at 31 December	**4,084,553**	**4,218,984**

The movement in the fair value of plan assets is as follows:

	2021 AED'000	2020 AED'000
As at 1 January	**2,921,615**	**2,773,996**
Interest income	256,819	262,093
Return on plan assets excluding amounts included in interest income	9,958	96,415
Contributions received	18,494	82,751
Benefits paid	(194,842)	(198,868)
Exchange differences	(262,320)	(94,772)
As at 31 December	**2,749,724**	**2,921,615**

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32. Provision for employees' end of service benefits (continued)

The amount recognised in the statement of profit or loss is as follows:

	2021 AED'000	2020 AED'000
Current service cost	90,652	102,463
Net interest cost	66,339	83,721
Others	-	(12)
	156,991	**186,172**

Plan assets for funded plan are comprised as follows:

	2021 AED'000	2020 AED'000
Debt instruments - unquoted	2,005,284	2,129,190
Cash and cash equivalents	394,844	426,203
Investment property	258,328	283,537
Fixed assets	148	161
Other assets	120,375	110,077
Less: liabilities	(29,255)	(27,553)
	2,749,724	**2,921,615**

Following are the significant assumptions used relating to the major plans:

	2021 AED'000	2020 AED'000
Discount rate	2% to 12.5%	2% to 10%
Average annual growth rate of salary	1% to 11.25%	1% to 8%
Average duration of obligation	5 Years to 23 Years	3.5 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%

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32. Provision for employees' end of service benefits (continued)

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%	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Discount rate	668,518	673,104	(621,093)	(622,537)
Average annual growth rate of salary	(514,142)	(518,119)	577,501	552,303

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 54 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 124 million (2020: AED 132 million).

33. Share capital

	2021 AED'000	2020 AED'000
Authorised:		
10,000 million (2020: 10,000 million) ordinary shares of AED 1 each	10,000,000	10,000,000
Issued and fully paid up:		
8,696.8 million (2020: 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 which were both approved in the Etisalat Annual General Meeting held on 17 March 2021.

34. Reserves

The movement in the reserves is provided below:

	2021 AED'000	2020 AED'000
Balance at 1 January	**28,400,580**	**27,812,896**
Total comprehensive income for the year	71,938	334,582
Transfer from retained earnings	124,406	247,880
Other movements	1,264	5,222
As at 31 December	**28,598,188**	**28,400,580**

The movement for each type of reserves is provided below:

	2021 AED'000	2020 AED'000
Translation reserve		
As at 1 January	(7,052,939)	(7,475,384)
Exchange differences on translation of foreign operations	(625,967)	1,143,301
Acquisition of non-controlling interests without a change in control	(198,272)	-
Gain / (loss) on hedging instruments designated in hedges of the net assets of foreign operations	782,797	(720,856)
As at 31 December	**(7,094,381)**	**(7,052,939)**
Investment revaluation reserve		
As at 1 January	38,414	33,158
(Loss) / gain on revaluation	4,401	34
Other movements	1,264	5,222
As at 31 December	**44,079**	**38,414**
Development reserve	**7,850,000**	**7,850,000**
Cash Flow hedge reserve		
As at 1 January	(160,388)	(72,491)
Gain / (loss) on revaluation	108,979	(87,897)
As at 31 December	**(51,409)**	**(160,388)**
Asset replacement reserve	**8,281,600**	**8,281,600**
Statutory reserve		
As at 1 January	5,349,138	5,101,258
Transfer from retained earnings	124,406	247,880
As at 31 December	**5,473,544**	**5,349,138**
General reserve	**14,094,756**	**14,094,756**

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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:

	2021 AED'000	2020 AED'000
Bank borrowings	(13,961,912)	(13,158,473)
Bonds	(10,898,562)	(12,580,935)
Other borrowings	(871,811)	(961,612)
Lease liabilities	(2,654,050)	(2,784,878)
Cash and bank balances	28,575,372	31,344,883
Net funds	**189,037**	**1,858,985**
Total equity	57,563,822	60,550,021

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 and the weighted average cost of capital. The overall objective is to maximise returns to its shareholders and benefits for other stakeholders and to maintain an optimal 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:

	2021 AED'000
Financial assets	
Amortised cost financial assets;	
Due from related parties	82,026
Finance lease receivables	148,953
Trade and other receivables, excluding prepayments and advances to suppliers	13,171,422
Cash and bank balances	28,575,372
Investment carried at amortised cost	2,862,151
	44,839,924
Financial assets carried at fair value through OCI	197,414
Fair value through profit or loss	971,837
	46,009,175
Financial liabilities	
Other financial liabilities held at amortised cost:	
Trade and other payables, excluding deferred revenue and advances from customers	29,407,524
Borrowings	25,732,285
Payables related to investments and licenses	624,217
Lease liabilities	2,654,050
Due to related parties	4,733
Derivative financial instruments	40,660
	58,463,469

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35. Financial instruments (continued)

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	1,834,206
	46,512,362
Financial assets carried at fair value through OCI	193,900
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

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.

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35. Financial instruments (continued)

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.

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	
	2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Increase in profit and in equity				
Egyptian pounds	39,147	24,107	-	-
Euros	(1,656)	842,392	907,049	241,338
Pakistani rupees	96,047	66,963	-	-
Moroccan Dirhams	340,314	443,074	-	-
Central African Franc	175,065	205,891	-	-

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35. Financial instruments (continued)

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 2021, 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 144 million (2020: AED 45 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 its unlisted and listed equity investments. Equity investments are mainly held for trading purposes and held within a business model whose objective is achieved 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 2021 would increase/decrease by AED Nil (2020: AED 14.03 million) 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 2021 would increase/decrease by AED 4.95 million (2020: increase/decrease by AED 4.95 million) as a result of the changes in fair value of 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.

Group's bank balance	2021 AED'000	2020 AED'000
Investment in UAE	82%	81%
Investment outside of the UAE	18%	19%

35. Financial instruments (continued)

	2021		2020	
Bank rating for Investment in UAE	**AED**	**Rating**	**AED**	**Rating**
By Moody›s	2.7 billion	A3	2.3 billion	A3
	1.4 billion	Baa1	7.8 billion	A2
	2.5 billion	A1	0.2 billion	A1
By S&P	0.3 billion	AA-	3.7 billion	A
	0.6 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 :

	2021 AED'000	2020 AED'000
Allowances on trade receivables and contract assets	906,530	1,041,084
Allowances on due from other telecommunication operators/carriers	139,555	110,633
Allowance on finance lease receivables	23,125	7,647
Total loss on allowances	**1,069,210**	**1,159,364**

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.

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 2021 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.

35. Financial instruments (continued)

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	28,042,024	6,556,175	112,918	594,840	-	35,305,957
In the second year	486,465	1,372,085	61,037	422,379	-	2,341,966
In the third to fifth years inclusive	806,283	13,404,618	450,811	1,334,586	131,538	16,127,836
After the fifth year	72,752	4,518,498	12,417	2,012,210	-	6,615,877
As At 31 December 2021	**29,407,524**	**25,851,376**	**637,183**	**4,364,015**	**131,538**	**60,391,636**
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**

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

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35. Financial instruments (continued)

d) Fair value measurement of financial assets and liabilities

	Carrying value AED'000	Fair value hierarchy as at 31 December 2021 Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets					
Finance lease receivables	148,953	-	216,358	-	216,358
Investment carried at amortised cost	2,862,151	2,495,609	140,435	262,233	2,898,277
Financial assets classified at fair value through OCI	197,414	-	-	197,414	197,414
Financial assets carried at fair value through profit or loss	971,837	409,662	511,975	50,200	971,837
	4,180,355	**2,905,271**	**868,768**	**509,847**	**4,283,886**
Financial liabilities					
Borrowings	25,732,285	-	25,461,283	-	25,461,283
Lease liabilities	2,654,050	-	2,654,050	-	2,654,050
Derivative financial liabilities	40,660	-	40,660	-	40,660
	28,426,995	**-**	**28,155,993**	**-**	**28,155,993**

	Carrying value AED'000	Fair value hierarchy as at 31 December 2020 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	1,834,206	1,677,316	-	212,372	1,889,688
Financial assets classified at fair value through OCI	193,900	-	-	193,900	193,900
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**	**460,209**	**4,510,017**
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**

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35. Financial instruments (continued)

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 510 million (2020: AED 460 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.

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.

Reconciliation of Level 3	2021 AED'000	2020 AED'000
As at 1 January	**460,210**	**350,926**
Additions	38,133	99,765
Foreign exchange difference	(22,670)	23,053
Disposal	(1,251)	(7,126)
Revaluation	35,425	(6,408)
As at 31 December	**509,847**	**460,210**

36. Commitments

a) Capital commitments

The Group has approved future capital projects and investments commitments to the extent of AED 4,755 million (2020: AED 5,743 million).

The Group has issued letters of credit amounting to AED 489 million (2020: AED 310 million).

37. Contingent liabilities

a) Bank guarantees

	2021 AED million	2020 AED million
Performance bonds and guarantees in relation to contracts	3,262	2,034
Companies Overseas investments	3,068	1,917

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 Petitions were filed in Supreme Court of Pakistan by PTCL, the PTET and the GoP (together, the "Review Petitioners") against the Supreme Court Judgment.

The Supreme Court disposed the Review Petitions and directed the Review Petitioners to seek remedy under section 12(2) of the Civil Procedure Code (the "CPC"), and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts.

The decision of the Appeals bench of the Supreme Court on 10 May 2018 clarified that voluntary separation scheme ("VSS") pensioners are excluded from any obligation on PTCL to pay them any additional increase in pension. Notwithstanding this development, many retirees, including VSS pensioners, have continued to submit petitions before the Supreme Court. The Chief Justice of Pakistan has decided to bring the matter back for a rehearing by the Supreme Court.

Separately, the Islamabad High Court (IHC) issued a decision on 3 March 2020, in which it upheld the rights of certain retirees ("T&T retirees") to benefit from periodic government increases in pensions and additional benefits, although it also held that the same did not apply to the VSS pensioners.

In response, PTCL and PTET raised an Intra Court Appeal against the exemption granted to the T&T retirees before the Divisional Bench at the Islamabad High Court. On 24 September 2020, the Intra Court appeals were adjourned for consolidation of all Intra Court appeals before one bench. On 16 December 2020, the Islamabad High Court granted a stay of execution in favour of PTCL and PTET and postponed the case until 14 July 2021.

37. Contingent liabilities (continued)

Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation

The management of PTCL, on the advice of their lawyers, 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 in respect of these proceedings.

iii) Pursuant to the restatement of Group's associate's, Etihad Etisalat Company (Mobily), financial statements for 2014, aggrieved shareholders have filed 192 lawsuits against Mobily before the Committee for the Resolutions of Security Disputes (the "CRSD"), some of which are still being adjudicated. Most claims have been dismissed and, as at 31 December 2021, there are 2 claims which remain ongoing. The total amount of the remaining claims has been evaluated at about SAR 3.4 million (AED 3.3 million).

In addition, 91 shareholder claims totaling SAR 1.855 billion (AED 1.817 billion) have been made against the 2013/2014 members of the Mobily Board (the "Defendants") and Mobily executives (the "Executives"), and these have been filed with the CRSD.

Two of the named Defendants were nominated, by Etisalat to the 2013/14 Mobily Board. Pursuant to such nomination, these individuals are entitled to be indemnified by Etisalat for any loss or damages due to third parties made against them.

The first substantial decision in relation to such claims was issued by the CRSD in November 2020, and subsequently upheld at the Appellate level (ACRSD) in a final and binding decision issued in late December 2020. The decision exonerated the Defendants and found former members of the Mobily executives liable to compensate shareholders for violating article 49a of the Capital Market Law.

This ruling has been reflected in further shareholder cases being dismissed by the CRSD finding that the former members of the board were not liable for any losses claimed by the shareholders.

Latest developments:
- 45 shareholders claims have been dismissed (final decisions) by the CRSD/ACRSD during 2021 for a total value of SAR 1.1 billion (AED 1.08 billion)
- 3 decisions were issued by CRSD (still subject to appeal) for a total value of SAR 276 million (AED 270 million)
- There are still 10 claims pending decision before the CRSD (no decision yet) for a total value of SAR 158 million (AED 155 million)
- Some 33 shareholders have joined the class action claim for a total value of SAR 321 million (AED 314 million) and accordingly their individual claims were suspended for the requisite period and have lapsed.

In separate proceedings, 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 (1462) decision and (ii) former members of the Mobily executives who were named as defendants in the October 2020 ACRSD final (1997) decision. Claimants who purchased shares in Mobily after the release 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.

The window for submitting claims and joining in this class action claim closed on 4 June 2021.

(iv) The Group sold its 85% holding in Zantel to Millicom in 2015. The SPA contains a Reverse Earn Out obligation under which Etisalat would be required to pay US$15 million (the Reverse Earn Out amount) to Millicom in the event the Reverse Earn Out Period (REP) EBIDTA was not achieved in each of 12 financial quarters from 1 January 2017 to 31 Dec 2019 and provided certain other conditions relating to the management and operation of the Zantel business by Millicom were satisfied.

37. Contingent liabilities (continued)

On 1 February 2021, Millicom commenced arbitration proceedings under the SPA by filing a Request for Arbitration under the DIFC LCIA rules, in which it claims payment of for the Reverse Earn Out amount payment.

On 17 March 2021 Etisalat submitted its Response to the Request for Arbitration, in which it alleges that Millicom has breached the SPA and is not entitled to payment of the Reverse Earn Out amount.

Arbitration proceedings were ongoing before the arbitral tribunal since February 2021.

Both parties engaged in settlement discussions to settle amicably the matter and Etisalat accepted to pay Millicom USD 11 million in order to settle and close the dispute in relation to the reverse earn out payment obligation. Settlement agreement was signed between the parties and the settlement was made.

(v) On 16 December 2021, Maroc Telecom received a notice from the Commercial Court of Rabat regarding a complaint filed by Wana on unbundling and claiming MAD 6,845 million. . The case is ongoing and two hearings have taken place, on 27 December 2021 and 7 February 2022.

(vi) Under the REMACOTEM dispute (association of consumers of mobile networks in Mali), the Civil Court had dismissed the plaintiff in 2013, for the alleged damages suffered.

On 3 November 2021, the Bamako Court of Appeal set the total amount of damages claimed by REMACOTEM from 2011 to 2020 at MAD 2,823 million, including MAD 933 million for Sotelma, a subsidiary 51% owned by Maroc Telecom. Sotelma replied through its lawyers and a hearing was requested to annul the said judgment as well as its execution.

38. Dividends

Amounts recognised as distribution to equity holders	AED'000
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
31 December 2021	
Interim dividend for the year ended 31 December 2021 of AED 0.40 per share	3,477,198
Final dividend for the year ended 31 December 2020 of AED 0.40 per share	3,477,198
One-time special dividend for the year ended 31 December 2020 of AED 0.40 per share	3,477,198
	10,431,594

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 became AED 1.20.

An interim dividend of AED 0.4 per share was declared by the Board of Directors on 29 July 2021 for the year ended 31 December 2021.

On 24 February 2022, the Board of Directors proposed a final dividend of AED 0.40 per share for the year ended 31 December 2021, bringing total dividends per share to AED 0.80 for the year.

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39. Earnings per share

	2021 AED'000	2020 AED'000
Earnings (AED'000)		
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company	9,317,045	9,026,522
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 1.07	AED 1.04

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 2021 and 31 December 2020.

	2021 AED'000		
	Gross amounts	Gross amounts set off	Net amount presented
Financial assets			
Amounts due from other telecommunication operators/carriers	7,805,243	(5,243,764)	2,561,479
Financial liabilities			
Amounts due to other telecommunication administrators	8,289,387	(5,243,764)	3,045,623

	2020 AED'000		
	Gross amounts	Gross amounts set off	Net amount presented
Financial assets			
Amounts due from other telecommunication operators/carriers	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

41. Acquisition of subsidiaries

41.1. Acquisition of Digital Financial Services LLC (DFS)

On 9 December 2021, the Group completed the acquisition of additional 50.01% stake in DFS, which was an associate, bringing its total shareholding in DFS to 100%.

41.1(a). Identifiable assets acquired and liabilities assumed

The following table summarises the fair values of the assets acquired, liabilities assumed, as of the acquisition date on a provisional basis. The initial accounting for the business combination is under process as at the date of authorisation of these consolidated financial statements, hence, no further disclosures have been given.

Provisional fair values	AED'000
Property , plant and equipment	10,124
Trade and other receivables	198
DFS wallet account balance	801
Bank and cash balances	17,660
Input VAT	1,070
Output VAT	(105)
Accrued Liabilities	(16,873)
Capex payable	(3,318)
Net identifiable assets acquired	**9,557**
Goodwill based on provisional fair valuation	140,428
Fair value of investment	**149,985**

42. Assets held-for-sale

On 20 October 2021, the Group signed a binding agreement with Group42 (G42) to combine their data centers businesses in the United Arab Emirates through creation of a new entity (NewCo) in which the Group will own 40% of shareholding while G42 will own the remaining 60% (the transaction). Upon completion of the transaction, NewCo will be accounted for using the equity method of accounting. Closing of the transaction is subject to customary closing conditions, including finalization of transaction documentation, regulatory approvals and certain administrative procedures.

In accordance with IFRS 5, the related data center assets have been extracted and reclassified in the consolidated statement of financial position from property, plant and equipment to assets held-for-sale as at 31 December 2021. Such assets have been presented at the lower of their carrying amount and fair value less costs to sell.

43. Subsequent events

Subsequent events, other than that disclosed in note 38, are disclosed as follows:

(1) On 10 January 2022, Maroc Telecom received a report from the Moroccan Telecom Regulator, ANRT, relating to the implementation of the injunctions resulting from the ANRT decision ANRT/CG/N°01/2020 of 17 January 2020, claiming partial non-compliance with 5 out of 13 injunctions of the aforementioned decision. After an in-depth and detailed analysis of the aforementioned report, a response contesting the ANRT's findings was filed within the legal deadline of one month.

(2) On 28 January 2022, the Group has completed the acquisition of 100% shareholding in elGrocer DMCC after satisfying all conditions precedent and completion deliverables pursuant to an agreement signed with elGrocer LTD against a consideration not exceeding AED 38 million.

43. Subsequent events (continued)

elGrocer DMCC will be consolidated in the Group's future consolidated financials statements effective from the acquistion date of 28 January 2022. The initial accounting for the business combination is under process as at the date of authorisation of these consolidated financial statements, hence, no further disclosures have been given.

(3) On 10 February 2022, the Group signed an agreement with ADQ, Alpha Dhabi Holding and First Abu Dhabi Bank (FAB) to launch a new digital banking platform, 'Wio' , that received in-principal approval from the Central Bank of the UAE. The Group will contribute AED 639 million in exchange for a stake of 25%. This investment will be accounted for based on the equity method of accounting and the related financial impacts will be reflected in the Group's consolidated financial statements effective from February 2022.

44. Reclassification

Certain corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison and better presentation.

45. Impact of COVID-19 pandemic

Business outlook since first quarter of 2020 has been 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 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.

The 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 prior year. Based on the overall assessment, the Group has concluded that significant changes are not required as of 31 December 2021 in its key accounting judgements and estimates from those applied in the last annual consolidated financial statements as of 31 December 2020, 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.

In response to the top-line pressure, the 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.

Since the third and fourth quarters of prior year, as restrictions began to ease, commercial activities improved gradually. However, due to weaker macroeconomics that continue to pressure consumer and corporate spending, they generally remain below pre-COVID-19 levels. In 2020, along with other groups in Morocco, the Group's subsidiary, Maroc Telecom, contributed an amount of MAD 1.5 billion (AED 551 million) to the special fund dedicated to manage the coronavirus pandemic which is included in 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.

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 Tuesday, 05/04/2022. 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:

Ordinary Resolutions:

1. 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 2021.
2. To hear and approve the External Auditor's report for the financial year ended 31st December 2021.
3. To discuss and approve the Company's consolidated financial statements for the financial year ended 31st December 2021.
4. To consider the Board of Directors' recommendation regarding distribution of cash dividends for the second half of the year 2021 at the rate of 40 Fils per share. Thus, the total amount of cash dividends per share for the financial year ended 31st December 2021 will be 80 Fils (80% of the nominal value of the share).
5. To absolve the Members of the Board of Directors from liability for the financial year ended 31st December 2021.
6. To absolve the External Auditors from liability for the financial year ended 31st December 2021.
7. To appoint the External Auditor(s) for the year 2022 and to approve their fees.
8. To approve the proposal concerning the remunerations of the Board Members for the financial year ended 31st December 2021.
9. Pursuant to article 152 (3) of Federal Decree by Law No. 32 of 2021 Concerning the Commercial Companies, to authorize the Members of Etisalat Group's Board of Directors to carry on or participate in activities similar to those mentioned under the objects of the Company and other related business, provided that the board commits to applying the governance rules and relevant disclosure requirements in such instances.

Special Resolutions:

10. To approve a budget of not more than 1% of the Company's net profits of the last two years (2020-2021) 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.
11. To approve amending some provisions of Company's Articles of Association in line Federal Decree by Law No. 32 of 2021 Concerning Commercial Companies Law.

Notes:

1. The electronic registration to attend the meeting will be opened through the link www.smartagm.ae from 4:30 p.m. on Monday, 04/04/2022, and will be closed at 4:30 p.m. on Tuesday, 05/04/2022.
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 03/04/2022. Persons lacking legal capacity and are incompetent must be represented by their legal representatives.
3. According to Clauses 1&2 of Article 40 of the Corporate Governance Manual, A delegated person for a number of shareholders shall not have more than (5%) of the Company issued capital after gaining that delegation. However, if the proxy is representing one single shareholder, his/her proxy may exceed 5% of the Company's capital. The shareholder signature on the power of attorney shall be approved by any of the following entities:

   a) Notary Public.
   b) Commercial chamber of economic department in the state.
   c) Bank or company licensed in the state, provided that the agent shall have account with any of them.
   d) Any other entity licensed to perform attestation works.

4. In accordance with point 2&3 above, The Proxy form shall include the name & contact number(s) of the shareholder and the brokerage firm who approved the proxy.
5. 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.
6. 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.
7. 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 Monday, 11/04/2022, at the same time and mechanism. The second meeting shall then be considered quorate and duly held regardless of the number of attendees.
8. The owners of the shares registered on Monday, 04/04/2022, 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 11/04/2022, the owner of the shares registered on 10/04/2022 shall be entitled to vote in the second meeting of the AGM.
9. Notwithstanding item 8 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.
10. 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.
11. The shareholders can browse and upload the Investors Rights Manual through the below link. https://www.sca.gov.ae/ar/services/minority-investor-protection.aspx
12. 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.
13. 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.
14. 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.
15. The closure of record for the 2021 second half dividends shall be on Friday, 15/04/2022, and the date of the last day of share purchase that is entitled to dividends is 13/04/2022 and the date of share purchase exclusion from entitlement to dividends is 14/04/2022. In case of convening a second AGM meeting due to inquorate 1st AGM meeting, then the closure of record for the 2021 second half dividends shall be on 21/04/2022, and the date of the last day of share purchase that is entitled to dividends is 21/04/2022 and the date of share purchase exclusion from entitlement to dividends is 20/04/2022.

Board of Directors

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