

# Emirates Telecommunications Group Company PJSC

Report and consolidated financial statements for the year ended 31 December 2023



# Emirates Telecommunications Group Company PJSC

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## BOARD OF DIRECTORS

Chairman	H.E. Jassem Mohamed Obaid Alzaabi
Vice Chairman	Essa Abdulfattah Kazim Almulla
Members	Hesham Abdulla Qassim Alqassim Mariam Saeed Ahmed Ghobash Michel Combes Saleh Abdulla Ahmed Alabdooli H.E. Mansoor Ibrahim Ahmed Almansoori Sheikh Ahmed Mohd Sultan Aldhahiri Abdelmonem Bin Eisa Bin Nasser Alserkal Khalid Abdulwahid Hassan Alrustamani Otaiba Khalaf Ahmed Alotaiba
Group Corporate Secretary	Hasan Mohamed Hasan Al Hosani

## AUDIT COMMITTEE

Chairman	Mariam Saeed Ahmed Ghobash
Members	H.E. Mansoor Ibrahim Ahmed Almansoori Sheikh Ahmed Mohd Sultan Aldhahiri Salim Sultan Aldhaheeri (external member)

## NOMINATIONS AND REMUNERATIONS COMMITTEE

Chairman	Michel Combes
Members	Essa Abdulfattah Kazim Almulla H.E. Mansoor Ibrahim Ahmed Almansoori Otaiba Khalaf Ahmed Alotaiba

## RISK COMMITTEE

Chairman	Hesham Abdulla Qassim Alqassim
Members	Essa Abdulfattah Kazim Almulla Saleh Abdulla Ahmed Alabdooli Khalid Abdulwahid Hassan Alrustamani

## INVESTMENT AND FINANCE COMMITTEE

Chairman	H.E. Jassem Mohamed Obaid Alzaabi
Members	Hesham Abdulla Qassim Alqassim Mariam Saeed Ahmed Ghobash Michel Combes Abdelmonem Bin Eisa Bin Nasser Alserkal

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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 or collectively as e&"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 material 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### 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.

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Revenue recognition is considered a key audit matter because of:</p> <ul style="list-style-type: none"> <li>- reliance on multiple, complex information technology (IT) systems and tools used in the initiation, processing and recording of revenue transactions;</li> <li>- variety of customer offerings with multiple pricing and tariff structures, which may frequently change during the course of the year;</li> <li>- judgments and estimates involved in revenue recognition of multiple element arrangements; and</li> <li>- large volume of transactions.</li> </ul> <p>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.</p> <p>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.</p> <p>Refer to notes 3 and 4 for accounting policies and critical accounting judgements and key sources of estimation uncertainty.</p>	<p>Our procedures included, amongst others, those described below:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the Group's revenue and billing processes. This included evaluating controls, IT systems, interfaces, and reports across all stages, from contract initiation to final measurement, recognition, and recording;</li> <li>• We involved our dedicated IT audit team to test design and operating effectiveness of both general IT controls and application controls embedded within key IT systems and applications. It included evaluating interface integrity, and testing automated controls over relevant data flows of significant revenue streams across various systems;</li> <li>• We tested the reconciliations between the general ledgers and the relevant IT system reports for all the key revenue streams;</li> <li>• We undertook analytical reviews and performed substantive analytical procedures on significant revenue streams;</li> <li>• On a sample basis, we tested whether the revenue recognised during the year agrees with underlying contractual arrangements;</li> <li>• 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</li> <li>• On a sample basis, we tested supporting evidence for manual journal entries posted to revenue accounts.</li> </ul>

**Key Audit Matters (continued)**

Federal royalty	
See Note 4, 7 and 25 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>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. MoF's current directives for calculating federal royalty will remain in effect until the end of 2023. However, on 3 November 2023, MoF introduced fresh guidelines for the telecommunications sector, covering the period 2024 to 2026. These updates take into account the UAE Corporate Tax Law, set to apply to the sector starting 1 January 2024.</p> <p>The federal royalty charge for the year ended 31 December 2023 and the federal royalty liability as of that date amounted to AED 6,329 million and 6,321 million respectively (2022: AED 5,771 million).</p> <p>As disclosed in notes 4 and 7, the 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.</p>	<p>Our procedures included, amongst others, those described below:</p> <ul style="list-style-type: none"> <li>• We obtained and inspected the Decision and the Scheme issued by the MoF, and subsequent clarifications and correspondences with the MoF;</li> <li>• 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;</li> <li>• 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;</li> <li>• We tested, on a sample basis, the items which are eligible to be excluded in computing the federal royalty charge and liability;</li> <li>• We tested the allocation of indirect costs on non-regulated operations based on the clarifications received from MoF;</li> <li>• We checked the arithmetical accuracy of the computation of the federal royalty charge for the year; and</li> <li>• 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 2023.</li> </ul>

Key Audit Matters (continued)

Assessment of carrying value of goodwill

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

The key audit matter	How the matter was addressed in our audit
<p>The Group holds significant investments in telecommunication and related businesses in various geographical locations. The carrying value of goodwill as at 31 December 2023 totaled AED 11,883 million.</p> <p>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 <i>Impairment of Assets</i>.</p> <p>The impairment testing of goodwill requires management to identify cash-generating units ("CGUs") in accordance with IAS 36 <i>Impairment of Assets</i>. In arriving at the carrying value of a CGU, judgment is applied by management to determine 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.</p> <p>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.</p>	<p>Our audit approach included an understanding and assessment of the design and implementation of identified key controls that are relevant to the impairment assessment process.</p> <p>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.</p> <p>With respect to each identified significant CGU, our audit procedures included, amongst others, those described below:</p> <ul style="list-style-type: none"> <li>• We engaged our valuation specialists to test the reasonableness of the key assumptions underpinning the valuation, including the CGUs' respective discount rate and terminal growth rate;</li> <li>• We tested the mathematical accuracy of the respective impairment models;</li> <li>• We reconciled the cash flows used in the valuation workings to business plans approved by the Group or the respective Board of Directors reflecting management's best estimate as at 31 December 2023;</li> <li>• We assessed the reasonableness of the assumptions underpinning the cash flow projections used in the impairment models;</li> <li>• We assessed whether the estimates with respect to cash flow projections made in prior periods were reasonable compared to actual performance;</li> <li>• We evaluated the need for impairment to be recognized during the year;</li> <li>• We conducted sensitivity analyses around the key inputs; and</li> <li>• We assessed the adequacy of disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.</li> </ul>

## Key Audit Matters (continued)

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
<p>The carrying value of the Group's property plant and equipment ("PPE") amounts to AED 39,336 million, which represents 27% of the Group's total assets as of 31 December 2023. This reflects the Group's widespread 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.</p> <p>Key judgments and estimates made by which impact the carrying amount of PPE include:</p> <ul style="list-style-type: none"> <li>- assessment of whether the costs incurred are eligible for capitalisation; and</li> <li>- the annual review of assets' useful lives and their residual values, if any.</li> </ul> <p>Refer to notes 3 and 4 for accounting policies and critical accounting judgments and key sources of estimation uncertainty.</p>	<p>Our audit approach included a combination of controls and substantive testing as described below:</p> <ul style="list-style-type: none"> <li>• We evaluated the design and implementation and tested the operating effectiveness of relevant controls for the PPE capitalization and depreciation;</li> <li>• On a sample basis, we performed test of details on costs capitalized during the year ended 31 December 2023 which included examination of management's assessment as to whether the costs met the criteria for capitalization under IFRS; and</li> <li>• 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.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the Chairman's Statement included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining sections of the Annual Report, which are expected to be made available to us after that date.

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

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

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



## 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 Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to 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.

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

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.

### Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2023:

- 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 Decree Law No. 32 of 2021;
- 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 notes 15, 17 and 18 to the consolidated financial statements, the Group has purchased additional shares during the year ended 31 December 2023;
- 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 2023 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 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 2023; and
- viii) note 7 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2023.

KPMG Lower Gulf Limited



Avtar Singh Jalif  
Registration No.: 5413  
Abu Dhabi, United Arab Emirates

Date: 20 February 2024

## Emirates Telecommunications Group Company PJSC

Consolidated statement of profit or loss for the year ended 31 December

	Notes	2023 AED'000	2022 AED'000
<b>Revenue</b>	6 (a)	<b>53,752,118</b>	<b>52,434,227</b>
Operating expenses	7 (a)	(34,371,770)	(33,323,052)
Impairment loss on trade receivables and contract assets	35 (b)	(899,830)	(803,470)
Impairment loss on other assets - net	12 (a)	(80,896)	(2,756)
Share of results of associates and joint ventures	16	761,035	417,358
<b>Operating profit before federal royalty</b>		<b>19,160,657</b>	<b>18,722,307</b>
Federal royalty	7 (b)	(6,328,722)	(5,770,893)
<b>Operating profit</b>		<b>12,831,935</b>	<b>12,951,414</b>
Finance and other income	8	3,794,661	2,000,601
Finance and other costs	9	(3,928,152)	(2,674,340)
<b>Profit before tax</b>		<b>12,698,444</b>	<b>12,277,675</b>
Income tax expenses	10	(1,554,234)	(1,751,977)
<b>Profit for the year</b>		<b>11,144,210</b>	<b>10,525,698</b>
Profit attributable to:			
Owners of the Company		10,304,547	10,007,361
Non-controlling interests	15(c)	839,663	518,337
		<b>11,144,210</b>	<b>10,525,698</b>
<b>Earnings per share</b>			
Basic and diluted	39	AED 1.18	AED 1.15

Chairman

Board Member

The accompanying notes on pages 13 to 72 form an integral part of these consolidated financial statements.  
The independent auditors' report is set out on pages 1 to 7.

## Emirates Telecommunications Group Company PJSC

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

		2023	2022
	Notes	AED'000	AED'000
<b>Profit for the year</b>		11,144,210	10,525,698
<b>Other comprehensive income/(loss)</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement of defined benefit obligations - net of tax		(3,055)	20,398
Share of other comprehensive (loss)/gain of associates and joint ventures – net of tax		(5,330)	8,947
Loss on revaluation of financial assets		(2,496,841)	(5,724,804)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		(583,212)	(5,260,477)
(Loss)/gain on net investment hedge	28,34	(306,799)	545,895
Fair value (loss)/gain arising on cash flow hedges	28	(82,738)	209,110
Cumulative gain transferred to profit or loss on deconsolidation of a subsidiary		(63,775)	-
Share of other comprehensive (loss)/income of associates and joint ventures – net of tax		(21,633)	33,672
<b>Total other comprehensive loss</b>		<b>(3,563,383)</b>	<b>(10,167,259)</b>
<b>Total comprehensive income for the year</b>		<b>7,580,827</b>	<b>358,439</b>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		7,295,533	1,637,852
Non-controlling interests		285,294	(1,279,413)
		<b>7,580,827</b>	<b>358,439</b>

The accompanying notes on pages 13 to 72 form an integral part of these consolidated financial statements. The independent auditors' report is set out on pages 1 to 7.

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

	Notes	2023 AED'000	2022 AED'000
<b>Non-current assets</b>			
Goodwill and other intangible assets	11	23,411,594	22,339,232
Property, plant and equipment	13	39,335,942	39,925,299
Right-of-use assets	14	1,680,979	1,781,560
Investments in associates and joint ventures	17	8,977,802	8,266,101
Other investments	18	19,795,521	15,715,504
Trade and other receivables	21	499,896	446,248
Finance lease receivables	23	1,442,979	1,138,181
Derivative financial instruments	28	39,249	208,220
Contract assets	22	537,658	556,768
Deferred tax assets	10(d)	395,953	220,111
		<b>96,117,573</b>	<b>90,597,224</b>
<b>Current assets</b>			
Inventories	20	1,090,185	972,875
Trade and other receivables	21	16,397,865	15,647,768
Current income tax assets		491,065	484,686
Finance lease receivables	23	152,443	195,533
Due from related parties	19	74,362	112,319
Contract assets	22	2,545,688	1,824,918
Other investments	18	743,162	2,407,143
Derivative financial instruments	28	67,550	3,357
Cash and bank balances	24	28,989,387	32,839,482
Assets held for sale		234,975	-
		<b>50,786,682</b>	<b>54,488,081</b>
		<b>146,904,255</b>	<b>145,085,305</b>
<b>Total assets</b>			
<b>Non-current liabilities</b>			
Trade and other payables	25	1,763,257	1,247,240
Borrowings	27	35,850,092	24,209,643
Payables related to investments and licenses	29	236,379	302,250
Deferred tax liabilities	10(d)	1,765,746	1,645,275
Lease liabilities	30	2,894,144	2,602,977
Provisions	31	367,092	381,677
Provision for employees' end of service benefits	32	1,194,245	1,166,134
Contract liabilities	26	91,805	97,855
		<b>44,162,760</b>	<b>31,653,051</b>
<b>Current liabilities</b>			
Trade and other payables	25	29,543,734	30,583,955
Contract liabilities	26	2,851,049	2,991,721
Borrowings	27	13,190,573	23,744,566
Payables related to investments and licenses	29	15,024	13,686
Current income tax liabilities		291,890	415,036
Lease liabilities	30	568,557	542,233
Provisions	31	5,039,163	5,028,677
Deferred tax liabilities	10(d)	3,918	-
Derivative financial instruments	28	25,695	-
Provision for employees' end of service benefits	32	138,189	113,280
		<b>51,667,792</b>	<b>63,433,154</b>
		<b>95,830,552</b>	<b>95,086,205</b>
<b>Total liabilities</b>			
<b>Equity</b>			
Share capital	33	8,696,754	8,696,754
Reserves	34	17,364,905	20,240,124
Retained earnings		16,596,235	13,326,978
Equity attributable to the owners of the Company		<b>42,657,894</b>	<b>42,263,856</b>
Non-controlling interests	15(c)	8,415,809	7,735,244
		<b>51,073,703</b>	<b>49,999,100</b>
		<b>146,904,255</b>	<b>145,085,305</b>
<b>Total liabilities and equity</b>			

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 e& as of, and for, the years presented therein.

The accompanying notes on pages 13 to 72 form an integral part of these consolidated financial statements.  
The independent auditors' report is set out on pages 1 to 7.

## Emirates Telecommunications Group Company PJSC

Consolidated statement of changes in equity for the year ended 31 December 2023

	Attributable to owners of the Company						Non- controlling interests	Total equity	
	Notes	Share capital	Reserves	Retained earnings	Owners' equity	AED'000			AED'000
		AED'000	AED'000	AED'000	AED'000	AED'000			AED'000
<b>Balance at 1 January 2022</b>		<b>8,696,754</b>	<b>28,598,188</b>	<b>10,291,094</b>	<b>47,586,036</b>	<b>9,977,786</b>	<b>57,563,822</b>		
Profit for the year		-	-	10,007,361	10,007,361	518,337	10,525,698		
Other comprehensive (loss)/income for the year		-	(8,399,796)	30,287	(8,369,509)	(1,797,750)	(10,167,259)		
<b>Total comprehensive (loss)/income for the year</b>		<b>-</b>	<b>(8,399,796)</b>	<b>10,037,648</b>	<b>1,637,852</b>	<b>(1,279,413)</b>	<b>358,439</b>		
Other movements in equity		-	(368)	(5,268)	(5,636)	(12,321)	(17,957)		
Transfer to reserves		-	87,102	(87,102)	-	-	-		
Transfer of fair value reserve of equity instruments designated at FVTOCI		-	(45,002)	45,002	-	-	-		
<i>Transactions with owners of the Company:</i>									
Acquisition of a subsidiary	41.2	-	-	-	-	218,232	218,232		
Dividends		-	-	(6,954,396)	(6,954,396)	(1,169,040)	(8,123,436)		
<b>Balance at 31 December 2022</b>		<b>8,696,754</b>	<b>20,240,124</b>	<b>13,326,978</b>	<b>42,263,856</b>	<b>7,735,244</b>	<b>49,999,100</b>		
<b>Balance at 1 January 2023</b>		<b>8,696,754</b>	<b>20,240,124</b>	<b>13,326,978</b>	<b>42,263,856</b>	<b>7,735,244</b>	<b>49,999,100</b>		
Profit for the year		-	-	10,304,547	10,304,547	839,663	11,144,210		
Other comprehensive (loss)/income for the year		-	(3,011,124)	2,110	(3,009,014)	(554,369)	(3,563,383)		
<b>Total comprehensive (loss)/income for the year</b>		<b>-</b>	<b>(3,011,124)</b>	<b>10,306,657</b>	<b>7,295,533</b>	<b>285,294</b>	<b>7,580,827</b>		
Other movements in equity		-	-	14,645	14,645	265,541	280,186		
Transfer to reserves		-	135,905	(135,905)	-	-	-		
<i>Transactions with owners of the Company:</i>									
Acquisition of subsidiaries	41.1	-	-	38,256	38,256	860,560	898,816		
Dividends		-	-	(6,954,396)	(6,954,396)	(730,830)	(7,685,226)		
<b>Balance at 31 December 2023</b>		<b>8,696,754</b>	<b>17,364,905</b>	<b>16,596,235</b>	<b>42,657,894</b>	<b>8,415,809</b>	<b>51,073,703</b>		

The accompanying notes on pages 13 to 72 form an integral part of these consolidated financial statements.  
The independent auditors' report is set out on pages 1 to 7.

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

	Notes	2023 AED'000	2022 AED'000
<b>Operating profit</b>		12,831,935	12,951,414
<i>Adjustments for:</i>			
Depreciation		5,966,695	5,794,766
Amortisation		1,847,393	1,854,270
Impairment loss on other assets - net		80,896	2,756
Share of results of associates and joint ventures		(761,035)	(417,358)
Provisions and allowances		(564,684)	(768,293)
Unrealised currency translation loss		110,608	536,686
<b>Operating cash flows before changes in working capital</b>		<b>19,511,808</b>	<b>19,954,241</b>
<i>Changes in:</i>			
Inventories		(123,376)	(292,095)
Due from related parties		53,635	(30,293)
Trade and other receivables including contract assets		(1,520,431)	(2,581,546)
Trade and other payables including contract liabilities		(683,823)	4,037,631
<b>Cash generated from operations</b>		<b>17,237,813</b>	<b>21,087,938</b>
Income tax expenses paid		(1,916,232)	(1,841,221)
Payment of employees' end of service benefits		(115,717)	(112,216)
<b>Net cash generated from operating activities</b>		<b>15,205,864</b>	<b>19,134,501</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments at amortised cost		1,103,291	349,367
Acquisition of investments at amortised cost		(4,039,630)	(575,536)
Acquisition of subsidiaries ( <i>net of cash and bank balances acquired</i> )		(85,962)	(224,015)
Acquisition of investments classified as fair value through profit or loss		(266,894)	(1,549,577)
Proceeds from disposal of investments classified as fair value through profit or loss		1,583,802	366,997
Acquisition of investments classified as fair value through other comprehensive income ("OCI")		(3,857,914)	(18,688,232)
Proceeds from disposal of investments classified as fair value through OCI		497,979	61,838
Acquisition of interest in an associate		(220,350)	(638,889)
Net cash outflow on deconsolidation of a subsidiary		(2,957)	-
Purchase of property, plant and equipment		(6,039,615)	(6,747,423)
Proceeds from disposal of property, plant and equipment		105,741	67,201
Purchase of intangible assets		(1,247,874)	(1,289,877)
Proceeds from disposal of intangible assets		28,532	898
Dividend income received from associates, joint ventures and other investments		1,465,197	334,570
Term deposits made with maturities over three months		(11,616,436)	(32,373,123)
Term deposits matured with maturities over three months		22,436,921	11,180,517
Cash flows from unwinding of derivative financial instruments - <i>net</i>		(23,150)	22,323
Finance and other income received		2,262,256	1,241,615
<b>Net cash generated from/(used in) investing activities</b>		<b>2,082,937</b>	<b>(48,461,346)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	27(c)	26,410,721	30,439,982
Repayments of borrowings	27(c)	(25,160,947)	(6,646,006)
Payments of lease liabilities	27(c)	(1,043,937)	(707,205)
Dividends paid		(7,676,917)	(8,035,146)
Finance and other costs paid		(3,127,621)	(1,431,103)
<b>Net cash (used in)/generated from financing activities</b>		<b>(10,598,701)</b>	<b>13,620,522</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,690,100</b>	<b>(15,706,323)</b>
Cash and cash equivalents at the beginning of the year		3,202,195	19,911,520
Effect of foreign exchange rate changes		280,291	(1,003,002)
<b>Cash and cash equivalents at the end of the year</b>	24	<b>10,172,586</b>	<b>3,202,195</b>

The accompanying notes on pages 13 to 72 form an integral part of these consolidated financial statements.  
The independent auditors' report is set out on pages 1 to 7.

## **Emirates Telecommunications Group Company PJSC**

### **Notes to the consolidated financial statements for year ended 31 December 2023**

#### **1. General information**

e& comprises Emirates Telecommunications Group Company PJSC (“the Company”), formerly known as Emirates Telecommunications Corporation (“the Corporation”) and its subsidiaries. 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 Federal-Decree 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. Etisalat Law was further amended by Federal Decree -Law No. 1 of 2021, which increased the Non-UAE nationals ownership cap from 20% to 49% of the Company share capital.

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. e& 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. 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 e& 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. e&’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 e&’s General Assembly scheduled on 17 March 2021 and the approval of the competent authorities. On 29 August 2021, e& 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.

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). Companies have (1) one year from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No. (32) of 2021. The Company’s annual general assembly approved in its last meeting held on 5th April 2022 the amendments to its Articles of Association, in order to be compliant with the UAE Federal Decree Law No. (32) of 2021, and such amendments were also approved by Telecommunications and Digital Government Regulatory Authority (TDRA) via its Chairman resolution No. 18 of 2022 dated 27 June 2022 and published in the Official Gazette No 730 issued on 30 June 2022.



# Emirates Telecommunications Group Company PJSC

## Notes to the consolidated financial statements for year ended 31 December 2023

### 1. General information *(continued)*

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 ("the Group" or collectively as "e&").

The principal activities of e& 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 20 February 2024.

### 2. Basis of preparation

These consolidated financial statements of e& have been prepared in accordance with International Financial Reporting Standards ("IFRS") and complies with the applicable requirements of the UAE Federal Law No. (32) of 2021. The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the application of e&'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. Material accounting policies

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

#### New and amended standards issued and effective

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

- IFRS 17 Insurance contracts
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (*Amendments to IAS 12*)
- Disclosure of Accounting Policies (*Amendments to IAS 1 and IFRS Practice Statement 2*)
- Definition of Accounting Estimate (*Amendments to IAS 8*)
- International Tax Reform – Pillar Two Model Rules (*Amendments to IAS 12*)

## Emirates Telecommunications Group Company PJSC

### Notes to the consolidated financial statements for year ended 31 December 2023

#### 3. Material accounting policies (continued)

##### New and amended standards issued and effective (continued)

There has been no material impact on the consolidated financial statements of e& 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:

<b>New and amended standards not effective and not yet adopted by e&amp;</b>	<b>Effective date</b>
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Classification of liabilities as Current or Non-current ( <i>Amendments to IAS 1</i> )	1 January 2024
Non-current Liabilities with Covenants ( <i>Amendments to IAS 1</i> )	1 January 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of Exchangeability ( <i>Amendments to IAS 21</i> )	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ( <i>Amendments to IFRS 10 and IAS 28</i> )	Effective date deferred indefinitely

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

##### Basis of consolidation

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

- 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 e& has the power to control another entity.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from e&'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 e& 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 e& and are excluded from consolidation from the date that control ceases.

Intercompany transactions, balances and any unrealised income and expenses (except for foreign currency transaction gains or 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 e&.

**3. Material accounting policies (continued)**

**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 e&'s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, e&'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 e&'s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When e& 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.

**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 e& 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 e&'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 e&'s interest are not recognised unless e& has incurred legal or constructive obligations.

## **Emirates Telecommunications Group Company PJSC**

### **Notes to the consolidated financial statements for year ended 31 December 2023**

#### **3. Material accounting policies (continued)**

##### **Associates and joint ventures (continued)**

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 e&'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 e&'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.

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

Profits and losses resulting from upstream and downstream transactions between e& (including its consolidated subsidiaries) and its associates or joint ventures are recognised in e&'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. e& 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 e&'s network. Services are offered on a standalone basis as well as part of multiple element arrangements along with other services and/or devices.

For multiple element arrangements, e& 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 e& 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.

## Emirates Telecommunications Group Company PJSC

### Notes to the consolidated financial statements for year ended 31 December 2023

#### 3. Material accounting policies (continued)

##### Revenue recognition (continued)

##### Performance obligations and revenue recognition policies:

The following is a description of nature of distinct PO and timing of revenue recognition for key segments from which e& 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	<ul style="list-style-type: none"> <li>Voice, data and messaging and value added service (VAS),</li> <li>Loyalty points</li> </ul>	<p>Revenue recognition for voice, data, messaging and VAS is recognized over the period when these services are provided to the customers.</p> <p>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.</p>
Unlocked devices contracts	<ul style="list-style-type: none"> <li>Unlocked devices provided along with a service contract</li> </ul>	<p>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.</p> <p>In case of device sales, transfer of control is immediate, whereas the billing terms may be either full upfront billing or installment billing.</p>
Consumer fixed contracts	<ul style="list-style-type: none"> <li>TV service</li> <li>Unlocked devices (IP Phone and Routers)</li> <li>Broadband services</li> <li>Fixed telephone service</li> </ul>	<p>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.</p>
Business Fixed contracts	<ul style="list-style-type: none"> <li>Gateway router</li> <li>Fixed voice</li> <li>Internet service</li> <li>Office application</li> <li>Security solution</li> <li>Managed services</li> <li>Ancillary devices (laptop, printer, IP Telephone, etc)</li> </ul>	<p>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.</p>

## Emirates Telecommunications Group Company PJSC

### Notes to the consolidated financial statements for year ended 31 December 2023

#### 3. Material accounting policies (continued)

##### Revenue recognition (continued)

##### Performance obligations and revenue recognition policies: (continued)

Service/ Product category	Nature of performance obligations	Point of revenue recognition and significant payment terms
Business Solutions contracts	<ul style="list-style-type: none"><li>• Connectivity service (IPVPN, leased lines, etc)</li><li>• Managed Services</li><li>• IPTV services</li></ul>	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, e& recognises these as distinct PO only if the hardware is not locked and if the customer can benefit from them either by selling for more than scrap value or using with services from other service providers. If the customer cannot benefit from hardware on its own, then it is not considered distinct POs and revenue is recognised over the service period. The contracts are billed and paid on monthly basis.
Digital Solutions 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

e& 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. e& is a principal if it controls the specified good or service before that good or service is transferred to a customer.

In the case e& 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, e&'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.

**3. Material accounting policies (continued)**

**Leases**

**e& as lessee**

**Right-of-use asset**

e& 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, e&'s incremental borrowing rate. Generally, e& uses its incremental borrowing rate as the discount rate. e& determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in e&'s estimate of the amount expected to be payable under a residual value guarantee, or if e& 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.

**3. Material accounting policies** *(continued)*

**Leases** *(continued)*

**Short-term leases and leases of low-value assets**

e& 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. e& recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**e& as lessor**

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

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

To classify each lease, e& 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, e& 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 e&'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 e&'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. Material accounting policies (continued)**

**Foreign currencies (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 e& 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 e& for the cost of an asset are recognised in the consolidated statement of profit or loss on a systematic basis over the expected useful life of the related asset upon capitalisation.

**3. Material accounting policies (continued)**

**Employees' end of service benefits**

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

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

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

**Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. e&'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 e& 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.

## Emirates Telecommunications Group Company PJSC

### Notes to the consolidated financial statements for year ended 31 December 2023

#### 3. Material accounting policies (continued)

##### Taxation (continued)

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 e& 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 e& 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 e& 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.

##### 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 e&'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 e& 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

## Emirates Telecommunications Group Company PJSC

### Notes to the consolidated financial statements for year ended 31 December 2023

#### 3. Material accounting policies (continued)

##### Property, plant and equipment (continued)

<b>Plant and equipment:</b>	<b>Years</b>
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
<b>Other assets:</b>	<b>Years</b>
Motor vehicles	3 – 5
Computers	3 – 5
Furniture, fittings and office equipment	4 – 10

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 e&'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 e&'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.

**3. Material accounting policies** *(continued)*

**Intangible assets** *(continued)*

**Recognition and measurement** *(continued)*

**(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 e&'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 e& 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.

**(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.

**3. Material accounting policies** *(continued)*

**Intangible assets** *(continued)*

**Impairment of tangible and intangible assets excluding goodwill**

e& 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, e& 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, direct 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 e& becomes a party to the contractual provisions of the instrument.

**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 e& has access at that date, estimated using another valuation technique. In estimating the fair value of an asset or a liability, e& 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.

**3. Material accounting policies (continued)**

**Financial instruments (continued)**

**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. Material accounting policies (continued)**

**Financial instruments (continued)**

**iv) Fair value through OCI – with recycling**

Debt 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, e& 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 e&'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).



**3. Material accounting policies (continued)**

**Financial instruments (continued)**

**vii) Cash and cash equivalents**

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less from date of deposit), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

**viii) Impairment of financial assets**

e& 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.

e& 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 e&'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, e& 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, e& 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, e& 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, e& 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, e& 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 e& has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, e& 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. e& 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.

**3. Material accounting policies** *(continued)*

**Financial instruments** *(continued)*

**viii) Impairment of financial assets** *(continued)*

e& 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, e& 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, e& 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 e&, in full (without taking into account any collaterals held by e&).

Irrespective of the above analysis, e& considers that default has occurred when a financial asset is more than 90 days past due, unless e& has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

**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.

e& 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.

## **Emirates Telecommunications Group Company PJSC**

### **Notes to the consolidated financial statements for year ended 31 December 2023**

#### **3. Material accounting policies (continued)**

##### **Financial instruments (continued)**

##### **viii) Impairment of financial assets (continued)**

##### **d) Measurement and recognition of expected credit losses (continued)**

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. e&'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.

e& 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.

##### **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.

**3. Material accounting policies (continued)**

**Financial instruments (continued)**

**xii) Derecognition of financial liabilities**

e& derecognises financial liabilities when, and only when, e&'s obligations are discharged, cancelled or they expire. e& 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**

e& 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, e& 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 e& 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, e& 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**

e& 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 e& neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, e& recognises its retained interest in the asset and associated liability for amounts it may have to pay. If e& retains substantially all the risks and rewards of ownership of a transferred financial asset, e& continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**3. Material accounting policies (continued)**

**Provisions**

Provisions are recognised when e& has a present obligation as a result of a past event, and it is probable that e& 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**

e& applies a policy of treating transactions with non-controlling interest holders as transactions with parties external to e&. Disposals to non-controlling interest holders result in gains and losses for e& and are recorded in the consolidated statement of profit or loss.

Changes in e&'s ownership interests in subsidiaries that do not result in e& losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of e&'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 e& 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 e& 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 e&'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 e&'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.

**3. Material accounting policies** *(continued)*

**Disposal of assets / assets held-for-sale** *(continued)*

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 e&'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 subsidiaries, 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 e&'s intangible assets, excluding goodwill, makes the judgements surrounding the estimated useful lives critical to e&'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 e& 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 e&'s consolidated financial position, revenue and results. Specific judgements regarding the classification of e&'s interests in Maroc Telecom and Pakistan Telecommunications Company Limited are disclosed in Note 15 and interests in associates are disclosed in Note 17.

**4. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**Critical accounting judgements (continued)**

**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 Federal Royalty Scheme issued by UAE Ministry of Finance ("MoF") dated 20 February 2017 and 3 January 2022 (the "Scheme") and the subsequent clarifications and correspondences exchanged between e& 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 2023 was in accordance with aforementioned Scheme and the Correspondence.

**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, e& 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. e& 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, e& 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.

**4. Critical accounting judgements and key sources of estimation uncertainty *(continued)***

**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 e& 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.

**iii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the total assets of e&. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to e&'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.



**4. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**Key sources of estimation uncertainty (continued)**

**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 e&'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**

e& 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 e&'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 e&'s future tax results and expected changes in temporary differences between assets and liabilities.

## **5. Segmental information**

Information regarding e&'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 e&'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**

e& is engaged in a single line of business, being the supply of telecommunications services and related products. The majority of e&'s revenues, profits and assets relate to its operations in the UAE. Outside of the UAE, e& 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. Official exchange rates have been used to translate foreign currency balances from the above geographical regions.

e&'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 e&'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.

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 5. Segmental information (continued)

	International					Eliminations	Consolidated
	UAE	Morocco	Egypt	Pakistan	Others		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>31 December 2023</b>							
<b>Revenue</b>							
External revenue	34,461,211	6,080,735	3,609,114	2,370,189	7,230,869	-	53,752,118
Inter-segment revenue	315,302	466,673	53,819	118,542	112,472	(1,066,808)	-
<b>Total revenue</b>	<b>34,776,513</b>	<b>6,547,408</b>	<b>3,662,933</b>	<b>2,488,731</b>	<b>7,343,341</b>	<b>(1,066,808)</b>	<b>53,752,118</b>
<b>Segment result</b>	<b>13,568,983</b>	<b>2,425,763</b>	<b>820,002</b>	<b>(118,892)</b>	<b>2,464,801</b>	<b>-</b>	<b>19,160,657</b>
Federal royalty							(6,328,722)
Finance and other income							3,794,661
Finance and other costs							(3,928,152)
<b>Profit before tax</b>							<b>12,698,444</b>
Income tax expenses							(1,554,234)
<b>Profit for the year</b>							<b>11,144,210</b>
Total assets	82,007,069	28,462,964	6,794,135	10,083,683	32,335,746	(12,779,342)	146,904,255
Non-current assets *	37,197,831	24,982,512	5,371,854	6,217,548	29,187,235	(7,274,609)	95,682,371
Investments in associates and joint ventures	3,659,415	-	-	-	5,318,387	-	8,977,802
Depreciation and amortisation	3,302,462	1,654,460	587,648	624,636	1,399,470	-	7,568,676
Impairment and other losses	80,053	-	-	752	91	-	80,896
Share of results of associates and joint ventures	125,276	-	-	-	635,759	-	761,035
<b>31 December 2022</b>							
<b>Revenue</b>							
External revenue	32,106,688	6,170,486	4,846,842	2,614,283	6,695,928	-	52,434,227
Inter-segment revenue	296,000	379,571	52,900	116,698	96,167	(941,336)	-
<b>Total revenue</b>	<b>32,402,688</b>	<b>6,550,057</b>	<b>4,899,742</b>	<b>2,730,981</b>	<b>6,792,095</b>	<b>(941,336)</b>	<b>52,434,227</b>
<b>Segment result</b>	<b>13,397,703</b>	<b>2,324,997</b>	<b>1,185,979</b>	<b>(189,771)</b>	<b>2,003,399</b>	<b>-</b>	<b>18,722,307</b>
Federal royalty							(5,770,893)
Finance and other income							2,000,601
Finance and other costs							(2,674,340)
<b>Profit before tax</b>							<b>12,277,675</b>
Taxation							(1,751,977)
<b>Profit for the year</b>							<b>10,525,698</b>
Total assets	79,716,460	27,690,132	7,731,604	12,375,589	30,310,249	(12,738,729)	145,085,305
Non-current assets *	34,119,648	22,985,033	6,534,187	7,220,979	26,624,561	(7,315,515)	90,168,893
Investments in associates and joint ventures	3,546,412	-	-	-	4,719,689	-	8,266,101
Depreciation and amortisation	2,811,844	1,635,859	884,332	795,545	1,388,305	-	7,515,885
Impairment and other losses	-	-	-	952	1,804	-	2,756
Share of results of associates and joint ventures	(36,134)	-	-	-	453,492	-	417,358

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

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 6. Revenue

a) The following is the disaggregation of e&'s revenue

	International					Consolidated AED'000
	UAE AED'000	Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	
<b>31 December 2023</b>						
Mobile	11,518,984	3,057,460	3,280,384	876,357	6,568,484	25,301,669
Fixed	11,464,249	2,435,245	218,998	1,052,227	452,400	15,623,119
Equipment	2,240,813	352,011	58,925	12,024	27,790	2,691,563
Others	9,237,165	236,019	50,807	429,581	182,195	10,135,767
<b>Total revenue</b>	<b>34,461,211</b>	<b>6,080,735</b>	<b>3,609,114</b>	<b>2,370,189</b>	<b>7,230,869</b>	<b>53,752,118</b>
<b>31 December 2022</b>						
Mobile	11,405,717	3,201,648	4,018,725	960,194	6,119,670	25,705,954
Fixed	11,269,809	2,465,300	306,874	1,253,288	420,223	15,715,494
Equipment	1,768,354	266,478	68,479	14,584	19,994	2,137,889
Others	7,662,808	237,060	452,764	386,217	136,041	8,874,890
<b>Total revenue</b>	<b>32,106,688</b>	<b>6,170,486</b>	<b>4,846,842</b>	<b>2,614,283</b>	<b>6,695,928</b>	<b>52,434,227</b>

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 2023	Within one year	More than one year	Total
	AED'000	AED'000	AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	9,142,656	2,247,016	11,389,672
<b>31 December 2022</b>			
	Within one year	More than one year	Total
	AED'000	AED'000	AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	8,472,181	2,077,569	10,549,750

c) Timing of revenue recognition

	International					Consolidated AED'000
	UAE AED'000	Morocco AED'000	Egypt AED'000	Pakistan AED'000	Others AED'000	
<b>31 December 2023</b>						
PO satisfied at a point in time	3,977,320	352,011	60,397	32,547	153,951	4,576,226
PO satisfied over a period of time	30,483,891	5,728,724	3,548,717	2,337,642	7,076,918	49,175,892
<b>Total revenue</b>	<b>34,461,211</b>	<b>6,080,735</b>	<b>3,609,114</b>	<b>2,370,189</b>	<b>7,230,869</b>	<b>53,752,118</b>
<b>31 December 2022</b>						
PO satisfied at a point in time	2,631,143	266,478	69,664	37,980	87,843	3,093,108
PO satisfied over a period of time	29,475,545	5,904,008	4,777,178	2,576,303	6,608,085	49,341,119
<b>Total revenue</b>	<b>32,106,688</b>	<b>6,170,486</b>	<b>4,846,842</b>	<b>2,614,283</b>	<b>6,695,928</b>	<b>52,434,227</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 7. Operating expenses and federal royalty

#### a) Operating expenses

	2023	2022
	AED'000	AED'000
Direct cost of sales	14,714,188	13,242,847
Staff costs	4,353,524	4,475,368
Depreciation	5,964,943	5,794,766
Network and other related costs	2,851,424	2,778,014
Amortisation	1,603,733	1,721,119
Regulatory expenses	(i) 1,444,797	1,479,269
Marketing expenses	979,099	976,322
Consultancy costs	810,112	765,845
IT costs	469,467	414,697
Foreign exchange losses - net	67,598	378,485
Lease rentals	86,690	64,137
Other operating expenses	1,026,195	1,232,183
<b>Operating expenses (before federal royalty)</b>	<b>34,371,770</b>	<b>33,323,052</b>

Operating expenses include an amount of AED 30.33 million (2022: AED 27.28 million), relating to social contributions made during the year.

#### i) Regulatory expenses:

Regulatory expenses include ICT Fund contributions required to be paid by the Company to the UAE Telecommunications Regulatory Authority (TRA) at 1% of its net regulated revenues annually.

#### ICT Fund Contribution

	2023	2022
	AED'000	AED'000
UAE Net Regulated Revenue	20,489,592	19,814,096
ICT Fund Contribution	204,896	198,141

#### 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 e& for the periods 2017 to 2021 ("the new royalty scheme"). According to the new royalty scheme, e& 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 e& and MoF (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.

The mechanism for the computation of federal royalty payable for the period ended 31 December 2023 was in accordance with the new royalty scheme and the Correspondence. Royalty on profits amounted to AED 3,037 million (2022: AED 2,789 million).

#### New Royalty Guidelines

On 03 November 2023, e& has received the new Royalty Guidelines for the telecommunications sector from the MoF outlining the details of the new Telecom Federal Royalty regime for the period starting 1 January 2024 to 31 December 2026. This is in addition to the Corporate Tax Law applicable to e& effective from 1 January 2024.

Under the new Royalty Guidelines, the federal royalty rate of 38% will be applied on the sum of regulated and non-regulated UAE net profit. The federal royalty amount will be deducted from net profit for the computation of taxable income under the UAE Corporate Tax Law. Further, a corporate tax rate of 9% on profit will be applied from 1 January 2024 to 31 December 2026.

The new Royalty Guidelines excludes from the royalty calculation any profits generated from international controlled entities, profits of international non-controlled entities (associates and joint ventures), dividends or other profit distributions received from international investments that are already subject to local corporate or other similar tax in the respective jurisdiction at 9% or above, and profit attributable to non-controlling interest holders of the UAE controlled entities. Further, unlike earlier, e& will not be liable to pay any royalty on the UAE regulated revenue.

The aggregate of annual amount of royalty and corporate tax shall not be lower than AED 5.7 billion and the annual royalty and corporate tax amount are to be paid within five months from the end of the fiscal year.

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.

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 8. Finance and other income

	2023	2022
	AED'000	AED'000
Interest on bank deposits and amortised cost investments	1,962,285	993,026
Gain/(loss) on forward foreign exchange contracts	5,652	(43,190)
Net gain/(loss) on financial assets designated as FVTPL	1,807	(44,388)
Dividend income	1,428,321	710,675
Other income	396,596	384,478
	<b>3,794,661</b>	<b>2,000,601</b>

### 9. Finance and other costs

	2023	2022
	AED'000	AED'000
Interest on short term bank borrowings, loans and other financial liabilities	2,726,845	1,387,166
Interest on other borrowings	288,848	266,865
Foreign exchange loss on borrowings - net	146,475	350,902
Other costs	732,140	631,215
Unwinding of discount	33,844	38,192
	<b>3,928,152</b>	<b>2,674,340</b>
Total borrowing costs	3,944,120	2,687,061
Less: amounts included in the cost of qualifying assets	(15,968)	(12,721)
	<b>3,928,152</b>	<b>2,674,340</b>

All interest charges are generated on e&'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 18.99% (2022: 11.24%) for expenditure on such assets. Borrowing costs have been capitalised in relation to certain loans of e&'s subsidiaries.

### 10. Taxation

	2023	2022
	AED'000	AED'000
<b>Amounts recognised in profit or loss</b>		
Current tax expense	1,707,925	2,100,586
Deferred tax credit	(153,691)	(348,609)
	<b>1,554,234</b>	<b>1,751,977</b>

#### a) Total tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The same law refers to a set of Cabinet/Minister decisions that will be released subsequently to clarify various aspects.

The CT regime is effective for accounting periods beginning on or after 1 June 2023. For e&, the first accounting period to be subject to UAE CT will be 2024 given that e&'s financial year coincides with the calendar year.

On 16 January 2023 the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Enactment of the legislation requires the recognition of deferred taxes where relevant. e& has recorded the deferred tax impact of new CT regime in the consolidated financial statements as at 31 December 2023.

Currently e& pays tax only on its international subsidiaries in accordance with the tax laws prevailing in those countries. The tax rate applicable for international operations is 32.27% (2022: 31.27%). The table below reconciles the difference between the expected tax expense, and e&'s tax charge for the year.

#### b) The income tax expenses for the year can be reconciled to the accounting profits as follows:

	2023	2022
	AED'000	AED'000
Tax based on the applicable tax rate in foreign jurisdiction of 32.27% (2022: 31.27%)	1,426,644	1,190,749
Tax effect of share of results of associates	32,027	22,675
Tax effect of expenses that are not deductible in determining taxable profit	120,311	684,434
Tax effect of utilization of tax losses not previously recognized	21,347	22,685
Effect on deferred tax balances of change in income tax rate	(54,347)	(25,373)
Effect on deferred tax balances due to purchase price allocation	8,252	(143,193)
<b>Income tax expenses recognised in profit or losses</b>	<b>1,554,234</b>	<b>1,751,977</b>

#### 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:

	2023	2022
	AED'000	AED'000
Deferred tax assets	395,953	220,111
Deferred tax liabilities	(1,769,664)	(1,645,275)
	<b>(1,373,711)</b>	<b>(1,425,164)</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 10. Taxation (continued)

The following represent the major deferred tax liabilities and deferred tax assets recognised by e& and movements thereon without taking into consideration the offsetting of balances within the same tax jurisdiction.

Deferred tax liabilities	Deferred tax on property, plant and equipment and intangible assets	Deferred tax on overseas earnings	Others	Total
	AED'000	AED'000	AED'000	AED'000
<b>At 1 January 2022</b>	2,330,242	84,276	32,228	2,446,746
(Credit)/charge to the consolidated statement of profit or loss	(197,421)	13,704	24,128	(159,589)
Charge to other comprehensive income	-	-	(991)	(991)
Other movements	(7,786)	-	43,473	35,687
Exchange differences	(370,484)	-	(16,523)	(387,007)
<b>At 31 December 2022</b>	<b>1,754,551</b>	<b>97,980</b>	<b>82,315</b>	<b>1,934,846</b>
Charge to the consolidated statement of profit or loss	43,497	19,891	34,153	97,541
Credit to other comprehensive income	-	-	(637)	(637)
Other movements	-	-	(49,257)	(49,257)
Exchange differences	19,387	-	(17,230)	2,157
<b>At 31 December 2023</b>	<b>1,817,435</b>	<b>117,871</b>	<b>49,344</b>	<b>1,984,650</b>

  

Deferred tax assets	Tax losses	Others	Total
	AED'000	AED'000	AED'000
<b>At 1 January 2022</b>	28,689	398,943	427,632
Credit to the consolidated statement of profit or loss	11,337	177,683	189,020
Credit to other comprehensive income	-	2,258	2,258
Other movements	-	(44,940)	(44,940)
Exchange differences	4,677	(68,965)	(64,288)
<b>At 31 December 2022</b>	<b>44,703</b>	<b>464,979</b>	<b>509,682</b>
Credit to the consolidated statement of profit or loss	19,616	231,616	251,232
Credit to other comprehensive income	-	2,311	2,311
Other movements	(67,363)	(846)	(68,209)
Exchange differences	11,482	(95,559)	(84,077)
<b>At 31 December 2023</b>	<b>8,438</b>	<b>602,501</b>	<b>610,939</b>

  

Unused tax losses	2023	2022
	AED million	AED million
Total unused tax losses	117	191
of which deferred tax assets recognised for	117	191

Unused tax losses are reported from Etisalat Afghanistan and can be carried forward indefinitely.

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Notes to the consolidated financial statements for the year ended 31 December 2023

### 11. Goodwill and other intangible assets

	Goodwill AED'000	Licenses AED'000	Trade names AED'000	Others AED'000	Total AED'000
<b>Cost</b>					
At 1 January 2022	16,312,614	18,928,262	2,143,151	9,289,603	46,673,630
Additions	-	346,023	-	943,854	1,289,877
Capitalized during the year	-	189,912	-	(189,912)	-
Acquisition of subsidiaries (Note 41)	493,065	-	1,370	648,447	1,142,882
Transfer	(15,052)	-	15,052	-	-
Disposals	-	(2,819)	-	(32,160)	(34,979)
Exchange differences	(1,125,544)	(3,879,941)	(256,312)	(1,135,478)	(6,397,275)
<b>At 31 December 2022</b>	<b>15,665,083</b>	<b>15,581,437</b>	<b>1,903,261</b>	<b>9,524,354</b>	<b>42,674,135</b>
<b>Amortisation and impairment</b>					
At 1 January 2022	4,960,946	8,492,687	754,092	6,635,864	20,843,589
Charge for the year	-	834,888	80,925	931,580	1,847,393
Acquisition of subsidiaries (Note 41)	-	-	-	238,545	238,545
Disposals	-	(2,819)	-	(31,263)	(34,082)
Exchange differences	(18,408)	(1,669,196)	(812)	(872,126)	(2,560,542)
<b>At 31 December 2022</b>	<b>4,942,538</b>	<b>7,655,560</b>	<b>834,205</b>	<b>6,902,600</b>	<b>20,334,903</b>
<b>Carrying amount</b>					
<b>At 31 December 2022</b>	<b>10,722,545</b>	<b>7,925,877</b>	<b>1,069,056</b>	<b>2,621,754</b>	<b>22,339,232</b>
<b>Cost</b>					
At 1 January 2023	15,665,083	15,581,437	1,903,261	9,524,354	42,674,135
Additions	-	21,073	-	598,604	619,677
Transfer from property, plant and equipment (Note 13)	-	-	-	628,197	628,197
Acquisition of subsidiaries (Note 41)	521,403	-	389,767	249,840	1,161,010
Transfers and other movements	186,642	-	49,579	27,903	264,124
Disposals	(70,289)	-	-	(151,839)	(222,128)
Exchange differences	521,859	(803,557)	83,082	271,539	72,923
<b>At 31 December 2023</b>	<b>16,824,698</b>	<b>14,798,953</b>	<b>2,425,689</b>	<b>11,148,598</b>	<b>45,197,938</b>
<b>Amortisation and impairment</b>					
At 1 January 2023	4,942,538	7,655,560	834,205	6,902,600	20,334,903
Charge for the year	-	687,609	91,642	867,534	1,646,785
Other movements	-	-	(107,670)	107,670	-
Acquisition of subsidiaries (Note 41)	-	-	-	18,921	18,921
Disposals	-	-	-	(119,544)	(119,544)
Exchange differences	(435)	(358,226)	11,616	252,324	(94,721)
<b>At 31 December 2023</b>	<b>4,942,103</b>	<b>7,984,943</b>	<b>829,793</b>	<b>8,029,505</b>	<b>21,786,344</b>
<b>Carrying amount</b>					
<b>At 31 December 2023</b>	<b>11,882,595</b>	<b>6,814,010</b>	<b>1,595,896</b>	<b>3,119,093</b>	<b>23,411,594</b>
<b>Others - net book values</b>				<b>2023</b>	<b>2022</b>
				<b>AED'000</b>	<b>AED'000</b>
Indefeasible rights of use				130,653	189,759
Computer software				1,681,808	1,156,616
Customer relationships				246,483	44,212
Others				1,060,149	1,231,167
				<b>3,119,093</b>	<b>2,621,754</b>



## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 12. Impairment loss on other assets

#### a) Impairment

The impairment losses 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:

	2023 AED'000	2022 AED'000
<b>Etisalat UAE</b>	<b>80,053</b>	<b>-</b>
of which relating to property, plant and equipment (Note 13)	57,420	-
of which relating to right of use assets (Note 14)	22,633	-
<b>Others</b>	<b>843</b>	<b>2,756</b>
of which relating to property, plant and equipment (Note 13)	752	952
of which relating to other assets	91	1,804
<b>Total impairment losses for the year</b>	<b>80,896</b>	<b>2,756</b>

#### 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. e& 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 e&'s International reportable segment) is allocated to the following CGUs:

#### Cash generating units (CGU) to which goodwill is allocated:

	2023 AED'000	2022 AED'000
Maroc Telecom	8,413,961	8,074,404
Maroc Telecom international subsidiaries	2,059,598	1,945,635
Help AG group	76,469	76,469
Etisalat Misr (Etisalat) S.A.E.	6,081	7,596
Digital Financial Services LLC (see Note 41)	125,376	125,376
eIGrocer DMCC (see Note 41)	32,334	32,334
Playco Holdings Limited (see Note 41)	647,373	460,731
Service Souk DMCC (see Note 41)	58,002	-
Bespinn Global Technologies Limited (see Note 41)	55,613	-
Beehive Group Holdings Limited* (see Note 41)	80,950	-
Careem Technologies Holding Limited* (see Note 41)	326,838	-
	<b>11,882,595</b>	<b>10,722,545</b>

\*Provisional fair value

Goodwill has been allocated to the separately identifiable CGUs.

#### 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.

#### Long term cash flows and working capital estimates

e& prepares cash flow forecasts and working capital estimates derived from the most recent annual business plan approved by the Board of Directors for the next five years. The business plans take into account local market considerations such as the revenues and costs associated with future customer growth, the impact of local market competition and consideration of the local macro-economic and political trading environment. This rate does not exceed the average long-term growth rate for the relevant markets and it ranges between 2.7% to 6.6% (2022: 3.6% to 6.5%).

#### Discount rates

The discount rates applied to the cash flows of each of e&'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 7.47% to 28.59% (2022: 7.80% to 22.87%).

#### 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 e&. 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 [1.82% increase in discount rates and 2.43% decrease in long term terminal growth rates (2022: 1.7% increase in discount rates and 2.75% decrease in long term terminal growth rates)] could cause the carrying amounts to exceed the recoverable amounts.

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 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
<b>Cost</b>					
At 1 January 2022	9,877,038	79,704,475	6,798,894	4,818,629	101,199,036
Additions	91,404	2,084,519	(145,643)	4,717,143	6,747,423
Transfers	64,222	3,281,536	687,804	(4,036,573)	(3,011)
Disposals	(1,052,513)	(547,984)	(255,787)	(7,085)	(1,863,369)
Acquisition of subsidiaries (Note 41)	-	1,101	9,164	-	10,265
Exchange differences	(1,229,029)	(8,969,131)	(740,180)	(348,544)	(11,286,884)
<b>At 31 December 2022</b>	<b>7,751,122</b>	<b>75,554,516</b>	<b>6,354,252</b>	<b>5,143,570</b>	<b>94,803,460</b>
<b>Depreciation and impairment</b>					
At 1 January 2022	3,491,245	48,772,942	5,029,070	190,691	57,483,948
Charge for the year	207,122	4,556,500	467,559	-	5,231,181
Impairment charge	-	952	-	-	952
Disposals	(226,565)	(517,591)	(252,124)	(7,085)	(1,003,365)
Acquisition of subsidiaries (Note 41)	-	1,015	6,836	-	7,851
Exchange differences	(327,229)	(5,880,633)	(632,673)	(1,871)	(6,842,406)
<b>At 31 December 2022</b>	<b>3,144,573</b>	<b>46,933,185</b>	<b>4,618,668</b>	<b>181,735</b>	<b>54,878,161</b>
<b>Carrying amount at 31 December 2022</b>	<b>4,606,549</b>	<b>28,621,331</b>	<b>1,735,584</b>	<b>4,961,835</b>	<b>39,925,299</b>
<b>Cost</b>					
At 1 January 2023	7,751,122	75,554,516	6,354,252	5,143,570	94,803,460
Additions	93,913	2,003,509	224,814	4,345,576	6,667,812
Transfer to intangible assets (Note 11)	-	-	(628,197)	-	(628,197)
Transfers	58,146	2,524,331	905,790	(3,488,267)	-
Disposals	(5,221)	(801,575)	(73,423)	(27,306)	(907,525)
Acquisition of subsidiaries (Note 41)	-	-	39,155	12,863	52,018
Exchange differences	(96,303)	(732,563)	(165,489)	(147,238)	(1,141,593)
<b>At 31 December 2023</b>	<b>7,801,657</b>	<b>78,548,218</b>	<b>6,656,902</b>	<b>5,839,198</b>	<b>98,845,975</b>
<b>Depreciation and impairment</b>					
At 1 January 2023	3,144,573	46,933,185	4,618,668	181,735	54,878,161
Charge for the year	188,274	4,861,622	394,445	-	5,444,341
Impairment charge	-	-	-	58,172	58,172
Disposals	(1,607)	(773,239)	(76,498)	(14,169)	(865,513)
Acquisition of subsidiaries (Note 41)	-	-	4,360	-	4,360
Exchange differences	105,690	27,083	(141,615)	(646)	(9,488)
<b>At 31 December 2023</b>	<b>3,436,930</b>	<b>51,048,651</b>	<b>4,799,360</b>	<b>225,092</b>	<b>59,510,033</b>
<b>Carrying amount at 31 December 2023</b>	<b>4,364,727</b>	<b>27,499,567</b>	<b>1,857,542</b>	<b>5,614,106</b>	<b>39,335,942</b>

The carrying amount of e&'s land and buildings includes a nominal amount of AED 1 (2022: AED 1) in relation to land granted to e& 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 15.97 million (2022: AED 12.72 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 2,946 million (2022: AED 3,269 million).

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

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 14. Right-of-use assets

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computers, furniture AED'000	Total AED'000
<b>Balance at 1 January 2022</b>	1,261,269	1,062,732	112,920	2,436,921
Additions for the year	1,216,353	500,665	53,858	1,770,876
Disposals for the year	(1,188,277)	(199,000)	(5,095)	(1,392,372)
Depreciation for the year	(318,962)	(192,281)	(52,342)	(563,585)
Exchange differences	(118,272)	(329,520)	(25,087)	(472,879)
Acquisition of subsidiaries (Note 41)	2,599	-	-	2,599
<b>Balance at 31 December 2022 / 1 January 2023</b>	<b>854,710</b>	<b>842,596</b>	<b>84,254</b>	<b>1,781,560</b>
Additions for the year	272,637	521,331	61,523	855,491
Disposals for the year	(20,322)	(301,279)	(3,344)	(324,945)
Depreciation for the year	(299,361)	(178,399)	(44,594)	(522,354)
Impairment	-	(22,633)	-	(22,633)
Exchange differences	(23,381)	(102,847)	(4,297)	(130,525)
Acquisition of subsidiaries (Note 41)	44,385	-	-	44,385
<b>Balance at 31 December 2023</b>	<b>828,668</b>	<b>758,769</b>	<b>93,542</b>	<b>1,680,979</b>

Land and buildings include leased land on which towers have been constructed. It also includes towers leased by e&.

### 15. Subsidiaries

a) e&'s principal subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Percentage shareholding	
			2023	2022
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%
e& enterprise Cloud - Sole Proprietorship 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	- (ix)	100%
Pakistan Telecommunication Company Limited	Pakistan	Telecommunications services	23% (i)	23% (i)
Etisalat Investment North Africa LLC	UAE	Holds investment in Société de Participation dans les Télécommunications (SPT)	100%	100.0%
Société de Participation dans les Télécommunications (SPT)	Kingdom of Morocco	Holds investment in Maroc Telecom	100%	100%
Etisalat Al Maghrib S.A (Maroc Telecom)	Kingdom of Morocco	Telecommunications services	53% (i)	53% (i)
Etisalat Mauritius Private Limited	Mauritius	Holds investment in Etisalat DB Telecom Private Limited	100%	100%
e& Enterprise Holding Limited	UAE	Holding Company	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%
Future Etisalat for telecommunication & Information Technology KSA LLC	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%	100%
eGrocer DMCC (Note 41)	UAE	Online marketplace for groceries	100%	100% (ii)
e& enterprise iot & ai DWC LLC formerly Smart Technology Services DWC LLC "Smart World" (Note 41)	UAE	Installation and management of network systems	100%	100% (iii)
Playco Holding Limited "Starzplay" (Note 41)	Cayman Island	Subscription Video on Demand ("SVOD") and IPTV service	38%	38% (iv)
Service Souk DMCC	UAE	Online marketplace	100% (v)	-
Bespin Global Technologies Limited	UAE	Public cloud managed and professional services	65% (vi)	-
Beehive Group Holdings Limited	UAE	Online marketplace for peer-to-peer lending to SMEs	63.27% (vii)	-
Careem Technologies Holding Limited	UAE	Digital platform with integrated consumer centric digital services	50.03% (viii)	-

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Notes to the consolidated financial statements for the year ended 31 December 2023

### 15. Subsidiaries (continued)

#### a) e&'s principal subsidiaries are as follows: (continued)

(i) e& 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.

(ii) On 28 January 2022, e& has completed the acquisition of 100% shareholding in eGrocer DMCC after satisfying all conditions precedent and completion deliverables pursuant to an agreement signed with eGrocer DMCC against a consideration not exceeding AED 38 million. (Refer to Note 41)

(iii) On 20 May 2022, Etisalat Group completed the acquisition of the remaining 50% shareholding in Smart World for an amount of AED 30 million. (Refer to Note 41)

(iv) On 17 October 2022, the consortium comprising Emirates Cable TV and Multimedia (E-Vision), subsidiary of e&, and ADQ, an Abu Dhabi-based investment and holding company, has successfully completed the acquisition of circa 57% of Playco Holding Limited "Starzplay", a leading Subscription Video on Demand (SVOD) and streaming service provider in the Middle East and North Africa (MENA). (Note 41)

(v) On 6 February 2023, e& completed the acquisition of Service Souk DMCC ("Service Market"), acquiring 100% shareholding of the online marketplace. The purchase consideration for acquisition of Service Market is estimated to be AED 81 million, including payment linked to business performance portion due over a period of time. (Note 41)

(vi) On 25 May 2023, e& enterprise cloud, a wholly owned subsidiary of e&, completed the acquisition of 65% stake in Bespin Global Technologies Limited ("BGT"), offering public cloud managed and professional services. The remaining shareholding of BGT (i.e. 35%) is owned by Bespin Global Singapore PTE. Both shareholders contributed their existing businesses to BGT and contributed an initial cash injection of USD 10 million (AED 36.7 million) as capital on a pro-rata basis. (Note 41)

(vii) On 31 July 2023, e& completed the acquisition of 63.27% stake via a combination of both primary capital injection and acquisition of existing shares in Beehive Group Holdings Limited, the first regulated online marketplace for peer-to-peer lending to SMEs in the MENA region. (Note 41)

(viii) On 8 December 2023, e& successfully acquired 50.03% of Careem Technologies Holding Limited (CTHL) on a fully diluted basis in exchange for an investment of USD 400 million. CTHL is the new entity created by carving out the non-rideshare businesses from existing Careem entities for Careem's super-app business. (Note 41)

(ix) Effective from 17 April 2023, Atlantique Telecom S.A., a wholly owned subsidiary of e&, resolved to proceed with an amicable liquidation and dissolution. The Board of Directors have resigned and e& effectively lost control over the entity. Accordingly, this entity was deconsolidated and cumulative translation gain of AED 63.8 million was reclassified from other comprehensive income to profit or loss.

#### b) Disclosures relating to subsidiaries

Information relating to subsidiaries that have non-controlling interests that are material to e& are provided below:

	Maroc Telecom consolidated	PTCL consolidated	Etisalat Misr consolidated
<b>2023</b>			
<b>AED'000</b>			
<b>Information relating to non-controlling interests:</b>			
Non-controlling interest (shareholding %)	47.0%	76.6%	33.6%
Revenue	5,957,448	1,912,146	1,230,745
Profit/(loss) for the year	1,060,328	(204,592)	119,062
Other comprehensive income/(loss) for the year	155,236	(446,181)	(249,137)
<b>Total comprehensive income / (loss) for the year</b>	<b>1,215,564</b>	<b>(650,773)</b>	<b>(130,075)</b>
Cash flows from operating activities	2,443,826	179,395	493,258
Cash flows (used in)/from investing activities	(1,462,843)	606,412	(186,894)
Cash flows used in financing activities	(1,167,563)	(742,822)	(238,339)
Dividends paid to non-controlling interests	(582,038)	-	(72,463)
Non-controlling interests as at 31 December	4,654,710	1,452,893	1,043,943
<b>Summarised information relating to subsidiaries:</b>			
Current assets	5,180,804	3,610,959	1,409,801
Non-current assets	31,457,775	6,475,417	5,384,229
Current liabilities	14,576,646	4,935,430	2,533,898
Non-current liabilities	3,294,369	4,360,919	1,069,135

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 15. Subsidiaries (continued)

#### b) Disclosures relating to subsidiaries (continued)

	Maroc Telecom consolidated	PTCL consolidated	Etisalat Misr consolidated
<b>AED'000</b>	<b>2022</b>		
<b>Information relating to non-controlling interests:</b>			
Non-controlling interest (shareholding %)	47.0%	76.6%	33.6%
Revenue	5,775,804	2,088,627	1,646,313
Profit for the year	633,061	(223,846)	145,704
Other comprehensive loss for the year	(346,023)	(714,764)	(751,044)
<b>Total comprehensive income / (loss) for the year</b>	<b>287,038</b>	<b>(938,610)</b>	<b>(605,340)</b>
Cash flows from operating activities	2,719,410	786,089	816,975
Cash flows used in investing activities	(1,445,768)	(2,365,235)	(390,159)
Cash flows (used in)/from financing activities	(1,181,500)	1,020,634	(299,102)
Dividends paid to non-controlling interests	(1,054,132)	-	(113,514)
Non-controlling interests as at 31 December	4,094,836	2,108,719	1,254,323
<b>Summarised information relating to subsidiaries:</b>			
Current assets	5,531,918	5,026,908	1,159,854
Non-current assets	29,513,804	7,351,365	6,571,750
Current liabilities	14,800,011	6,704,519	2,569,938
Non-current liabilities	3,260,616	4,028,187	1,341,586

#### c) Movement in non-controlling interests

The movement in non-controlling interests is provided below:

	2023 AED'000	2022 AED'000
<b>As at 1 January</b>	<b>7,735,244</b>	<b>9,977,786</b>
Total comprehensive income:		
Profit for the year	839,663	518,337
Remeasurement of defined benefit obligations - net of tax	(10,495)	(942)
Exchange differences on translation of foreign operations	(540,914)	(1,815,069)
(Loss)/gain on revaluation of investment classified as fair value through OCI	(308)	3,873
Fair value (loss)/gain arising on cash flow hedges	(2,652)	14,388
Other movement in equity	265,541	(12,321)
Transaction with owners of the Company:		
Acquisition of subsidiaries	860,560	218,232
Dividends	(730,830)	(1,169,040)
<b>As at 31 December</b>	<b>8,415,809</b>	<b>7,735,244</b>

#### 16. Share of results of associates and joint ventures

	2023 AED'000	2022 AED'000
Associates (Note 17 b)	757,201	413,565
Joint ventures (Note 17 g)	3,834	3,793
<b>Total</b>	<b>761,035</b>	<b>417,358</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 17. Investment in associates and joint ventures

	2023	2022
	AED'000	AED'000
Associates (Note 17 b)	8,967,174	8,259,307
Joint ventures (Note 17 g)	10,628	6,794
<b>Total</b>	<b>8,977,802</b>	<b>8,266,101</b>

#### a) Associates

Name	Country of incorporation	Principal activity	Percentage shareholding	
			2023	2022
Etihad Etisalat Company ("Mobily")	Kingdom of Saudi Arabia	Telecommunications services	28%	28%
Hutch Telecommunications Lanka (Private) Limited ("Hutch") (i)	Sri Lanka	Telecommunications services	15%	15%
Wio Bank (ii)	UAE	Digital banking platform	25%	25%
Khazna Data Centre Holdings ("KDCHL") (iii)	UAE	Data Center Management	40%	40%
Newberry Global Limited (iv)	Hongkong	Multi-cloud solution provider	10%	-

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

(ii) On 11 February 2022, e& signed an agreement with ADQ, Alpha Dhabi Holding and First Abu Dhabi Bank (FAB) to launch a new digital banking platform, "Wio". Etisalat Group has contributed AED 639 million for exchange of a stake of 25%.

(iii) On 20 October 2021, e& signed a binding agreement with Group42 (G42) to combine their data centers businesses in the United Arab Emirates through creation of a new entity (JVCo) in which e& owns 40% of shareholding while G42 owns the remaining 60% (the transaction). The transaction was completed on 29 April 2022 and e& accounted for the investment in JVCo as an associate for an amount of AED 2,938 million.

(iv) On 25 May 2023, e& invested USD 60 million in Newberry Global Limited in exchange for 10% stake.

#### b) Movement in investments in associates

	Mobily		All Associates	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
Carrying amount at 1 January	4,719,620	4,405,649	8,259,307	4,405,649
Share of results (Note 16)	611,638	453,492	757,201	413,565
Additions during the year	-	-	220,350	3,576,889
Exchange differences	9,760	(3,855)	11,508	(3,855)
Dividends received	(242,719)	(179,415)	(242,719)	(179,415)
Share of other comprehensive income/(loss) – net of tax	(22,586)	43,749	(38,473)	46,474
<b>Carrying amount at 31 December</b>	<b>5,075,713</b>	<b>4,719,620</b>	<b>8,967,174</b>	<b>8,259,307</b>

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

	KDCHL		Mobily		All Associates	
	2023	2022	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Net assets	4,927,923	4,647,373	17,258,401	15,986,362	22,798,177	22,488,431
Group share in net assets of associates	1,971,168	1,862,468	4,831,155	4,475,062	7,169,599	6,799,006
Purchase price allocation adjustments	1,151,854	1,151,854	-	-	1,489,128	1,151,854
Others *	-	-	244,558	244,558	308,447	308,447
	<b>3,123,022</b>	<b>3,014,322</b>	<b>5,075,713</b>	<b>4,719,620</b>	<b>8,967,174</b>	<b>8,259,307</b>

\* Others include an amount of AED 150 million (2022: AED 150 million) relating to premium paid on rights issue in prior years.

#### d) Aggregated amounts relating to associates

	KDCHL		Mobily		All Associates	
	2023	2022	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Current assets	1,721,389	1,573,806	9,303,639	9,495,288	15,446,893	11,352,359
Non-current assets	9,899,371	7,415,450	28,711,261	29,369,079	48,207,751	39,004,895
Current liabilities	(2,972,426)	(2,003,715)	(10,965,462)	(11,390,344)	(25,918,070)	(14,004,810)
Non-current liabilities	(3,720,411)	(2,338,168)	(9,791,037)	(11,487,661)	(14,938,397)	(13,864,013)
<b>Net assets</b>	<b>4,927,923</b>	<b>4,647,373</b>	<b>17,258,401</b>	<b>15,986,362</b>	<b>22,798,177</b>	<b>22,488,431</b>
Revenue	1,144,814	612,543	16,412,969	15,319,769	18,471,286	15,961,025
Profit	311,596	175,197	2,185,412	1,620,019	2,432,723	1,349,913
Total comprehensive income	280,549	190,906	2,104,726	1,776,306	2,321,505	1,513,010

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

#### e) Market value of an associate

The shares of one of e&'s associates are quoted on public stock markets and it is classified as "Level-1" fair value. The market value of e&'s shareholding based on the quoted prices is as follows:

	2023	2022
	AED'000	AED'000
Etihad Etisalat Company ("Mobily")	10,426,623	7,319,881

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 17. Investment in associates and joint ventures (continued)

#### f) Joint ventures

Name	Country of incorporation	Principal activity	Percentage shareholding	
			2023	2022
Emirates Facilities Management LLC	UAE	Facilities management	50%	50%

#### g) Movement in investment in joint ventures

	2023	2022
	AED'000	AED'000
<b>Carrying amount at 1 January</b>	<b>6,794</b>	<b>46,760</b>
Share of results	3,834	3,793
Derecognition of Smart Technology Services DWC LLC	-	(36,246)
Dividends	-	(7,513)
<b>Carrying amount at 31 December</b>	<b>10,628</b>	<b>6,794</b>

#### h) Aggregated amounts relating to joint ventures

	2023	2022
	AED'000	AED'000
Current assets (including cash and cash equivalents AED 28.8 million (2022: AED 18.45 million))	72,040	66,904
Non-current assets	2,324	2,317
Current liabilities (including trade and other payables and provisions of AED 50.0 million (2022: AED 50.28 million))	(50,395)	(50,774)
Non-current liabilities	(3,030)	(4,467)
<b>Net assets</b>	<b>20,939</b>	<b>13,980</b>
Revenue	102,263	181,033
Depreciation and amortisation	323	855
Interest expenses	-	60
Profit or loss	6,518	7,669

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

18. Other investments	Fair value		Fair value through other comprehensive income	Amortised cost	Total
	Fair value through profit and loss - Mandatory	Fair value through profit and loss - designated upon initial recognition			
	AED'000	AED'000	AED'000	AED'000	AED'000
<b>At 1 January 2022</b>	588,828	383,009	197,414	2,862,151	4,031,402
Additions	1,549,577	-	18,688,232	575,536	20,813,345
Disposals	(366,997)	-	(182,840)	(349,367)	(899,204)
Fair value changes	(13,971)	(30,417)	(5,724,804)	-	(5,769,192)
Exchange differences	(14,833)	(8,178)	(11,625)	(19,068)	(53,704)
<b>At 31 December 2022</b>	<b>1,742,604</b>	<b>344,414</b>	<b>12,966,377</b>	<b>3,069,252</b>	<b>18,122,647</b>
of which current	1,625,854	-	582,435	198,854	2,407,143
of which non-current	116,750	344,414	12,383,942	2,870,398	15,715,504
<b>At 1 January 2023</b>	1,742,604	344,414	12,966,377	3,069,252	18,122,647
Additions	267,186	-	3,857,991	4,320,444	8,445,621
Disposals	(1,583,802)	-	(497,979)	(1,103,291)	(3,185,072)
Fair value changes	(419)	2,226	(2,496,841)	-	(2,495,034)
Acquisition of subsidiaries (Note 41)	22,034	-	-	-	22,034
Exchange differences	(168,175)	-	(96,348)	(106,990)	(371,513)
<b>At 31 December 2023</b>	<b>279,428</b>	<b>346,640</b>	<b>13,733,200</b>	<b>6,179,415</b>	<b>20,538,683</b>
of which current	160,562	-	514,039	68,561	743,162
of which non-current	118,866	346,640	13,219,161	6,110,854	19,795,521

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 2023, the market value of the investment in these bonds was AED 5,071 million (2022: AED 2,116 million).

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 19. Related party transactions and balances

Transactions and balances between the Company and its subsidiaries and between those subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions and balances between e& 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. e& 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 1,337 million (2022: AED 1,322 million), which are net of allowance for doubtful debts of AED 351 million (2022: AED 351 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", e& 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 e& has with such related parties is the provision of telecommunication services and procurement of services.

#### b) Joint ventures and associates

	Associates		Joint Ventures	
	2023	2022	2023	2022
	AED '000	AED '000	AED '000	AED '000
<b>Trading transactions</b>				
Telecommunication services – sales	200,891	310,094	-	-
Telecommunication services – purchases	61,815	134,931	-	15,768
Management and other services	60,722	30,592	3,834	3,766
<b>Due from related parties as at 31 December</b>	<b>68,118</b>	<b>86,852</b>	<b>6,244</b>	<b>25,467</b>

Sales to related parties comprise the provision of telecommunication products and services (primarily voice traffic and leased circuits) by e& based on agreed commercial terms. Purchases relate exclusively to the provision of telecommunication products and services by associates to e& based on agreed commercial terms. The amount due from related parties are unsecured and will be settled in cash.

#### 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.

	2023	2022
	AED'000	AED'000
Long- term benefits	1,129	1,109
Short-term benefits	84,063	63,608

### 20. Inventories

	2023	2022
	AED'000	AED'000
Subscriber equipment	762,536	529,307
Maintenance and consumables	534,087	601,057
Obsolescence allowances	(206,438)	(157,489)
<b>Inventories</b>	<b>1,090,185</b>	<b>972,875</b>

#### Movement in obsolescence allowances

	2023	2022
	AED'000	AED'000
<b>At 1 January</b>	<b>157,489</b>	<b>163,713</b>
Net decrease in obsolescence allowances	51,199	468
Exchange differences	(2,250)	(6,692)
<b>At 31 December</b>	<b>206,438</b>	<b>157,489</b>

Inventories recognised as an operating expense within direct cost of sales during the year	4,157,266	3,185,802
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## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 21. Trade and other receivables

	2023	2022
	AED'000	AED'000
Amount receivable for services rendered	10,711,609	10,165,615
Amounts due from other telecommunication operators/carriers	2,634,158	3,116,546
<b>Total gross carrying amount</b>	<b>13,345,767</b>	<b>13,282,161</b>
Lifetime expected credit loss	(3,172,928)	(3,153,474)
<b>Net trade receivables</b>	<b>10,172,839</b>	<b>10,128,687</b>
Prepayments	823,841	705,846
Accrued income	1,064,512	738,443
Advances to suppliers	1,426,516	1,168,158
Indirect taxes receivable	443,961	468,350
Dividend receivable	720,431	499,197
Other receivables	2,245,661	2,385,335
<b>At 31 December</b>	<b>16,897,761</b>	<b>16,094,016</b>
<b>Total trade and other receivables</b>	<b>16,897,761</b>	<b>16,094,016</b>
of which current trade and other receivables	16,397,865	15,647,768
of which non-current other receivables	499,896	446,248

e&'s normal credit terms ranges between 30 and 120 days (2022: 30 and 120 days).

e& 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 e&'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.

e& 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 2023	Upto 60 days	61-90 days	91-365 days	Over one year	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Expected credit loss rate	0%-38%	0% - 51%	0% - 66%	3%-100%	
Gross carrying amount	4,404,426	883,294	1,915,590	6,142,457	13,345,767
Lifetime expected credit loss	(341,263)	(113,839)	(588,376)	(2,129,450)	(3,172,928)
<b>Net trade receivables</b>	<b>4,063,163</b>	<b>769,455</b>	<b>1,327,214</b>	<b>4,013,007</b>	<b>10,172,839</b>
Trade receivable - as on 31 December 2022	Upto 60 days	61-90 days	91-365 days	Over one year	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Expected credit loss rate	0%-38%	0% - 60%	0% - 100%	8%-100%	
Gross carrying amount	4,462,995	791,866	1,792,097	6,235,203	13,282,161
Lifetime expected credit loss	(324,906)	(82,317)	(459,912)	(2,286,339)	(3,153,474)
<b>Net trade receivables</b>	<b>4,138,089</b>	<b>709,549</b>	<b>1,332,185</b>	<b>3,948,864</b>	<b>10,128,687</b>

### Movement in lifetime Expected Credit Losses:

	2023	2022
	AED'000	AED'000
<b>At 1 January</b>	<b>3,153,474</b>	<b>3,373,088</b>
Net increase/(decrease) in allowance for doubtful debts, net of write offs	1,395	(52,981)
Acquisition of subsidiary	9,650	14,458
Exchange differences	8,409	(181,091)
<b>At 31 December</b>	<b>3,172,928</b>	<b>3,153,474</b>

No interest is charged on the trade receivable balances. With respect to the amounts receivable from the services rendered, the Group holds AED 187 million (2022: AED 226 million) of collateral in the form of cash deposits from customers. Collateral with fair value of AED 586 million (2022: AED 544 million) are held against loans to customers.

### 22. Contract assets

	2023	2022
	AED'000	AED'000
Cost to acquire	472,425	428,880
Cost to fulfill	417,729	232,819
Unbilled revenue	2,193,192	1,719,987
	<b>3,083,346</b>	<b>2,381,686</b>
of which current contract assets	2,545,688	1,824,918
of which non-current contract assets	537,658	556,768
	<b>3,083,346</b>	<b>2,381,686</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

23. Finance lease receivables	2023	2022
	AED'000	AED'000
Current finance lease receivables	152,443	195,533
Non-current finance lease receivables	1,442,979	1,138,181
	<b>1,595,422</b>	<b>1,333,714</b>

23.1 Amounts receivable under finance leases	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
<b>Amounts receivable under finance lease</b>				
Within one year	236,759	254,288	174,987	206,772
One to two years	218,107	170,893	163,757	129,001
Two to three years	207,430	222,170	160,499	184,541
Three to four years	158,071	116,408	117,382	88,993
Four to five years	158,071	116,408	121,635	92,089
After 5 years	1,065,810	782,939	928,421	700,476
	<b>2,044,248</b>	<b>1,663,106</b>	<b>1,666,681</b>	<b>1,401,872</b>
Less: future finance income	(377,567)	(261,234)	-	-
	<b>1,666,681</b>	<b>1,401,872</b>	<b>1,666,681</b>	<b>1,401,872</b>
Allowances for uncollectible lease payments	(71,259)	(68,158)	(71,259)	(68,158)
	<b>1,595,422</b>	<b>1,333,714</b>	<b>1,595,422</b>	<b>1,333,714</b>

e& 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 is from 4.0% to 6.5% per annum (2022: 4.0% to 6.5% per annum). During the year, e& recognised interest income from finance lease receivables of AED 56.1 million (2022: AED 33.4 million). There was no selling profit or loss recognised for the new leases in 2023 and 2022. The expected credit loss rate for the year is ranging from 0.30% to 52.27% (2022: from 0.13% to 36.92%).

24. Cash and cash equivalents	2023	2022
	AED'000	AED'000
Maintained in UAE	14,159,630	25,508,121
Maintained overseas, unrestricted in use	14,486,893	7,117,467
Maintained overseas, restricted in use	342,864	213,894
<b>Cash and bank balances</b>	<b>28,989,387</b>	<b>32,839,482</b>
Less: Deposits with maturities exceeding three months from the date of deposit	(18,816,801)	(29,637,287)
<b>Cash and cash equivalents</b>	<b>10,172,586</b>	<b>3,202,195</b>

The carrying amount of these assets approximates to their fair value.

25. Trade and other payables	2023	2022
	AED'000	AED'000
<b>Current</b>		
Federal royalty	6,320,850	5,770,780
Trade payables	6,202,528	6,532,655
Amounts due to other telecommunication administrators	2,808,453	3,487,196
Accruals	8,210,980	8,645,615
Other taxes payable	1,841,425	1,715,682
Advances from customers	319,629	354,993
Deferred income	251,272	189,218
Funds payable and amounts due to customers	2,081,604	2,108,522
Other payables	1,506,993	1,779,294
<b>At 31 December</b>	<b>29,543,734</b>	<b>30,583,955</b>
<b>Non-current</b>		
Other payables and accruals	1,763,257	1,247,240
<b>At 31 December</b>	<b>1,763,257</b>	<b>1,247,240</b>

Federal royalty for the year ended 31 December 2023 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 2023.

26. Contract liabilities	2023	2022
	AED'000	AED'000
<b>Current</b>		
Deferred revenues	2,673,467	2,788,395
Material right / customer loyalty	177,582	203,326
	<b>2,851,049</b>	<b>2,991,721</b>
<b>Non-current</b>		
Deferred revenues	91,805	97,855
	<b>91,805</b>	<b>97,855</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 27. Borrowings

Details of e&'s bank and other borrowings are as follows:

	Fair Value		Carrying Value	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
<b>Bank borrowings</b>				
Short term bank borrowings	4,692,829	4,973,756	5,057,999	5,307,357
Bank loans	26,957,424	28,218,229	32,401,727	31,341,724
<b>Other borrowings</b>				
Bonds	10,009,627	9,498,213	10,692,026	10,374,199
Vendor financing	213,319	224,553	266,589	297,414
Others	62,690	71,454	80,048	91,239
	<b>41,935,889</b>	<b>42,986,205</b>	<b>48,498,389</b>	<b>47,411,933</b>
Advance from non-controlling interests			542,276	542,276
<b>Total borrowings</b>			<b>49,040,665</b>	<b>47,954,209</b>
of which due within 12 months			13,190,573	23,744,566
of which due after 12 months			35,850,092	24,209,643

Advance from non-controlling interests represent advance paid by the minority shareholder of Etisalat International Pakistan LLC (EIP) towards e&'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 3,672 million (2022: AED 4,644 million) are secured by property, plant and equipment.

On 28 April 2014, e& 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 e&'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, e& 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, e& 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, e& 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, e& issued additional bonds amounting to USD 400 million under the existing USD 5 year tranches.

During 2019, e& fully repaid USD 900 million notes in accordance with their maturity profile.

In May 2021, e& 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 2023, 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 8.6 billion) as follows:

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### 27. Borrowings (continued)

	Nominal Value	Fair Value	Carrying Value
	2023	2023	2023
	AED'000	AED'000	AED'000
<b>Bonds</b>			
3.500% US dollar 500 million notes due 2024	1,836,250	1,818,310	1,830,761
<b>Bonds in net investment hedge relationship</b>			
0.375% Euro 500 million notes due 2028	2,029,230	1,786,635	2,021,535
0.875% Euro 500 million notes due 2033	2,029,230	1,624,824	1,997,900
2.750% Euro 1,200 million notes due 2026	4,870,150	4,779,858	4,841,831
<b>At 31 December 2023</b>	<b>10,764,860</b>	<b>10,009,627</b>	<b>10,692,027</b>
of which due within 12 months			1,830,761
of which due after 12 months			8,861,266

	Nominal Value	Fair Value	Carrying Value
	2022	2022	2022
	AED'000	AED'000	AED'000
<b>Bonds</b>			
3.500% US dollar 500 million notes due 2024	1,836,250	1,802,757	1,830,760
<b>Bonds in net investment hedge relationship</b>			
0.375% Euro 500 million notes due 2028	1,959,503	1,654,584	1,950,381
0.875% Euro 500 million notes due 2033	1,959,503	1,447,641	1,926,196
2.750% Euro 1,200 million notes due 2026	4,702,806	4,593,231	4,666,862
<b>At 31 December 2022</b>	<b>10,458,062</b>	<b>9,498,213</b>	<b>10,374,199</b>
of which due within 12 months			-
of which due after 12 months			10,374,199

The terms and conditions of e&'s bank and other borrowings are as follows:

	Year of last repayment	Currency	Interest rate	Carrying Value	
				2023	2022
				AED'000	AED'000
<b>Variable interest borrowings</b>					
Unsecured bank loans	2026	USD	SOFR + .45%	16,179,899	-
Unsecured bank loans	2023	USD	SOFR + .35%	-	16,148,070
Unsecured bank loans	2025	AED	EIBOR 3M + 0.45%	6,945,675	5,465,808
Secured bank loans	2023	USD	3M LIBOR and 1.7% to 2.05%	-	220,166
Unsecured bank loans	2024	EGP	Lending Corridor minus 0.5%	209,544	369,099
Unsecured bank loans	2024 -2026	USD	3 Month SOFR + 0.9%	3,027,171	2,658,237
Unsecured vendor financing	2024	PKR	6.43% to 9.34%	266,589	297,414
Unsecured short term bank borrowings	2026	USD	3M SOFR+CAS	439,844	439,143
Secured bank loans	2024	PKR	KIBOR+0.05% to .15%	39,469	80,772
Secured short term bank borrowings	2024	PKR	3 Month KIBOR + (0.1% to 0.5%) 1 Month KIBOR + (0.15% to .25%)	542,806	438,897
Unsecured bank loans	2024-2028	EGP	Lending Corridor plus 0.15% to 0.50%	462,847	255,886
Unsecured bank loans	2024	AED	EIBOR + 0.55%	1,997,249	1,994,078
Secured bank loans	2023	PKR	1 Month KIBOR - 1% 1 Month KIBOR (+ 0.85%)	-	368,912
Secured bank loans	2023-2027	PKR	6 Month KIBOR + (0.65% to 3.5%)	36,669	53,837
Secured bank loans	2024-2029	PKR	3 Month KIBOR + (0.15% to 0.6%)	1,239,814	1,047,469
Unsecured bank loans	2024-2028	PKR	6 Month KIBOR - 1% to +3.5%	37,186	22,589

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Notes to the consolidated financial statements for the year ended 31 December 2023

### 27. Borrowings (continued)

	Year of last repayment	Currency	Interest rate	Carrying Value	
				2023 AED'000	2022 AED'000
<b>Fixed interest borrowings</b>					
Unsecured short term bank borrowings	2024	MAD	3.16%	2,679,876	3,109,170
Secured bank loans	2023	FCFA	5.25%	-	38,090
Secured short term bank borrowings	2024	FCFA	5.55%	72,307	118,556
Secured short term bank borrowings	2024	PKR	6.65%	92,667	60,050
Unsecured short term bank borrowings	2024	FCFA	5.75% to 8.5%	876,678	650,929
Unsecured bank loans	2028 onwards	FCFA	5.0% to 7.1%	456,821	327,177
Secured bank loans	2024-2030	FCFA	5.3% to 7.3%	828,622	680,346
Unsecured bank loans	2024-2027	FCFA	1% to 13%	823,307	814,877
Secured bank loans	2024-2028	PKR	1.35%-24.99%	299,256	1,081,353
<b>Other borrowings</b>					
Advance from non-controlling interest	N/A	USD	Interest free	542,276	542,276
Unsecured bonds	2024	USD	3.5%	1,830,761	1,830,761
Unsecured bonds	2026	EURO	2.8%	4,841,831	4,666,862
Unsecured bonds	2028	EURO	0.375%	2,021,535	1,950,381
Unsecured bonds	2033	EURO	0.875%	1,997,900	1,926,196
Others	Various	Various	Various	252,066	296,808
<b>Total Borrowings</b>				<b>49,040,665</b>	<b>47,954,209</b>

#### a) Interest rates

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

	2023	2022
Bank borrowings	5.7%	4.5%
Other borrowings	5.7%	4.4%

#### b) Available facilities

At 31 December 2023, e& had AED 16,150 million (2022: AED 26,568 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 e&'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 e&'s consolidated statement of cash flows from financing activities.

	2023		2022	
	Borrowings AED'000	Lease liabilities AED'000	Borrowings AED'000	Lease liabilities AED'000
<b>As at 1 January</b>	<b>47,954,209</b>	<b>3,145,210</b>	<b>25,732,285</b>	<b>2,654,050</b>
Additions	-	1,492,558	-	1,777,247
Proceeds	26,410,721	-	30,439,982	-
Repayments during the year	(25,160,947)	(1,043,937)	(6,646,006)	(707,205)
Acquisition of a subsidiary	-	47,756	102,139	2,323
Exchange differences	(163,318)	(178,886)	(1,674,191)	(581,205)
<b>As at 31 December</b>	<b>49,040,665</b>	<b>3,462,701</b>	<b>47,954,209</b>	<b>3,145,210</b>

### 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:

	2023 AED'000	2022 AED'000
<b>Effective part directly recognized in other comprehensive (loss) / income</b>	<b>AED'000</b>	<b>AED'000</b>
Other comprehensive (loss) / income on net investment hedge	(306,799)	545,895
Other comprehensive (loss) / income on cash flow hedges	(82,738)	209,110
<b>Total effective part directly recognised in other comprehensive (loss)/income</b>	<b>(389,537)</b>	<b>755,005</b>

#### Fair value of derivative financial instruments

	2023 AED'000	2022 AED'000
Fair value of forward contracts and options	3,831	47,047
Fair value of derivative swaps	77,273	164,530
	<b>81,104</b>	<b>211,577</b>

These derivative financial instruments are included as following in the consolidated statement of financial position:

	2023 AED'000	2022 AED'000
Current assets	67,550	3,357
Non-current assets	39,249	208,220
Current liabilities	(25,695)	-
<b>Net amount</b>	<b>81,104</b>	<b>211,577</b>

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

e& has received cash of AED 2.2 million (2022: AED 1.9 million) on maturity of derivatives during the year.

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### 29. Payables related to investments and licenses

	Current AED'000	Non-current AED'000	Total AED'000
<b>At 31 December 2023</b>			
Investments			
Beehive	-	10,345	10,345
Service Market	13,362	15,755	29,117
Help AG	-	56,802	56,802
El Grocer	-	4,760	4,760
Licenses			
PTCL Group	1,662	148,717	150,379
	<b>15,024</b>	<b>236,379</b>	<b>251,403</b>
<b>At 31 December 2022</b>			
Investments			
Atlantique Telecom S.A.	11,022	-	11,022
Help AG	-	77,089	77,089
El Grocer	-	4,760	4,760
Licenses			
PTCL Group	2,664	220,401	223,065
	<b>13,686</b>	<b>302,250</b>	<b>315,936</b>

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) e& as a lessee

Details of e&'s lease liabilities are as follows:

	Carrying Value	
	2023 AED'000	2022 AED'000
<b>Contractual undiscounted cash flow</b>		
Within one year	754,163	693,973
Between 2 and 5 years	2,095,294	1,919,223
After 5 years	1,886,315	1,879,824
<b>Total undiscounted lease liabilities</b>	<b>4,735,772</b>	<b>4,493,020</b>
<b>Lease liabilities included in the consolidated statement of financial position</b>		
of which due within 12 months	568,557	542,233
of which due after 12 months	2,894,144	2,602,977

It is e& policy to lease certain of its plant and machinery. For the year ended 31 December 2023, the average effective borrowing rate was from 2.65% to 24.09% (2022: 2.27% to 17.22%). The fair value of e&'s lease obligations is approximately equal to their carrying value.

#### Amounts recognized in profit or loss

	2023 AED'000	2022 AED'000
Interest on lease liabilities	238,718	274,404
Expenses relating to short-term leases	1,791	6,693

#### Amounts recognized in the statement of cash flow

	2023 AED'000	2022 AED'000
Total cash outflow from leases	1,043,937	707,205

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Notes to the consolidated financial statements for the year ended 31 December 2023

31. Provisions	Asset retirement obligations	Other	Total
	AED'000	AED'000	AED'000
<b>At 1 January 2022</b>	<b>304,635</b>	<b>4,343,008</b>	<b>4,647,643</b>
Additional provision during the year	8,519	1,368,782	1,377,301
Utilization of provision	(1,023)	(415,935)	(416,958)
Release of provision	-	(51,934)	(51,934)
Unwinding of discount and other adjustments	9,668	4,499	14,167
Exchange differences	(8,836)	(151,029)	(159,865)
<b>At 31 December 2022</b>	<b>312,963</b>	<b>5,097,391</b>	<b>5,410,354</b>
Included in current liabilities	-	5,028,677	5,028,677
Included in non-current liabilities	312,963	68,714	381,677
<b>At 1 January 2023</b>	<b>312,963</b>	<b>5,097,391</b>	<b>5,410,354</b>
Additional provision during the year	12,709	650,529	663,238
Utilization of provision	(1,017)	(439,036)	(440,053)
Release of provision	-	(238,716)	(238,716)
Unwinding of discount	9,814	-	9,814
Exchange differences	(3,247)	4,865	1,618
<b>At 31 December 2023</b>	<b>331,222</b>	<b>5,075,033</b>	<b>5,406,255</b>
Included in current liabilities	-	5,039,163	5,039,163
Included in non-current liabilities	331,222	35,870	367,092
<b>At 31 December 2023</b>	<b>331,222</b>	<b>5,075,033</b>	<b>5,406,255</b>

Asset retirement obligations relate to certain assets held by the Group 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, e& had a balance payable of 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, e& 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 2023.

### 32. Provision for employees' end of service benefits

The liabilities recognised in the consolidated statement of financial position are:

	2023	2022
	AED'000	AED'000
<b>Funded Plans</b>		
Present value of defined benefit obligations	2,024,318	2,243,500
Less: Fair value of plan assets	(2,019,336)	(2,241,024)
	<b>4,982</b>	<b>2,476</b>
<b>Unfunded Plans</b>		
Present value of defined benefit obligations and other employee benefits	1,327,452	1,276,938
<b>Total</b>	<b>1,332,434</b>	<b>1,279,414</b>
of which included in current liabilities	138,189	113,280
of which included in non-current liabilities	1,194,245	1,166,134
The movement in defined benefit obligations for funded and unfunded plans is as follows:		
	<b>2023</b>	<b>2022</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>As at 1 January</b>	<b>3,520,438</b>	<b>4,084,553</b>
Acquisition of subsidiary (Note 41)	37,411	12,131
Current service cost	96,472	115,564
Interest cost	284,771	293,146
Actuarial (gain)/loss arising from changes in assumptions	4,596	(20,266)
Remeasurements	102,393	38,611
Benefits paid	(236,512)	(268,198)
Exchange differences	(457,799)	(735,103)
<b>As at 31 December</b>	<b>3,351,770</b>	<b>3,520,438</b>

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Notes to the consolidated financial statements for the year ended 31 December 2023

### 32. Provision for employees' end of service benefits (continued)

The movement in the fair value of plan assets is as follows:

	2023	2022
	AED'000	AED'000
<b>As at 1 January</b>	2,241,024	2,749,724
Interest income	213,595	227,531
Return on plan assets excluding amounts included in interest income	98,818	43,153
Contributions received	15,260	21,723
Benefits paid	(136,055)	(177,705)
Exchange differences	(413,306)	(623,402)
<b>As at 31 December</b>	<b>2,019,336</b>	<b>2,241,024</b>

The amount recognised in the statement of profit or loss is as follows:

	2023	2022
	AED'000	AED'000
Current service cost	96,472	115,564
Net interest cost	71,176	65,615
	<b>167,648</b>	<b>181,179</b>

Plan assets for funded plan are comprised as follows:

	2023	2022
	AED'000	AED'000
Debt instruments - unquoted	781,556	1,231,413
Cash and cash equivalents	786,986	682,075
Investment property	230,208	200,783
Fixed assets	120	155
Other assets	240,706	149,223
Less: liabilities	(20,240)	(22,625)
	<b>2,019,336</b>	<b>2,241,024</b>

Following are the significant assumptions used relating to the major plans:

	2023	2022
	AED'000	AED'000
Discount rate	4.15% to 14.5%	4.1% to 12.5%
Average annual growth rate of salary	1% to 10.25%	1% to 10.25%
Average duration of obligation	5 Years to 20 Years	5 Years to 20 Years
Expected withdrawal rate	1) High; service based rate 2) Based on experience	1) High; service based rate 2) Based on experience
Mortality Rate	0.33%	0.33%

### Sensitivity Analysis

The calculations of the defined benefit obligations are sensitive to the significant actuarial assumptions set out above. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Decrease by Assumption rate of 0.5%		Increase by Assumption rate of 0.5%	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
Discount rate	629,626	703,083	(690,151)	(656,201)
Average annual growth rate of salary	(550,950)	(578,750)	591,843	612,857

Through its defined benefit plans, e& 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 e& is AED 58 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 166 million (2022: AED 142 million).



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### 33. Share capital

	2023	2022
	AED'000	AED'000
<b>Authorised:</b>		
10,000 million (2022: 10,000 million) ordinary shares of AED 1 each	10,000,000	10,000,000
<b>Issued and fully paid up:</b>		
8,696.8 million (2022: 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:

	2023	2022
	AED'000	AED'000
<b>Balance at 1 January</b>	<b>20,240,124</b>	<b>28,598,188</b>
Total other comprehensive income for the year	(3,011,124)	(8,399,796)
Transfer from retained earnings	135,905	42,100
Other movements	-	(368)
<b>As at 31 December</b>	<b>17,364,905</b>	<b>20,240,124</b>

The movement for each type of reserves is provided below:

	2023	2022
	AED'000	AED'000
<b>Translation reserve</b>		
As at 1 January	(9,999,188)	(7,094,381)
Exchange differences on translation of foreign operations	(29,874)	(3,450,702)
(Loss)/gain on hedging instruments designated in hedges of the net assets of foreign operations	(306,799)	545,895
Cumulative gain transferred to profit or loss on deconsolidation of a subsidiary	(63,775)	-
<b>As at 31 December</b>	<b>(10,399,636)</b>	<b>(9,999,188)</b>
<b>Investment revaluation reserve</b>		
As at 1 January	(5,737,848)	44,079
Loss on revaluation	(2,497,317)	(5,736,557)
Other movements	-	(368)
Transfer from investment revaluation reserve to retained earnings	-	(45,002)
<b>As at 31 December</b>	<b>(8,235,165)</b>	<b>(5,737,848)</b>
<b>Development reserve</b>	<b>7,850,000</b>	<b>7,850,000</b>
<b>Cash Flow hedge reserve</b>		
As at 1 January	190,159	(51,409)
(Loss)/gain on revaluation	(113,359)	241,568
<b>As at 31 December</b>	<b>76,800</b>	<b>190,159</b>
<b>Asset replacement reserve</b>	<b>8,281,600</b>	<b>8,281,600</b>
<b>Statutory reserve</b>		
As at 1 January	5,560,646	5,473,544
Transfer from retained earnings	(12,022)	87,102
<b>As at 31 December</b>	<b>5,548,624</b>	<b>5,560,646</b>
<b>General reserve</b>		
As at 1 January	14,094,756	14,094,756
Transfer from retained earnings	147,927	-
<b>General reserve</b>	<b>14,242,683</b>	<b>14,094,756</b>

#### 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 e& to hold reserve amounts for future activities including the issuance of bonus shares.

#### b) Statutory reserve

In accordance with the UAE Federal Decree Law No. (32) of 2021, and the respective Articles of Association of some of e&'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.

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 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

e&'s capital structure is as follows:

	2023	2022
	AED'000	AED'000
Bank borrowings	(37,459,726)	(36,649,081)
Bonds	(10,692,026)	(10,374,199)
Other borrowings	(888,913)	(930,929)
Lease liabilities	(3,462,701)	(3,145,210)
Cash and bank balances	28,989,387	32,839,482
<b>Net funds</b>	<b>(23,513,979)</b>	<b>(18,259,937)</b>
Total equity	51,073,703	49,999,100

The capital structure of e& consists of bonds, bank and other borrowings, lease obligations, cash and bank balances and total equity comprising share capital, reserves and retained earnings.

e& 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 e& 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.

#### Categories of financial instruments

e&'s financial assets and liabilities consist of the following:

	2023
	AED'000
<b>Financial assets</b>	
Amortised cost financial assets;	
Due from related parties	74,362
Finance lease receivables	1,595,422
Trade and other receivables, excluding prepayments and advances to suppliers	14,647,404
Cash and bank balances	28,989,387
Investment carried at amortised cost	6,179,415
	<b>51,485,990</b>
Financial assets carried at fair value through OCI	13,733,200
Fair value through profit or loss	626,068
Derivative financial instruments	106,799
	<b>65,952,057</b>
<b>Financial liabilities</b>	
Other financial liabilities held at amortised cost:	
Trade and other payables, excluding deferred revenue and advances from customers	30,736,090
Borrowings	49,040,665
Payables related to investments and licenses	251,403
Lease liabilities	3,462,701
Derivative financial instruments	25,695
	<b>83,516,554</b>

e&'s financial assets and liabilities consist of the following:

	2022
	AED'000
<b>Financial assets</b>	
Loans and receivables, held at amortised cost:	
Due from related parties	112,319
Finance lease receivables	1,333,714
Trade and other receivables, excluding prepayments and advances to suppliers	14,220,012
Cash and bank balances	32,839,482
Investment carried at amortised cost	3,069,252
	<b>51,574,779</b>
Financial assets carried at fair value through OCI	12,966,377
Fair value through profit or loss	2,087,018
Derivative financial instruments	211,577
	<b>66,839,751</b>
<b>Financial liabilities</b>	
Other financial liabilities held at amortised cost:	
Trade and other payables, excluding deferred revenue and advances from customers	31,286,984
Borrowings	47,954,209
Payables related to investments and licenses	315,936
Lease liabilities	3,145,210
	<b>82,702,339</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 35. Financial instruments (continued)

#### Financial risk management objectives

e&'s corporate finance function monitors the domestic and international financial markets relevant to managing the financial risks relating to the operations of e&. 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 e& or of the individual subsidiary. e&'s risk includes market risk, credit risk and liquidity risk.

e& 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. e& monitors its cost of capital with a goal of optimizing its capital structure. In order to do this, e& monitors the financial markets and updates to standard industry approaches for calculating weighted average cost of capital, or WACC. e& also monitors a net financial debt ratio to obtain and maintain the desired credit rating over the medium term, and with which e& 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 e&'s financial structure.

#### a) Market risk

e&'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, e& will use derivative financial instruments to hedge its exposure to currency risk. There has been no material change to e&'s exposure to market risks or the manner in which it manages and measures the risk during the year.

#### Foreign currency risk

The Company's presentation/functional currency is United Arab Emirates Dirham ("AED"). Foreign currency risk arises from transactions denominated in foreign currencies and net investments in foreign operations.

e& 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). e& entities also enter into contracts in its functional currencies including Egyptian Pounds, Pakistani Rupee, Afghani, and Moroccan Dirham. Etisalat UAE also enters into contracts in USD which is pegged to AED. Maroc Telecom enters into Euro contracts as Moroccan Dirham is 60% pegged to Euro. e& 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 e& entities whose functional currency differs from e&'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 e&'s presentation currency. This will cause the amount of the net investment to vary. Such a risk may have a significant impact on e&'s consolidated financial statements. Foreign currency translation risk may be mitigated through designation of net investment hedge relationships provided there is an economic relationship exists between the hedge item and the hedging instrument.

This translation risk does not give rise to a cash flow exposure. Its impact arises only from the translation of the net investment into e&'s presentation currency. This procedure is required in preparing e&'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 e&'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 e&'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	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
<b>Increase in profit and in equity</b>				
Egyptian pounds	18,862	270	18,862	270
Euros	(11,036)	(3,788)	875,091	850,556
Pakistani rupees	232,759	327,060	232,759	327,060
Moroccan Dirhams	268,543	305,966	268,543	305,966
Central African Franc	277,219	218,527	277,219	218,527

#### Interest rate risk

e& is exposed to interest rate risk as entities in e& borrow funds at both fixed and floating interest rates. e& 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 derivative 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.

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 35. Financial instruments (continued)

#### Interest rate sensitivity

Based on the borrowings outstanding at 31 December 2023, if interest rates had been 2% higher or lower during the year and all other variables were held constant, e&'s net profit and equity would have decreased or increased by AED 618 million (2022: AED 406 million). This impact is primarily attributable to e&'s exposure to interest rates on its variable rate borrowings.

#### Other price risk

e& 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 2023 would increase/decrease by AED 5.2 million (2022: AED 6.6 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 2023 would increase/decrease by AED 643 million (2022: increase/decrease by AED 616 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 e& and arises principally from e&'s bank balances, trade other receivables, finance lease receivables, amounts due from related parties and derivative financial instruments. e& 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. e&'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, e& 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	2023	2022
Investment in UAE	49%	78%
Investment outside of the UAE	51%	22%

	2023		2022	
	AED	Rating	AED	Rating
By Moody's	4.8 billion	A3	.9 billion	A3
	1.9 billion	Baa1	3.9 billion	Baa1
	3.1 billion	A1	8.9 billion	A1
	1.5 billion	Aa3	13.2 billion	Aa3
	10.3 billion	Aa2	2.6 billion	A2
By S&P	2.7 billion	A	-	A
	1.4 billion	A+	-	A+
	0.6 billion	A-	-	A-
Other reputable financial institutions	2.7 billion		3.3 billion	

e&'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.

The derivatives are entered into banks and financial institution counterparties, which are rated AA- to AA+, based Moody's and S&P ratings.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows :

	2023	2022
	AED'000	AED'000
Allowances on trade receivables and contract assets	805,764	757,287
Allowances on due from other telecommunication operators/carriers	91,865	41,704
Allowance on finance lease receivables	2,201	4,479
<b>Total loss on allowances</b>	<b>899,830</b>	<b>803,470</b>

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents e&'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 e&'s short, medium and long-term funding and liquidity management requirements. e& 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 e& has at its disposal at 31 December 2023 to further reduce liquidity risk is included in Note 27. The majority of e&'s financial liabilities as detailed in the consolidated statement of financial position are due within one year.

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 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	28,972,833	13,120,158	15,427	754,163	25,074	42,887,655
In the second year	1,445,532	8,251,386	83,329	511,687	-	10,291,934
In the third to fifth years inclusive	277,528	25,396,613	157,150	1,583,607	-	27,414,898
After the fifth year	40,197	2,392,909	-	1,886,315	-	4,319,421
<b>As At 31 December 2023</b>	<b>30,736,090</b>	<b>49,161,066</b>	<b>255,906</b>	<b>4,735,772</b>	<b>25,074</b>	<b>84,913,908</b>
On demand or within one year	30,039,744	23,949,092	13,686	693,973	-	54,696,495
In the second year	880,846	7,898,726	21,274	470,441	-	9,271,287
In the third to fifth years inclusive	328,085	12,681,711	284,288	1,448,782	-	14,742,866
After the fifth year	38,309	4,177,625	-	1,879,824	-	6,095,758
<b>As At 31 December 2022</b>	<b>31,286,984</b>	<b>48,707,154</b>	<b>319,248</b>	<b>4,493,020</b>	<b>-</b>	<b>84,806,406</b>

The above table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which e& can be required to pay. The table includes both interest and principal cash flows.

\*Trade and other payables exclude deferred revenue and advances from customers

#### d) Fair value measurement of financial assets and liabilities

	Carrying value	Fair value hierarchy as at 31 December 2023				Total
		Level 1	Level 2	Level 3		
		AED'000	AED'000	AED'000	AED'000	
<b>Financial assets</b>						
Finance lease receivables	1,595,422	-	1,538,112	-	-	1,538,112
Investment carried at amortised cost	6,179,415	5,070,903	-	976,305	-	6,047,208
Financial assets classified at fair value through OCI	13,733,200	12,637,030	515,147	581,023	-	13,733,200
Financial assets carried at fair value through profit or loss	626,068	424,272	136,130	65,666	-	626,068
Derivative financial instruments	106,799	-	106,799	-	-	106,799
	<b>22,240,904</b>	<b>18,132,205</b>	<b>2,296,188</b>	<b>1,622,994</b>	<b>-</b>	<b>22,051,387</b>
<b>Financial liabilities</b>						
Borrowings	49,040,665	10,009,627	32,468,538	-	-	42,478,165
Lease liabilities	3,462,701	-	3,462,701	-	-	3,462,701
Derivative financial liabilities	25,695	-	25,695	-	-	25,695
	<b>52,529,061</b>	<b>10,009,627</b>	<b>35,956,934</b>	<b>-</b>	<b>-</b>	<b>45,966,561</b>
	Carrying value	Fair value hierarchy as at 31 December 2022				Total
		Level 1	Level 2	Level 3		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Financial assets</b>						
Finance lease receivables	1,333,714	-	1,320,177	-	-	1,320,177
Investment carried at amortised cost	3,276,353	2,115,688	92,192	640,160	-	2,848,040
Financial assets classified at fair value through OCI	12,966,377	12,109,673	582,435	274,269	-	12,966,377
Financial assets carried at fair value through profit or loss	2,087,018	725,146	1,326,910	34,962	-	2,087,018
Derivative financial instruments	211,577	-	211,577	-	-	211,577
	<b>19,875,039</b>	<b>14,950,507</b>	<b>3,533,291</b>	<b>949,391</b>	<b>-</b>	<b>19,433,189</b>
<b>Financial liabilities</b>						
Borrowings	47,954,209	9,498,213	34,030,268	-	-	43,528,481
Lease liabilities	3,145,210	-	3,145,210	-	-	3,145,210
	<b>51,099,419</b>	<b>9,498,213</b>	<b>37,175,478</b>	<b>-</b>	<b>-</b>	<b>46,673,691</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 35. Financial instruments (continued)

#### d) Fair value measurement of financial assets and liabilities (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 e&'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 1,623 million (2022: AED 949 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

	2023	2022
	AED'000	AED'000
<b>As at 1 January</b>	<b>949,391</b>	<b>509,847</b>
Additions	650,329	421,287
Foreign exchange difference	15,550	(23,432)
Disposal	(22,606)	(121,600)
Revaluation	8,296	163,289
Acquisition of subsidiaries (Note 41)	22,034	-
<b>As at 31 December</b>	<b>1,622,994</b>	<b>949,391</b>

### 36. Commitments

#### a) Capital commitments

e& has approved future capital projects and investments commitments to the extent of AED 3,631 million (2022: AED 3,703 million).

e& has issued letters of credit amounting to AED 454 million (2022: AED 440 million).

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 37. Contingent liabilities

#### a) Bank guarantees

	2023	2022
	AED million	AED million
Performance bonds and guarantees in relation to contracts	3,440	3,343
Companies Overseas investments	3,202	3,073

#### b) Other contingent liabilities

(i) e& 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 e&'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 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.

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 Supreme court within the limitation. Next hearing is now expected in March 2024.

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 the consolidated financial statements in respect of these proceedings.

(iii) 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 7.5 billion. Experts report was submitted to the Court on 13 November 2023 and both parties have submitted their comments /challenges of the report to the court. A court decision was issued in favour of Wana on 29 January 2024, ordering Maroc Telecom to pay MAD 6.368 billion. Maroc Telecom was notified with the decision on 2 February 2024 and has raised an appeal against the decision of the Commercial Court on 16 February 2024.

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 38. Dividends

Amounts recognised as distribution to equity holders:	AED'000
<b>31 December 2022</b>	
First interim dividend for the year ending 31 December 2022 of AED 0.40 per share	3,477,198
Final dividend for the year ended 31 December 2021 of AED 0.40 per share	3,477,198
	<b>6,954,396</b>
<b>31 December 2023</b>	
First interim dividend for the year ending 31 December 2023 of AED 0.40 per share	3,477,198
Final dividend for the year ended 31 December 2022 of AED 0.40 per share	3,477,198
	<b>6,954,396</b>

An interim dividend of AED 0.4 per share was declared by the Board of Directors on 1 August 2023 for the year ended 31 December 2023.

On 20 February 2024, the Board of Directors proposed a final dividend of AED 0.40 per share for the year ended 31 December 2023, bringing total dividends per share to AED 0.80 for the year.

### 39. Earnings per share

	2023	2022
<b>Earnings (AED'000)</b>		
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company	10,304,547	10,007,361
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	8,696,754	8,696,754
<b>Earnings per share</b>		
Basic and diluted	AED 1.18	AED 1.15

### 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 2023 and 31 December 2022.

	Gross amounts 2023 AED '000	Gross amounts set off 2023 AED '000	Net amount presented 2023 AED '000
<b>Financial assets</b>			
Amounts due from other telecommunication operators/carriers	11,379,956	(8,745,798)	2,634,158
<b>Financial liabilities</b>			
Amounts due to other telecommunication administrators	11,554,251	(8,745,798)	2,808,453
	Gross amounts 2022 AED '000	Gross amounts set off 2022 AED '000	Net amount presented 2022 AED '000
<b>Financial assets</b>			
Amounts due from other telecommunication operators/carriers	9,272,321	(6,155,775)	3,116,546
<b>Financial liabilities</b>			
Amounts due to other telecommunication administrators	9,642,971	(6,155,775)	3,487,196



## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 41. Acquisition of subsidiaries

#### 41.1. Acquisition of subsidiaries in 2023

a) On 6 February 2023, e& completed the acquisition of Service Souk DMCC ("Service Market"), acquiring 100% shareholding of the online marketplace. The purchase consideration for acquisition of Service Market is estimated to be AED 81 million, including payment linked to business performance portion due over a period of time.

b) On 25 May 2023, e& enterprise cloud, a wholly owned subsidiary of e&, completed the acquisition of 65% stake in Bespın Global Technologies Limited ("BGT"), offering public cloud managed and professional services. The remaining shareholding of BGT (i.e. 35%) is owned by Bespın Global Singapore PTE. Both shareholders contributed their existing businesses to BGT and contributed an initial cash injection of USD 10 million (AED 36.7 million) as capital on a pro-rata basis.

c) On 31 July 2023, e& completed the acquisition of 63.3% stake in Beehive Group Holdings Limited (BGHL), the first regulated online marketplace for peer-to-peer lending to SMEs in the MENA region, for an amount of USD 23.6 million (AED 86.7 million).

d) On 8 December 2023, e& successfully acquired 50.03% of Careem Technologies Holding Limited (CTHL) on a fully diluted basis in exchange for an investment of USD 400 million (AED 1,469 million). CTHL is the new entity created by carving out the non-rideshare businesses from existing Careem entities for Careem's super-app business.

#### 41.1(a). Identifiable assets acquired and liabilities assumed

The following table summarizes the provisional fair values of the assets acquired and liabilities assumed as of the acquisition date:

	Provisional Fair Values				
	Service Market	BGT	BGHL	Careem Technologies	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Intangible assets	94	-	-	230,825	230,919
Property, plant and equipment	50	6,706	236	40,666	47,658
Right-of-use assets	-	9,549	256	34,580	44,385
Other investments	-	-	-	22,034	22,034
Trade and other receivables	458	15,724	5,481	138,621	160,284
Inventories	-	-	-	14,071	14,071
Bank and cash balances	413	45,056	20,141	1,430,942	1,496,552
Trade and other payables	(2,171)	(25,780)	(3,252)	(184,664)	(215,867)
Provision for employees' end of service benefits	(1,018)	(808)	(690)	(34,895)	(37,411)
Lease liabilities	-	(10,603)	(263)	(36,890)	(47,756)
<b>Net identifiable assets acquired</b>	<b>(2,174)</b>	<b>39,844</b>	<b>21,909</b>	<b>1,655,290</b>	<b>1,714,869</b>
Non-controlling interest	-	(33,412)	-	(827,148)	(860,560)
Goodwill recognised on the basis of fair valuation	58,002	55,613	80,950	326,838	521,403
Brand and Trademark related intangible asset recognised on the basis of fair valuation	32,318	-	43,428	314,021	389,767
<b>Fair value of investment</b>	<b>88,146</b>	<b>62,045</b>	<b>146,287</b>	<b>1,469,001</b>	<b>1,765,479</b>

## Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2023

### 41. Acquisition of subsidiaries (continued)

#### 41.2. Acquisition of subsidiaries in 2022

a) On 28 January 2022, e& has completed the acquisition of 100% shareholding in eIGrocer DMCC after satisfying all conditions precedent and completion deliverables pursuant to an agreement signed with eIGrocer Ltd against a consideration not exceeding AED 38 million.

eIGrocer DMCC has been fully consolidated in this consolidated financial statements effective from the acquisition date of 28 January 2022.

b) On 20 May 2022, e& completed the acquisition of the remaining 50% shareholding in Smart Technology Services DWC LLC "Smart World" for an amount of AED 30 million.

c) On 17 October 2022, the consortium comprising Emirates Cable TV and Multimedia (E-Vision), subsidiary of e&, and ADQ, an Abu Dhabi-based investment and holding company, has successfully completed the acquisition of circa 57% of Playco Holding Limited "Starzplay", a leading Subscription Video on Demand (SVOD) and streaming service provider in the Middle East and North Africa (MENA).

#### 41.2(a). Identifiable assets acquired and liabilities assumed

The following table summarizes the fair values of the assets acquired and liabilities assumed as of the acquisition date:

	Starzplay AED'000	Smart World AED'000	eIGrocer DMCC AED'000	Total AED'000
Intangible assets	205,092	278	892	206,262
Property, plant and equipment	1,147	1,074	193	2,414
Right-of-use assets	-	2,599	-	2,599
Trade and other receivables	255,621	108,035	1,719	365,375
Inventories	-	4,983	-	4,983
Bank and cash balances	201,921	6,195	2,076	210,192
Trade and other payables	(420,221)	(37,118)	(1,499)	(458,838)
Provision for employees' end of service benefits	(5,808)	(6,323)	-	(12,131)
Borrowings	(91,239)	(10,900)	-	(102,139)
Lease liabilities	-	(2,323)	-	(2,323)
<b>Net identifiable assets acquired</b>	<b>146,513</b>	<b>66,500</b>	<b>3,381</b>	<b>216,394</b>
Non-controlling interest	(482,356)	-	-	(482,356)
Goodwill recognised on the basis of fair valuation	647,373	-	32,334	679,707
Brand and trademark related intangible asset recognised on the basis of fair valuation	49,579	-	1,370	50,949
Customers related intangible asset recognised on the basis of fair valuation	231,543	-	-	231,543
<b>Fair value of investment</b>	<b>592,652</b>	<b>66,500</b>	<b>37,085</b>	<b>696,237</b>

In 2023, the purchase price allocation process of Starzplay was completed which resulted to increase non-controlling interest by AED 264 million, goodwill by AED 187 million and brand & trademark and customer related intangible asset by AED 77 million.

### 42. Significant events

(i) During the year, PTCL Group has signed a Share Purchase Agreement with Telenor Pakistan B.V. (Telenor) to acquire a 100% stake in Telenor Pakistan (Pvt) Ltd (Telenor Pakistan) based on an Enterprise Value of PKR 108 Billion (AED 1.4 billion) on a cash free, debt free basis. The transaction will be financed by external debt which will be raised by PTCL Group. This transaction is subject to necessary corporate / regulatory approvals, completion of formalities / signing of necessary agreement(s) / instruments and customary closing conditions.

ii) On 1 August 2023, e& signed a binding agreement with PPF Group to acquire a controlling stake (50% + 1 share) in PPF Telecom assets in Bulgaria, Hungary, Serbia and Slovakia. The upfront consideration for the acquisition is EUR 2,150 million (AED 8,726 million) with up to EUR 350 million (AED 1,420 million) in earn-out payments if PPF Telecom exceeds certain financial targets within the three year period after closing and is subject to a claw back of up to EUR 75 million (AED 304 million) if such financial targets are not achieved.

### 43. Audit and non-audit fee information

Below is the breakup of audit and non-audit fees paid / payable to our external auditors (being KPMG network firms) for their engagements within e&. This does not include the audit fees payable to our controlled entities which are not audited by KPMG network firms.

Category of services	Nature of Services	2023	2022
		AED'000	AED'000
Financial statement audits	Pertain to audit of consolidated financial statements of Etisalat Group and standalone audits of subsidiaries audited by KPMG network firms	6,861	5,712
Non-audit fees	- Regulatory audit - Update of the Global Medium Term Note (GMTN)	1,922	1,558
		<b>8,783</b>	<b>7,270</b>

## **Emirates Telecommunications Group Company PJSC**

Notes to the consolidated financial statements for the year ended 31 December 2023

### **44. Subsequent event**

Further to the announcement on 11 May 2023, regarding the signing of a Relationship Agreement between e& and Vodafone Group plc, whereby e& GCEO will join Vodafone Board as a non-executive director as well as be part of its Nominations & Governance committee, all required approvals have now been received. Effective from 19 February 2024, e& GCEO will join Vodafone Board as a non-executive director. Accordingly, given that e& can demonstrate significant influence over Vodafone Group plc, the preliminary assessment is that the investment will be recognized as investment in associate effective from 19 February 2024.