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**Emirates Telecommunications Group
Company PJSC**

**Report and consolidated financial statements
for the year ended 31 December 2025**

Emirates Telecommunications Group Company PJSC

Report and consolidated financial statements for the year ended 31 December 2025

BOARD OF DIRECTORS

Chairman	H.E. Jassem Mohamed Obaid Alzaabi
Vice Chairman	H.E. Essa Abdulfattah Kazim Almulla
Members	Hesham Abdulla Qassim Alqassim H.E. Mansoor Ibrahim Ahmed Almansoori Michel Marie Alain Combes Mariam Saeed Ahmed Ghobash Saleh Abdulla Ahmed Alabdooli Sheikh Ahmed Mohammed 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	H.E. Mansoor Ibrahim Ahmed Almansoori
Members	Sheikh Ahmed Mohammed Sultan Aldhahiri Saleh Abdulla Ahmed Alabdooli Salem Sultan Aldhaheeri (external member)

NOMINATIONS AND REMUNERATIONS COMMITTEE

Chairman	Michel Marie Alain Combes
Members	H.E. Essa Abdulfattah Kazim Almulla H.E. Mansoor Ibrahim Ahmed Almansoori Abdelmonem Bin Eisa Bin Nasser Alserkal

RISK COMMITTEE

Chairman	Hesham Abdulla Qassim Alqassim
Members	H.E. Essa Abdulfattah Kazim Almulla Mariam Saeed Ahmed Ghobash Otaiba Khalaf Ahmed Alotaiba

INVESTMENT AND FINANCE COMMITTEE

Chairman	H.E. Jassem Mohamed Obaid Alzaabi
Members	Hesham Abdulla Qassim Alqassim Michel Marie Alain Combes Saleh Abdulla Ahmed Alabdooli Khalid Abdulwahid Hassan Alrustamani

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Emirates Telecommunications Group Company PJSC

Report and consolidated financial statements for the year ended 31 December 2025

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INDEPENDENT AUDITOR'S 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 Emirates Telecommunications Group Company PJSC (“the Company”) and its subsidiaries (together referred to as the “Group” or collectively as “e& Group”) which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2025 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 (IASB).

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 *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, we have also 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition

The Group reported revenue of AED 72,858 million from telecommunication and related activities during the year ended 31 December 2025. The Group recognizes revenue in the consolidated statement of profit and loss in accordance with International Financial Reporting Standard “IFRS 15 *Revenue from Contracts with Customers*”. The Group’s revenue recognition accounting policy is included in note 3 to the consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC** continued

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Revenue recognition continued

The Group's revenue process is supported by a complex IT landscape, with numerous distinct billing and recording systems and tools. The Group offers a wide range of products, each with varying pricing structures and rates. These include both service-based offerings, such as wireless and fixed-line telephony, and goods, such as mobile handsets.

The use of multiple IT systems and tools for initiating, processing, and recording transactions—coupled with the high volume of individually low-value transactions—makes this a key area of focus in our audit.

We also identified a risk of management override of controls through inappropriate manual topside revenue journal entries, as revenue is a critical performance indicator for both external reporting and management incentives.

Our audit procedures at key components involved, among other things, gaining an understanding of, assessing the design, and testing the operational effectiveness of controls related to the Group's revenue recognition process, including management's determination of the timing of revenue recognition. Our procedures included, amongst others, those described below:

- We obtained an understanding of the Group's revenue and billing processes, and this involved assessing IT systems, interfaces, and reports at every stage, from the initiation of the contract to the final measurement, recognition, and recording.
- We involved our IT professionals and assessed the design and tested the operational effectiveness of controls over the flow of transactional data through IT systems and tools, as well as the reconciliation of transactional data to accounting records.
- We assessed the relevant manual controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively;
- We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and in accordance with the Group's accounting policy and the requirements of the IFRS Accounting Standards;
- For significant revenue streams, our audit procedures included the following, on a sample basis:
 - We tested the reconciliation of transaction data recorded in the telecommunication billing systems to the revenue reported in the general ledger for accuracy and completeness.
 - We performed analytical procedures including substantive analytical procedures to test material telecommunication revenue streams.
 - We obtained the key items and representative sample of revenue transactions and tested their occurrence, accuracy and recognition, by tracing them back to supporting documents;
 - We recalculated the revenue recognised to evaluate whether the processing of the revenue recognition by the Group's IT systems was materially correct.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC continued**

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Revenue recognition continued

- We used data analytic techniques to identify manual revenue-related journal entries posted to the general ledger and, on a sample basis, traced them back to the underlying source documentation to assess the propriety, completeness, and accuracy of the postings. We also performed analytical procedures to evaluate any unusual variances.

Carrying value of cash generating units, including goodwill

The Group has goodwill amounting to AED 30 068 million (2024: AED 24 955 million) arising from the acquisition of subsidiaries operating in multiple segments under business combinations within the scope of IFRS 3. Management carries out impairment assessments of goodwill annually. The determination of the value in use (VIU) which is commonly used in the impairment tests is sensitive to the significant assumptions including the long-term growth rate, the discount rate and the projected financial information within cash flow forecast period. Auditing the Group's annual impairment test was considered a key audit area given the significant estimates and assumptions involved in determining the value in use of the respective cash generating units.

For certain CGUs, considering the value of the associated goodwill and the risk associated with the respective CGUs:

- We assessed whether the Group's determination of CGUs for the impairment assessment aligns with IFRS Accounting Standards and evaluated Management's identification of impairment indicators at year-end.
- We tested, with involvement of internal valuation specialists, the methodologies and inputs used by the Group in the discounted cash flow models for impairment testing including key assumptions relating to the reasonableness of the cashflow within the projected financial information, long term growth rates and discount rates including mathematical accuracy of management's models.
- We reviewed and tested management's sensitivity analysis to determine the extent of change in these assumptions that would either individually or collectively result in an impairment charge.
- Carrying value of cash generating units, including goodwill:
 - We compared the cash flow projections used in the respective impairment models to the financial forecasts approved within the 5-year business plan by the Group's Board of Directors. We also compared the actual performance of cash generating units to the assumptions applied in the discounted cash flow models to assess the historical accuracy of management's estimates.
 - We reconciled the carrying value of CGUs in management's models to the underlying trial balance and assessed consistency with IFRS Accounting Standards requirements.
 - Where possible, we performed market capitalization and earnings multiples cross-checks against comparable businesses to corroborate the impairment testing models.
 - We evaluated the adequacy of the disclosures in the consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC continued**

Report on the Audit of the Consolidated Financial Statements continued

Other information

Other information consists of the information included in the Group's 2025 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the Chairman's Statement prior to the date of our auditor's report, and we expect to obtain other sections of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, 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 in compliance with the applicable provisions of the Group's Articles of Association and the UAE Federal Law No. 32 of 2021 as amended, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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 auditor's 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC** continued

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

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 auditor's 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 auditor's 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC continued**

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. 32 of 2021, as amended, we report that for the year ended 31 December 2025:

- i) the Group has maintained proper books of account;
- ii) we have obtained all the information we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Group's Articles of Association and the UAE Federal Law No. 32 of 2021, as amended;
- iv) the financial information included in the Chairman's statement is consistent with the books of account of the Group;
- v) investments in shares and stocks during the year ended 31 December 2025, if any, are disclosed in note 18 and 41 to the consolidated financial statements;
- vi) note 19 reflects material related party transactions and the terms under which they were conducted;

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EMIRATES TELECOMMUNICATIONS GROUP COMPANY PJSC continued**

Report on the Audit of the Consolidated Financial Statements continued

Report on other legal and regulatory requirements continued

- 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 2025, any of the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended, or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at 31 December 2025; and
- viii) note 7 reflects the social contributions made during the year.

For Ernst & Young



Ahmad Al Dali
Registration No: 5548

24 February 2026
Abu Dhabi, United Arab Emirates

Emirates Telecommunications Group Company PJSC

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

	Notes	2025 AED'000	2024 AED'000
Revenue	6 (b)	72,858,461	59,202,961
Operating expenses	7	(50,414,280)	(39,479,411)
Impairment loss on trade receivables and contract assets	35 (b)	(1,125,142)	(842,405)
Impairment loss on other assets - net	12 (a)	(26,807)	(1,295,139)
Share of results of associates and joint ventures	16	1,948,486	2,475,403
Operating profit		23,240,718	20,061,409
Finance and other income	8	8,167,031	2,732,530
Finance and other costs	9	(4,624,409)	(5,211,609)
Profit before federal royalty and corporate tax		26,783,340	17,582,330
Federal royalty	10	(7,423,816)	(5,282,497)
Corporate tax expenses	10	(3,203,033)	(1,716,500)
Profit for the year		16,156,491	10,583,333
Profit attributable to:			
Owners of the Company		14,360,205	10,752,474
Non-controlling interests	15(c)	1,796,286	(169,141)
		16,156,491	10,583,333
Earnings per share			
Basic and diluted	39	AED 1.65	AED 1.24

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 comprehensive income for the year ended 31 December

	Notes	2025 AED'000	2024 (Restated)* AED'000
Profit for the year		16,156,491	10,583,333
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations - net of tax		132,636	(86,304)
Gain on revaluation of financial assets		23,700	7,187
Share of other comprehensive gain of associates and joint ventures – net of tax		134,035	128,442
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		3,629,928	(2,485,958)
(Loss)/gain on net investment hedge	28,34	(985,661)	430,176
Fair value loss arising on cash flow hedges	28	(5,873)	(28,407)
Cash flow hedges reclassified to profit or loss		-	(25,912)
Share of other comprehensive (loss)/income of associates and joint ventures – net of tax		(495,901)	152,177
Total other comprehensive income/(loss)		2,432,864	(1,908,599)
Total comprehensive income for the year		18,589,355	8,674,734
Total comprehensive income/(loss) attributable to:			
Owners of the Company		16,002,248	9,935,980
Non-controlling interests		2,587,107	(1,261,246)
		18,589,355	8,674,734

*refer to Note 43

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

		2025	2024
	Notes	AED'000	(Restated)* AED'000
Non-current assets			
Goodwill and other intangible assets	11	54,299,306	43,728,088
Property, plant and equipment	13	50,392,075	44,510,998
Right-of-use assets	14	3,890,625	2,813,196
Investments in associates and joint ventures	17	20,880,707	22,428,244
Other investments	18	10,921,029	7,223,255
Trade and other receivables	21	773,903	726,065
Finance lease receivables	23	1,164,730	1,316,304
Derivative financial instruments	28	-	456,722
Contract assets	22	1,151,617	863,575
Deferred tax assets	10(d)	691,715	492,388
		144,165,707	124,558,835
Current assets			
Inventories	20	1,301,605	1,200,048
Trade and other receivables	21	19,163,632	17,051,602
Current income tax assets		1,090,058	1,005,138
Finance lease receivables	23	162,731	169,047
Due from related parties	19	73,744	119,765
Contract assets	22	3,362,055	2,901,242
Other investments	18	1,430,834	2,448,409
Derivative financial instruments	28	412	5,612
Cash and bank balances	24	34,308,361	33,628,232
Assets held for sale		-	238,574
		60,893,432	58,767,689
Total assets		205,059,139	183,326,504
Non-current liabilities			
Trade and other payables	25	1,572,119	1,582,181
Borrowings	27	30,750,599	33,658,532
Payables related to investments and licenses	29	592,278	1,045,331
Conditional commitment to acquire NCI's share	42	12,003,380	8,092,091
Derivative financial instruments	28	38,789	-
Deferred tax liabilities	10(d)	3,015,466	2,486,883
Lease liabilities	30	4,601,508	3,590,382
Provisions	31	633,575	600,351
Provision for employees' end of service benefits	32	1,482,464	1,342,162
Contract liabilities	26	174,762	104,091
		54,864,940	52,502,004
Current liabilities			
Trade and other payables	25	38,370,532	31,382,335
Contract liabilities	26	3,712,600	3,167,513
Borrowings	27	36,888,438	35,536,446
Payables related to investments and licenses	29	980,134	572,716
Current income tax liabilities		1,994,520	1,262,928
Lease liabilities	30	1,052,868	806,414
Provisions	31	4,407,777	3,886,633
Derivative financial instruments	28	779,516	-
Due to related parties	19	114,546	146,890
Provision for employees' end of service benefits	32	130,661	142,293
		88,431,592	76,904,168
Total liabilities		143,296,532	129,406,172
Equity			
Share capital	33	8,696,754	8,696,754
Reserves	34	24,526,498	25,247,007
Retained earnings		18,484,396	11,656,970
Equity attributable to the owners of the Company		51,707,648	45,600,731
Non-controlling interests	15(c)	10,054,959	8,319,601
Total equity		61,762,607	53,920,332
Total liabilities and equity		205,059,139	183,326,504

*refer to Note 43

Chairman

Board Member

The accompanying notes on pages 14 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 2025

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Notes	Share capital AED'000	Reserves AED'000	Retained earnings AED'000	Owners' equity AED'000		
Balance at 1 January 2024		8,696,754	17,364,905	16,596,235	42,657,894	9,052,604	51,710,498
Profit for the year		-	-	10,752,474	10,752,474	(169,141)	10,583,333
Other comprehensive (loss)/income for the year		-	(840,052)	23,558	(816,494)	(1,092,105)	(1,908,599)
Total comprehensive (loss)/income for the year		-	(840,052)	10,776,032	9,935,980	(1,261,246)	8,674,734
Other movements in equity		-	-	(10,560)	(10,560)	(8,431)	(18,991)
Transfer to reserves		-	1,157	(1,157)	-	-	-
Non-controlling interest put option		-	(29,552)	-	(29,552)	(8,068,493)	(8,098,045)
Transfer of fair value reserve of equity instruments designated at FVTOCI	17a(v)	-	8,784,935	(8,784,935)	-	-	-
<i>Transactions with owners of the Company:</i>							
Acquisition of non-controlling interests (NCI) without a change in control	15c	-	(34,386)	166,145	131,759	(1,375,350)	(1,243,591)
Capital contribution by non-controlling interest	15c	-	-	-	-	279,279	279,279
Acquisition of a subsidiary	41.2	-	-	-	-	10,697,710	10,697,710
Dividends	38	-	-	(7,084,790)	(7,084,790)	(996,472)	(8,081,262)
Balance at 31 December 2024, restated		8,696,754	25,247,007	11,656,970	45,600,731	8,319,601	53,920,332
Balance at 1 January 2025		8,696,754	25,247,007	11,656,970	45,600,731	8,319,601	53,920,332
Profit for the year		-	-	14,360,205	14,360,205	1,796,286	16,156,491
Other comprehensive income/(loss) for the year		-	1,654,485	(12,442)	1,642,043	790,821	2,432,864
Total comprehensive income for the year		-	1,654,485	14,347,763	16,002,248	2,587,107	18,589,355
Other movements in equity		-	-	1,876	1,876	44,399	46,275
Transfer to reserves		-	34,550	(34,550)	-	-	-
Non-controlling interest put option		-	(2,358,027)	-	(2,358,027)	(497,220)	(2,855,247)
Transfer of fair value reserve of equity instruments designated at FVTOCI		-	(63,709)	63,709	-	-	-
<i>Transactions with owners of the Company:</i>							
Acquisition of non-controlling interests (NCI) without a change in control	15c	-	12,192	(144,334)	(132,142)	142,424	10,282
Sale of interest to non-controlling interest	15c	-	-	(61,459)	(61,459)	61,459	-
Capital contribution by non-controlling interest	15c	-	-	-	-	97,470	97,470
Dividends	38	-	-	(7,345,579)	(7,345,579)	(700,281)	(8,045,860)
Balance at 31 December 2025		8,696,754	24,526,498	18,484,396	51,707,648	10,054,959	61,762,607

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	2025 AED'000	2024 AED'000
Cash flows from operating activities			
Operating profit		23,240,718	20,061,409
<i>Adjustments for:</i>			
Depreciation		7,259,917	5,333,631
Amortisation		3,523,121	2,042,179
Impairment loss on other assets - net		26,807	1,295,139
Share of results of associates and joint ventures		(1,948,486)	(2,475,403)
Provisions and allowances		211,555	(7,646)
Unrealised currency translation (gain)/loss		(128,009)	(58,061)
Operating cash flows before changes in working capital		32,185,623	26,191,248
<i>Changes in working capital:</i>			
Inventories		(30,769)	87,159
Due from related parties		46,022	(45,049)
Trade and other receivables including contract assets		(1,375,014)	(542,120)
Trade and other payables including contract liabilities		2,780,255	4,001,891
Cash generated from operations		33,606,117	29,693,129
Income tax expenses paid		(2,127,814)	(1,485,800)
Payment of employees' end of service benefits		(152,430)	(146,091)
Payment of federal royalty fee		(5,274,439)	(6,327,991)
Net cash generated from operating activities		26,051,434	21,733,247
Cash flows from investing activities			
Proceeds from disposal of investments at amortised cost		1,444,901	3,000,352
Acquisition of investments at amortised cost		(4,948,043)	(2,938,748)
Acquisition of subsidiaries (<i>net of cash and bank balances acquired</i>)	41	(4,985,722)	(8,908,712)
Acquisition of investments classified as fair value through profit or loss		(943,588)	(66,519)
Proceeds from disposal of investments classified as fair value through profit or loss		359,678	600,291
Acquisition of non-controlling interests without a change in control	15(d)	-	(1,161,046)
Capital contribution by non controlling interests	15(d)	-	210,417
Acquisition of investments classified as fair value through other comprehensive income ("OCI")		(639,420)	(1,600,147)
Proceeds from disposal of investments classified as fair value through OCI		2,271,433	2,381
Acquisition of interest in associates and joint ventures		(246,672)	-
Proceeds from disposal of investment in an associate		8,012,700	-
Purchase of property, plant and equipment		(8,080,077)	(6,707,895)
Proceeds from disposal of property, plant and equipment		278,478	202,660
Purchase of intangible assets		(5,279,925)	(2,799,073)
Proceeds from disposal of intangible assets		15,738	1,832
Dividend income received from associates, joint ventures and other investments		1,268,751	1,956,501
Net increase of term deposits made with maturities over three months		(1,167,618)	(7,217,086)
Cash flows from unwinding of derivative financial instruments - <i>net</i>	28	-	25,912
Finance and other income received		3,085,364	2,415,678
Net cash used in investing activities		(9,554,022)	(22,983,202)
Cash flows from financing activities			
Proceeds from borrowings	27	45,298,704	27,100,376
Repayments of borrowings	27	(50,054,152)	(12,048,789)
Payments of lease liabilities	27	(1,074,554)	(717,014)
Dividends paid		(8,091,900)	(8,102,812)
Finance and other costs paid		(3,263,273)	(5,839,701)
Net cash (used in)/generated from financing activities		(17,185,175)	392,060
Net decrease in cash and cash equivalents		(687,763)	(857,895)
Cash and cash equivalents at the beginning of the year		7,594,345	10,172,586
Effect of foreign exchange rate changes		199,780	(1,720,346)
Cash and cash equivalents at the end of the year	24	7,106,362	7,594,345

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 2025

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 2025

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 2026), its subsidiaries, associates and joint ventures.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 24 February 2026.

2. Basis of preparation

These consolidated financial statements of e& have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and complies with the applicable requirements of the UAE Federal Law No. (32) of 2021. The policies have been applied consistently to all period presented, unless otherwise stated. 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.

- Lack of Exchangeability (Amendments to IAS 21)

The amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for year ended 31 December 2025

3. Material accounting policies *(continued)*

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

There has been no material impact on the consolidated financial statements of e& upon adoption of the above amendments.

New and amended standards issued but not yet effective

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

New and amended standards not effective and not yet adopted by e&	Effective date
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
Contracts referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	1 January 2026
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

These new and amended standards are not expected to have a significant impact on e&'s consolidated financial statements except for IFRS 18, for which e& is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the 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.

Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for year ended 31 December 2025

3. Material accounting policies *(continued)*

Basis of consolidation *(continued)*

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&.

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 either, acquisition-date fair value (consistent with the measurement principle of other components of the business combination) or proportionate share in the recognised amounts of the acquiree's identifiable net assets at acquisition date. The choice of method is to be made for each business combination on a transaction-by-transaction basis, rather than being a policy choice. 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.

3. Material accounting policies (continued)

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.

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.

3. Material accounting policies (continued)

Revenue recognition (continued)

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.

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"> Voice, data and messaging and value added service (VAS), Loyalty points 	<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"> Unlocked devices provided along with a service contract 	<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"> TV service Unlocked devices (IP Phone and Routers) Broadband services Fixed telephone service 	<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>

Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for year ended 31 December 2025

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 Fixed contracts	<ul style="list-style-type: none">Gateway routerFixed voiceInternet serviceOffice applicationSecurity solutionManaged servicesAncillary devices (laptop, printer, IP Telephone, etc)	Revenue recognition for services is over the contract period, whereas revenue recognition for ancillary devices is upon transfer of control to the customer (i.e. point in time). The contracts are billed and paid on monthly basis.
Business Solutions contracts	<ul style="list-style-type: none">Connectivity service (IPVPN, leased lines, etc)Managed ServicesIPTV services	Revenue is recognised over the period when these services are provided to the customers. Where hardware (e.g. routers) are provided as part of the contract, 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.

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.

Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for year ended 31 December 2025

3. Material accounting policies *(continued)*

Leases *(continued)*

Lease liability *(continued)*

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.

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:

Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for year ended 31 December 2025

3. Material accounting policies (continued)

Property, plant and equipment (continued)

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

3. Material accounting policies *(continued)*

Intangible assets *(continued)*

Recognition and measurement *(continued)*

(i) Goodwill *(continued)*

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

(ii) Licenses

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

(iii) Internally-generated intangible assets

An internally-generated intangible asset arising from 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.

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, Careem Technologies Holding Limited, e& PPF TG 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

On 3 November 2023, e& 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.

Management has assessed that royalty royalty is charged based on financial performance of e& and applies on the profits before corporate tax. Accordingly, under the new Royalty Guidelines which applies from 1 January 2024, e& has presented federal royalty below operating profit.

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.

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 growth rates;
- change in EBITDA within the forecast period
- working capital estimates;
- discount rates; and
- capital expenditure;

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

Key sources of estimation uncertainty (continued)

i) Impairment of goodwill and investment in associates (continued)

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.

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.

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

Key sources of estimation uncertainty *(continued)*

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. Management exercises judgement in assessing the recoverability of deferred tax assets and determines the average recoverability period to be around 5 to 6 years.

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 (CODM) and used to allocate resources to the segments and to assess their performance.

In 2024, e& revised its operating segments to align with the management reporting following the journey of transformation to a global technology group and creation of new verticals.

a) Products and services from which reportable segments derive their revenues

e& strategy is designed to transition e& topline stability to sustained growth. e& aspire to change its business composition from being UAE telco centric to a more balanced geographic profile with higher revenue contribution outside of UAE and from the non-telco verticals.

e& is engaged in the supply of telecommunications services and related products as well as provision of tech services. For management reporting purposes, e& is organised into below verticals which are reportable segments:

- e& UAE operations – provides integrated telecommunication services and digital solutions for consumers, businesses, and government entities in the UAE.
- e& International – represents group's portfolio of controlled international telecommunication and digital assets outside UAE with operations spanning across regions.
- e& Life – leads e& in tech space by providing leading consumer digital businesses across multiple areas such as fintech, entertainment and everything app services.
- e& enterprise – provides advanced digital capabilities to customers, artificial intelligent and digital transformation.
- Others

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Notes to the consolidated financial statements for year ended 31 December 2025

5. Segmental information *(continued)*

a) Products and services from which reportable segments derive their revenues *(continued)*

Revenue is attributed to an operating segment based on the vertical reporting the revenue. Inter-segment revenues are charged at mutually agreed prices. Inter-segment revenues are eliminated upon consolidation and reflected in the elimination column.

e&'s share of results from associates and joint ventures has been allocated to the respective vertical owning such associate and joint ventures.

b) Segment revenues and results

Segment results represent operating profit earned by each segment without allocation of finance income, finance costs, federal royalty and corporate taxes. 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.

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Notes to the consolidated financial statements for the year ended 31 December 2025

5. Segmental information (continued)

	e& UAE AED'000	e& International AED'000	e& Enterprise AED'000	e& Life AED'000	Others AED'000	Eliminations AED'000	Consolidated AED'000
31 December 2025							
Revenue							
External revenue	33,839,875	32,024,428	3,405,048	2,194,355	1,394,755	-	72,858,461
Inter-segment revenue	864,655	386,766	143,388	427,764	1,694,291	(3,516,864)	-
Total revenue	34,704,530	32,411,194	3,548,436	2,622,119	3,089,046	(3,516,864)	72,858,461
Segment result	14,791,094	7,275,050	27,615	(917,558)	2,064,517	-	23,240,718
Finance and other income							8,167,031
Finance and other costs							(4,624,409)
Profit before federal royalty and corporate tax							26,783,340
Federal royalty							(7,423,816)
Corporate tax expenses							(3,203,033)
Profit for the year							16,156,491
Total assets	103,373,643	118,956,113	4,414,957	3,984,880	31,480,724	(57,151,178)	205,059,139
Non-current assets *	61,803,722	89,709,456	851,367	2,271,886	29,184,752	(40,347,191)	143,473,992
Total liabilities	69,564,935	106,205,506	3,645,625	2,433,213	11,418,467	(49,971,214)	143,296,532
Investments in associates and joint ventures	-	221,013	-	-	20,659,694	-	20,880,707
Depreciation and amortisation	3,025,104	7,262,928	110,162	197,713	76,160	-	10,672,067
Impairment and other losses	18,249	2,932	-	5,626	-	-	26,807
Share of results of associates and joint ventures	-	-	-	-	1,948,486	-	1,948,486
31 December 2024							
Revenue							
External revenue	31,986,546	21,517,534	2,721,106	1,537,322	1,440,453	-	59,202,961
Inter-segment revenue	1,110,927	246,675	176,498	471,904	1,336,552	(3,342,556)	-
Total revenue	33,097,473	21,764,209	2,897,604	2,009,226	2,777,005	(3,342,556)	59,202,961
Segment result	14,846,727	4,530,530	-76,458	(1,484,098)	2,244,708	-	20,061,409
Finance and other income							2,732,530
Finance and other costs							(5,211,609)
Profit before federal royalty and corporate tax							17,582,330
Federal royalty							(5,282,497)
Corporate tax expenses							(1,716,500)
Profit for the year							10,583,333
Total assets	98,645,491	99,311,520	4,871,894	4,322,486	32,393,983	(56,218,870)	183,326,504
Non-current assets *	56,885,508	72,281,416	795,897	2,252,089	30,206,070	(38,811,255)	123,609,725
Total liabilities	72,827,723	88,989,340	4,660,585	1,823,551	11,328,611	(50,223,638)	129,406,172
Investments in associates and joint ventures	-	-	-	-	22,428,244	-	22,428,244
Depreciation and amortisation	2,325,608	4,609,998	73,096	223,717	80,396	-	7,312,815
Impairment and other losses	17,843	726,448	-	550,848	-	-	1,295,139
Share of results of associates and joint ventures	-	-	-	-	2,475,403	-	2,475,403

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

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Notes to the consolidated financial statements for the year ended 31 December 2025

6. Revenue

a) Revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date:

31 December 2025	Within one year AED'000	More than one year AED'000	Total AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	10,629,897	5,094,930	15,724,827

31 December 2024	Within one year AED'000	More than one year AED'000	Total AED'000
Expected revenue for remaining performance obligations that will be delivered in subsequent years	9,945,618	4,493,746	14,439,364

b) Timing of revenue recognition

	e& UAE AED'000	e& International AED'000	e& Enterprise AED'000	e& Life AED'000	Others AED'000	Consolidated AED'000
31 December 2025						
PO satisfied at a point in time	2,512,934	1,940,725	1,254,815	1,822,844	814,665	8,345,983
PO satisfied over a period of time	31,326,941	30,083,703	2,150,233	371,511	580,090	64,512,478
Total revenue	33,839,875	32,024,428	3,405,048	2,194,355	1,394,755	72,858,461
31 December 2024						
PO satisfied at a point in time	2,274,004	706,127	1,282,103	1,185,550	1,021,732	6,469,516
PO satisfied over a period of time	29,712,542	20,811,407	1,439,003	351,772	418,721	52,733,445
Total revenue	31,986,546	21,517,534	2,721,106	1,537,322	1,440,453	59,202,961

Emirates Telecommunications Group Company PJSC

Notes to the consolidated financial statements for the year ended 31 December 2025

7. Operating expenses

	2025	2024
	AED '000	AED '000
Direct cost of sales	22,759,066	17,784,091
Staff costs	6,044,074	5,245,370
Depreciation	7,224,271	5,345,183
Network and other related costs	3,863,409	3,162,460
Amortisation	3,447,796	1,967,632
Regulatory expenses	(i) 1,681,262	1,458,932
Marketing expenses	1,461,146	1,203,502
Consultancy costs	1,219,219	991,375
IT costs	702,572	556,690
Foreign exchange losses - net	28,933	259,652
Lease rentals	123,468	117,397
Other operating expenses	1,859,064	1,387,127
Operating expenses	50,414,280	39,479,411

Operating expenses include an amount of AED 22.52 million (2024: AED 29.78 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 and Digital Government Regulatory Authority (TDRA) at 1% of its net regulated revenues annually.

ICT Fund Contribution

	2025	2024
	AED'000	AED'000
UAE Net Regulated Revenue	22,256,500	21,530,798
ICT Fund Contribution	222,565	215,308

8. Finance and other income

	2025	2024
	AED'000	AED'000
Interest on bank deposits and amortised cost investments	2,148,650	2,210,592
Gain on forward foreign exchange contracts	11,649	11,753
Net loss on financial assets designated as FVTPL	(4,308)	(54,427)
Gain on disposal of an associate (Note 17)	5,090,780	-
Dividend income	801	582
Other income	919,459	564,030
	8,167,031	2,732,530

9. Finance and other costs

	2025	2024
	AED'000	AED'000
Interest on short term bank borrowings, loans and other financial liabilities	2,735,359	2,866,036
Interest on other borrowings	971,042	601,597
Ineffectiveness on net investment hedge	103,593	(104,149)
Foreign exchange (gain)/loss on borrowings - net	(1,260,687)	601,617
Fair value loss/(gain) on derivative financial instruments	1,038,483	(457,870)
Other costs	1,001,984	1,665,202
Unwinding of discount	34,635	39,176
	4,624,409	5,211,609
Total borrowing costs	4,645,722	5,238,185
Less: amounts included in the cost of qualifying assets	(21,313)	(26,576)
	4,624,409	5,211,609

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 25.34% (2024: 26.85%) for expenditure on such assets. Borrowing costs have been capitalised in relation to certain loans of e&'s subsidiaries.

10 Federal royalty and corporate tax

On 3 November 2023, e& 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 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 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.

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.

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Notes to the consolidated financial statements for the year ended 31 December 2025

10 Federal royalty and corporate tax (continued)

Amounts recognised in profit or loss	2025	2024
	AED'000	AED'000
Current corporate tax expense	3,162,389	1,794,287
Deferred tax expense/(income)	40,644	(77,787)
Federal royalty	7,423,816	5,282,497
	10,626,849	6,998,997

The effective tax rate, including UAE federal royalty, for the current year is 39.7% (2024: 39.8%)

a) Current tax

Income tax has been provided for in the consolidated financial statements in accordance with tax laws enacted or substantively enacted at year end in the jurisdictions of the consolidation perimeter.

b) Federal royalty and corporate tax expenses for the year can be reconciled to the accounting profits as follows:

	2025	2024
	AED'000	AED'000
Tax based on the applicable tax rate in UAE and foreign jurisdiction	3,890,673	1,725,110
Federal royalty	7,423,816	5,282,497
Tax effect of share of results of associates	48,206	40,695
Tax effect of expenses that are not deductible in determining taxable profit	190,158	190,732
Tax effect of utilization of tax losses not previously recognized	14,890	43,315
Effect of different tax rates of subsidiaries operating in other jurisdictions	(335,202)	(9,123)
Effect on deferred tax balances of change in income tax rate	(74,971)	(62,538)
Effect on deferred tax balances due to purchase price allocation	(246,635)	(235,925)
Effect of income that is exempt from taxation	(32,189)	(14,461)
Tax expense related to BEPS Pillar Two minimum tax	107,372	-
Income tax at different rates (e.g. withholding taxes)	125,623	38,695
Effect of non-taxable gain on sale of investment in subsidiaries & other investments	(484,892)	-
Federal royalty and corporate tax expenses recognised in profit or losses	10,626,849	6,998,997

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:

	2025	2024
	AED'000	AED'000
Deferred tax assets	691,715	492,388
Deferred tax liabilities	(3,015,466)	(2,486,883)
	(2,323,751)	(1,994,495)

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
At 1 January 2024	1,885,891	117,871	49,344	2,053,106
(Credit)/charge to the consolidated statement of profit or loss	(194,547)	41,110	45,497	(107,940)
Charge to other comprehensive income	-	-	10	10
Other movements	(430)	(24,794)	2,914	(22,310)
Exchange differences	(133,153)	-	(4,651)	(137,804)
Acquisition of subsidiaries (Note 41)	883,825	-	62,475	946,300
At 31 December 2024, restated	2,441,586	134,187	155,589	2,731,362
Charge to the consolidated statement of profit or loss	(104,448)	47,495	363,105	306,152
Credit to other comprehensive income	-	-	(1,309)	(1,309)
Other movements	2,296	(25,724)	(13,727)	(37,155)
Exchange differences	257,969	-	100,142	358,111
Acquisition of subsidiaries (Note 41)	150,055	-	-	150,055
At 31 December 2025	2,747,458	155,958	603,800	3,507,216

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Notes to the consolidated financial statements for the year ended 31 December 2025

10 Federal royalty and corporate tax (continued)

Deferred tax assets	Tax losses	Others	Total
	AED'000	AED'000	AED'000
At 1 January 2024	8,438	602,501	610,939
(Charge)/credit to the consolidated statement of profit or loss	(8,525)	(21,628)	(30,153)
Credit to other comprehensive income	-	1,770	1,770
Other movements	-	(80,632)	(80,632)
Exchange differences	87	(48,018)	(47,931)
Acquisition of subsidiaries (Note 41)	-	282,874	282,874
At 31 December 2024, restated	-	736,867	736,867
Credit to the consolidated statement of profit or loss	16,406	249,102	265,508
Credit to other comprehensive income	-	2,255	2,255
Other movements	-	(6,229)	(6,229)
Exchange differences	5,278	51,909	57,187
Acquisition of subsidiaries (Note 41)	1,882	125,995	127,877
At 31 December 2025	23,566	1,159,899	1,183,465

Unused tax losses	2025	2024
	AED million	AED million
Total unused tax losses	-	3
of which deferred tax assets recognised for	-	3

e) International Tax Reform - BEPS Pillar Two minimum tax

The Organisation for Economic Co-operation and Development ("OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting ("BEPS") published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules") designed to address the tax challenges arising from the digitalisation of the global economy. e& is in scope of such Globe Rules as it operates in multiple jurisdictions and has an annual consolidated revenue which exceeds the prescribed threshold of Euro 750 million in at least two of the four preceding years.

e& has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, e& neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

UAE, the jurisdiction where e& has its Head Office and Its Ultimate Parent Company ("UPC"), has officially announced the implementation of a Domestic Minimum Top-up Tax ("DMTT"), effective 1 January 2025. e& has an effective tax rate (including federal royalty) above 15% in respect of the UAE and therefore does not record any top-up taxes for the UAE.

As of 31 December 2025, GloBE Rules were already enacted and in effect in certain jurisdictions where e& operates. e& expects to meet the Transitional CbCR Safe Harbour in all jurisdictions other than Bulgaria, Hungary, and Serbia. With respect to these jurisdictions, e& has recognised a Pillar Two top-up tax expense of AED 107 million (EUR 26 million). The same has been presented above.

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Notes to the consolidated financial statements for the year ended 31 December 2025

11. Goodwill and other intangible assets

	Goodwill AED'000	Licenses AED'000	Trade Names AED'000	Others AED'000	Total AED'000
Cost					
At 1 January 2024	17,328,697	14,798,953	2,631,005	11,129,344	45,887,999
Additions	-	1,311,473	-	673,386	1,984,859
Transfer from property, plant and equipment (Note 13)	-	-	-	814,214	814,214
Acquisition of subsidiaries (Note 41)	14,826,241	3,757,231	363,242	7,968,378	26,915,092
Disposals	-	-	-	(129,185)	(129,185)
Exchange differences	(987,799)	(2,026,264)	(61,182)	(593,848)	(3,669,093)
At 31 December 2024, restated	31,167,139	17,841,393	2,933,065	19,862,289	71,803,886
Amortisation and impairment					
At 1 January 2024	4,942,103	7,984,943	829,793	8,010,619	21,767,458
Charge for the year	-	675,085	128,763	1,238,331	2,042,179
Impairment losses	1,274,847	-	-	-	1,274,847
Acquisition of subsidiaries (Note 41)	-	1,713,960	112,884	2,581,404	4,408,248
Disposals	-	-	-	(44,736)	(44,736)
Exchange differences	(4,909)	(1,091,204)	(97,967)	(178,118)	(1,372,198)
At 31 December 2024, restated	6,212,041	9,282,784	973,473	11,607,500	28,075,798
Carrying amount					
At 31 December 2024, restated	24,955,098	8,558,609	1,959,592	8,254,789	43,728,088
Cost					
At 1 January 2025	31,167,139	17,841,393	2,933,065	19,862,289	71,803,886
Additions	-	1,856,636	-	1,909,679	3,766,315
Transfer from property, plant and equipment (Note 13)	-	-	-	1,513,610	1,513,610
Acquisition of subsidiaries (Note 41)	2,149,395	1,844,621	22,953	892,076	4,909,045
Other movements	-	-	-	105,863	105,863
Disposals	-	(578,543)	-	(483,976)	(1,062,519)
Exchange differences	3,013,439	1,979,541	245,164	1,975,489	7,213,633
At 31 December 2025	36,329,973	22,943,648	3,201,182	25,775,030	88,249,833
Amortisation and impairment					
At 1 January 2025	6,212,041	9,282,784	973,473	11,607,500	28,075,798
Charge for the year	-	1,033,712	233,073	2,256,336	3,523,121
Impairment losses	-	-	-	(3,698)	(3,698)
Other movements	-	-	-	105,863	105,863
Acquisition of subsidiaries (Note 41)	-	911,098	-	155,027	1,066,125
Disposals	-	(527,163)	-	(441,155)	(968,318)
Exchange differences	47,533	852,499	104,359	1,147,245	2,151,636
At 31 December 2025	6,259,574	11,552,930	1,310,905	14,827,118	33,950,527
Carrying amount					
At 31 December 2025	30,070,399	11,390,718	1,890,277	10,947,912	54,299,306
Others - net book values				2025	2024
				AED'000	AED'000
Indefeasible rights of use				362,562	259,200
Computer software				3,182,542	2,065,907
Customer relationships				5,547,886	4,725,471
Others				1,854,922	1,204,211
				10,947,912	8,254,789

Amortisation is included in operating expenses (Note 7).

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Notes to the consolidated financial statements for the year ended 31 December 2025

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:

	2025	2024
	AED'000	AED'000
Etisalat UAE	18,249	17,843
of which relating to property, plant and equipment (Note 13)	18,249	17,843
Maroc Telecom	-	724,000
of which relating to goodwill (Note 11)	-	724,000
Playco Holdings Limited	-	550,847
of which relating to goodwill (Note 11)	-	550,847
Others	8,558	2,449
of which relating to property, plant and equipment (Note 13)	5,128	1,460
of which relating to other assets	3,430	989
Total impairment losses for the year	26,807	1,295,139

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 is allocated to the following CGUs:

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

	2025	2024
	AED'000	AED'000
Maroc Telecom	8,257,632	7,397,464
Maroc Telecom international subsidiaries	2,230,224	2,010,180
Help AG group	76,469	76,469
Etisalat Misr (Etisalat) S.A.E.	3,945	3,700
Digital Financial Services LLC	125,376	125,376
eIGrocer DMCC	32,334	32,334
Playco Holdings Limited	96,525	96,525
Service Souk DMCC	58,002	58,002
Bespin Global Technologies Limited	55,613	55,613
Beehive Group Holdings Limited	82,020	82,020
Careem Technologies Holding Limited	829,767	829,767
Glasshouse Bilgi Sistemleri Ticaret Anonim Sirketi "Glasshouse"	156,870	156,870
e& PPF Telecom Group - CETIN entities	8,426,301	7,458,042
e& PPF Telecom Group - Yettel entities	9,427,269	6,572,736
PTCL Group (for Telenor Pakistan (Pvt) Ltd ("Telenor Pakistan"))	212,052	-
	30,070,399	24,955,098

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 implicit cash flow forecasts, long term growth rates, discount rates and capital expenditure.

Implicit period cash flow forecasts

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, management plans for development of the business, optimization of cost, the impact of local market competition and consideration of the local macro-economic and political trading environment.

Long-term growth rates

This rate does not exceed the average long-term growth rate for the relevant markets, that is, 2.35% to 6.66% for Africa, 3.70% to 4.24% for Asia, 1.40% to 3.77% for Europe and 4.57% for UAE (for local CGUs).

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 12.2% to 25.5% for Africa, 21.3% to 24.9% for Asia, 10.5% to 30% for Europe and 7.5% to 16.7% for UAE (for local CGUs).

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.

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Notes to the consolidated financial statements for the year ended 31 December 2025

12. Impairment loss on other assets (continued)

c) Key assumptions for the value in use calculations (continued)

Sensitivity analysis

As of 31 December 2025, based on the impairment assessment performed for all CGUs containing goodwill, the respective recoverable amounts exceeded their carrying values. Management has identified that a reasonably possible change in two key assumptions in the impairment assessment of Maroc Telecom goodwill (0.4% increase in discount rates or 0.50% decrease in long term terminal growth rates) and Maroc Telecom international subsidiaries goodwill (1.1% increase in discount rates or 1.50% decrease in long term terminal growth rates) could cause the carrying amounts to exceed the recoverable amounts.

In 2024, based on the impairment assessment performed, Maroc Telecom and Playco Holdings Limited goodwill have been impaired by AED 724 million and AED 551 million respectively. These impairments had been driven by a combination of cash flow forecasts, growth rate and discount rate. Based on the impairment assessment performed for all other CGUs containing goodwill, the respective recoverable amounts exceeded their carrying values.

13. Property, plant and equipment

	Land and buildings	Plant and equipment	Motor vehicles, computer, furniture	Assets under construction	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Cost					
At 1 January 2024	7,801,657	78,548,218	6,656,902	5,839,198	98,845,975
Additions	103,278	1,613,560	1,010,429	4,794,842	7,522,109
Transfer to intangible assets (Note 11)	-	-	(814,214)	-	(814,214)
Transfers	167,402	3,579,455	1,088,030	(4,834,887)	-
Disposals	(3,478)	(1,158,769)	(111,341)	(21,036)	(1,294,624)
Acquisition of subsidiaries (Note 41)	1,572,408	6,693,416	518,663	525,882	9,310,369
Exchange differences	(310,332)	(3,284,182)	(355,902)	(188,374)	(4,138,790)
At 31 December 2024, restated	9,330,935	85,991,698	7,992,567	6,115,625	109,430,825
Depreciation and impairment					
At 1 January 2024	3,436,930	51,048,651	4,799,360	225,092	59,510,033
Charge for the year	196,605	4,106,852	392,318	-	4,695,775
Impairment charge	-	3,435	-	15,868	19,303
Disposals	(197)	(1,037,161)	(101,783)	(15,083)	(1,154,224)
Acquisition of subsidiaries (Note 41)	315,265	3,539,547	254,102	-	4,108,914
Exchange differences	(106,445)	(1,804,708)	(342,239)	(6,582)	(2,259,974)
At 31 December 2024, restated	3,842,158	55,856,616	5,001,758	219,295	64,919,827
Carrying amount at 31 December 2024, restated	5,488,777	30,135,082	2,990,809	5,896,330	44,510,998
Cost					
At 1 January 2025	9,330,935	85,991,698	7,992,567	6,115,625	109,430,825
Additions	486,569	3,386,681	2,290,307	3,738,206	9,901,763
Transfer to intangible assets (Note 11)	-	-	(1,513,610)	-	(1,513,610)
Adjustments	(134,167)	(1,318,869)	(33,913)	-	(1,486,949)
Transfers	56,364	2,932,138	553,216	(3,541,718)	-
Disposals	(131,234)	(3,191,282)	(209,300)	(188,876)	(3,720,692)
Acquisition of subsidiaries (Note 41)	108,082	3,959,334	84,469	132,269	4,284,154
Exchange differences	819,074	6,313,313	561,893	(70,198)	7,624,082
At 31 December 2025	10,535,623	98,073,013	9,725,629	6,185,308	124,519,573
Depreciation and impairment					
At 1 January 2025	3,842,158	55,856,616	5,001,758	219,295	64,919,827
Charge for the year	332,212	5,343,149	567,895	-	6,243,256
Impairment charge	-	4,688	495	18,194	23,377
Disposals	(128,297)	(3,139,046)	(165,160)	-	(3,432,503)
Adjustments	(134,167)	(1,318,869)	(33,913)	-	(1,486,949)
Acquisition of subsidiaries (Note 41)	75,787	2,592,977	47,414	-	2,716,178
Exchange differences	359,842	4,424,015	355,626	4,829	5,144,312
At 31 December 2025	4,347,535	63,763,530	5,774,115	242,318	74,127,498
Carrying amount at 31 December 2025	6,188,088	34,309,483	3,951,514	5,942,990	50,392,075

The carrying amount of e&s land and buildings includes a nominal amount of AED 1 (2024: 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 21.3 million (2024: AED 26.6 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 6,833 million (2024: AED 7,495 million).

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

Depreciation is included in operating expenses (Note 7).

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Notes to the consolidated financial statements for the year ended 31 December 2025

14. Right-of-use assets

	Land and buildings AED'000	Plant and equipment AED'000	Motor vehicles, computers, furniture AED'000	Total AED'000
Balance at 1 January 2024	828,668	758,769	93,542	1,680,979
Additions for the year	555,859	294,365	52,136	902,360
Disposals for the year	(47,393)	-	-	(47,393)
Depreciation for the year	(408,406)	(181,803)	(47,593)	(637,802)
Exchange differences	(42,761)	(184,320)	(9,620)	(236,701)
Acquisition of subsidiaries (Note 41)	1,087,205	31,623	32,925	1,151,753
Balance at 31 December 2024 / 1 January 2025, restated	1,973,172	718,634	121,390	2,813,196
Additions for the year	1,273,715	306,543	79,783	1,660,041
Disposals for the year	(189,725)	(69,240)	(4,498)	(263,463)
Depreciation for the year	(725,967)	(204,323)	(86,371)	(1,016,661)
Exchange differences	398,323	50,886	12,857	462,066
Acquisition of subsidiaries (Note 41)	31,664	203,782	-	235,446
Balance at 31 December 2025	2,761,182	1,006,282	123,161	3,890,625

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

Depreciation is included in operating expenses (Note 7).

15. Subsidiaries

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

Name	Country of incorporation	Principal activity	Percentage shareholding	
			2025	2024
Emirates Cable TV and Multimedia LLC	UAE	Cable television services	68.3% (iv)	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%
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%	100.0%
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	UAE	Mobile Financial Services	100%	100%
eIGrocer DMCC	UAE	Online marketplace for groceries	100%	100%
e& enterprise iot & ai DWC LLC formerly Smart Technology Services DWC LLC "Smart World"	UAE	Installation and management of network systems	100%	100%
Playco Holding Limited "Starzplay"	Cayman Island	Subscription Video on Demand ("SVOD") and IPTV service	68.3% (iv)	39.9%
Service Souk DMCC	UAE	Online marketplace	100%	100%
Bespin Global Technologies Limited	UAE	Public cloud managed and professional services	65%	65%

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Notes to the consolidated financial statements for the year ended 31 December 2025

15. Subsidiaries (continued)

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

Name	Country of incorporation	Principal activity	Percentage shareholding	
			2025	2024
Beehive Group Holdings Limited	UAE	Online marketplace for peer-to-peer lending to SMEs	63%	63%
Careem Technologies Holding Limited	UAE	Digital platform with integrated consumer centric digital services	50%	50%
e& Capital Investment Limited	UAE	Investment	100%	100%
Glasshouse Bilgi Sistemleri Ticaret Anonim Sirketi "Glasshouse"	Türkiye	Cloud services provider	100% (ii)	100% (ii)
e& PPF Telecom Group	The Netherlands	Telecommunications services	50% + 1 economic share (iii)	50% + 1 economic share (iii)
Telenor Pakistan (Pvt) Ltd ("Telenor Pakistan")	Pakistan	Telecommunications services	23% (v)	-

(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 29 August 2024, e& enterprise, a wholly owned subsidiary of e&, has completed the acquisition of 100% stake in GlassHouse, a Türkiye-based cloud services provider, for an amount of USD 57.8 million.

(iii) On 24 October 2024, e& successfully acquired a controlling stake (50% + 1 economic share) in PPF Telecom's operations in Bulgaria, Hungary, Serbia and Slovakia.

(iv) On 28 November 2025, e& completed the reorganisation of its shareholdings in its 100% owned subsidiary, Emirates Cable TV and Multimedia LLC ("e-Vision") and its 41.87% owned subsidiary Playco Holding Limited ("Playco") (through 66.67% owned subsidiary EQ Media). Following the reorganisation, e& holds 68.3% shareholding in Playco (through a 100% owned subsidiary, e&Life Holding Limited), which itself holds 100% shareholding in e-Vision. As part of the reorganisation, no changes were made to the goodwill amount previously recorded in e& consolidated financial statements for Playco acquisition originally in 2022.

(v) On 31 December 2025, Pakistan Telecommunication Company Limited ("PTCL"), 23.4% owned subsidiary of e&, completed the acquisition from Telenor BV ("Telenor") 100% stake in Telenor Pakistan (Pvt) Ltd ("Telenor Pakistan"). Given that e& has voting rights of 58% in Pakistan Telecommunication Company Limited, including the appointment of a majority of the Board of Directors and key management personnel, it exercises control over Telenor Pakistan.

b) Disclosures relating to subsidiaries

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

	CETIN International N.V.	Maroc Telecom consolidated	PTCL consolidated	Etisalat Misr consolidated
2025				
AED'000				
Information relating to non-controlling interests:				
Non-controlling interest (shareholding %)	30.0%	47.0%	76.6%	33.6%
Revenue	794,439	6,437,580	2,508,200	1,592,226
(Loss)/profit for the year	203,893	1,540,858	(57,392)	225,126
Other comprehensive income for the year	19,892	489,614	96,823	51,157
Total comprehensive income for the year	223,785	2,030,472	39,431	276,283
Cash flows generated from operating activities	549,646	3,511,743	878,073	566,528
Cash flows used in investing activities	(290,989)	(1,725,933)	(418,104)	(479,972)
Cash flows (used in)/generated from financing activities	(263,830)	(1,726,783)	(317,761)	69,629
Dividends paid to non-controlling interests	(125,741)	(517,394)	-	(55,495)
Non-controlling interests as at 31 December	1,367,800	5,546,787	1,287,870	875,931
Summarised information relating to subsidiaries:				
Current assets	767,349	6,131,781	4,581,689	2,327,157
Non-current assets	15,131,482	36,051,219	9,386,871	5,128,502
Current liabilities	948,409	15,509,265	7,377,926	3,633,467
Non-current liabilities	6,823,894	6,209,013	6,010,798	1,148,680

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Notes to the consolidated financial statements for the year ended 31 December 2025

15. Subsidiaries (continued)

b) Disclosures relating to subsidiaries (continued)

	Careem Technologies Holding Limited	Maroc Telecom consolidated	PTCL consolidated	Etisalat Misr consolidated
AED'000				
			2024	
Information relating to non-controlling interests:				
Non-controlling interest (shareholding %)	49.97%	47.0%	76.6%	33.6%
Revenue	569,604	6,058,954	2,222,286	1,267,547
(Loss)/profit for the year	(324,325)	471,138	(129,981)	91,986
Other comprehensive income/(loss) for the year	68,899	(205,063)	(68,076)	(430,747)
Total comprehensive (loss)/income for the year	(255,426)	266,075	(198,057)	(338,761)
Cash flows (used in)/generated from operating activities	(573,443)	3,206,459	919,876	509,881
Cash flows generated from/(used in) investing activities	14,070	(2,064,534)	(1,550,937)	(232,284)
Cash flows (used in)/generated from financing activities	-	(1,087,704)	678,017	(133,734)
Dividends paid to non-controlling interests	-	(937,783)	-	(57,153)
Non-controlling interests as at 31 December	1,189,594	3,977,002	1,249,343	655,045
Summarised information relating to subsidiaries:				
Current assets	1,185,014	5,501,700	5,424,735	1,440,962
Non-current assets	1,560,057	30,868,863	6,720,059	3,613,849
Current liabilities	340,982	16,205,561	7,444,652	2,420,968
Non-current liabilities	127,822	3,699,077	4,178,912	627,454

In 2024, the non-controlling interests amount pertaining to the acquisition of e& PPF TG is given in Note 41. There has been a subsequent reduction in that non- controlling interests following the acquisition of the 25% stake in Yettel Hungary and CETIN Hungary as explained in Note 15c.

c) Movement in non-controlling interests

The movement in non-controlling interests is provided below:

	2025 AED'000	2024 AED'000
As at 1 January	8,319,601	9,052,604
Total comprehensive income:		
Profit/(loss) for the year	1,796,286	(169,141)
Remeasurement of defined benefit obligations - net of tax	101,463	(65,672)
Exchange differences on translation of foreign operations	698,540	(1,030,207)
(Loss)/gain on revaluation of investment classified as fair value through OCI	(3,064)	4,983
Fair value loss arising on cash flow hedges	(6,118)	(1,209)
Other movement in equity	44,399	(8,431)
Non-controlling interest put option	(497,220)	(8,068,493)
Transaction with owners of the Company:		
Acquisition of subsidiaries (Note 41.2a)	-	10,697,710
Capital contribution by non-controlling interest	97,470	279,279
Sale of interest to non-controlling interest	61,459	-
Acquisition of additional stake in a subsidiary	142,424	(1,375,350)
Dividends	(700,281)	(996,472)
As at 31 December	10,054,959	8,319,601

In 2024, e& PPF TG acquired the remaining 25% stake in Yettel Hungary and CETIN Hungary for a total amount of EUR 299 million (AED 1,161 million). The acquisition price was funded through external borrowings of EUR 244 million (AED 951 million) and capital injection of EUR 55 million (AED 210 million) from the non controlling interest shareholder.

16. Share of results of associates and joint ventures

	2025 AED'000	2024 AED'000
Associates (Note 17 b)	1,956,389	2,470,798
Joint ventures (Note 17 g)	(7,903)	4,605
Total	1,948,486	2,475,403

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17. Investment in associates and joint ventures	2025	2024
	AED'000	AED'000
Associates (Note 17 b)	20,655,682	22,416,262
Joint ventures (Note 17 g)	225,025	11,982
Total	20,880,707	22,428,244

a) Associates			Percentage shareholding	
Name	Country of incorporation	Principal activity	2025	2024
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%
Newberry Global Limited (iv)	Hongkong	Multi-cloud solution provider	10%	10%
Vodafone Group Plc ("Vodafone") (v)	United Kingdom	Telecommunications services	16.61%	15.01%
Syntelligence AI Ltd	United Kingdom	Artificial Intelligence (AI) Solution	20%	-

(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.

On 26 March 2025, e& announced the completion of the transaction with Group 42 Holding Ltd ("G42") and Khazna Data Center Holdings Limited ("Khazna") to divest its 40% stake in Khazna for a cash proceeds of USD 2.2 billion (equivalent to AED 8.0 billion). e& recognised a gain of USD 1.4 billion (AED 5.1 billion) before federal royalty, corporate tax and related expenses on the transaction and derecognised the investment in Khazna as at that date. The gain on disposal is included in finance and other income in the consolidated statement of profit or loss. (Note 8)

(iv) On 25 May 2023, e& invested USD 60 million in Newberry Global Limited in exchange for 10% stake. This stake has been classified as investment in associate, given that e& has the right to participate in Newberry's financial and operating policies decision making through its board representation and has access to the returns associated with the underlying ownership interest.

(v) On 14 May 2022, e& announced acquisition of 9.8% shares in Vodafone Group Plc ("Vodafone"). This was followed by a further increase in shareholding by e& to 14.57% as at 31 March 2023. On 11 May 2023, e& and Vodafone announced signing of a Strategic Relationship Agreement, whereby e& was entitled to nominate one Non-Executive Director to the Board and Nominations and Governance Committee of Vodafone. Pursuant to signing of the Agreement, the e& Group CEO joined the Vodafone Board as a Non-Executive Director as well as be part of its Nominations & Governance Committee on 19 February 2024 after all necessary approvals were received. The shareholding in 2025 has increased to 16.61% as a result of Vodafone carrying out its share buyback programme, which reduces its total share capital, thereby increasing e& shareholding percentage.

Pursuant to the aforementioned events, e& through its Board representation got the right to participate in critical financial, operational and strategic matters thereby exercising significant influence over Vodafone with effect from 19 February 2024 ("Effective Date"). Accordingly, the investment in Vodafone which was earlier accounted for as a financial instrument carried at Fair Value through OCI (FVOCI) under IFRS 9 is accounted for using equity method under IAS 28. Under equity method, the initial cost of investment would be measured by reference to the fair value of the shares as on the Effective Date and the carrying amount would be increased or decreased to recognise the investor's share of the profit or loss of the investee after the Effective Date.

e& performed an assessment of the fair value of the assets and liabilities at the Effective Date, allowing for alignment of accounting policies with e& policies, and concluded that e&'s share of the fair value of identifiable net assets acquired equates to AED 13,560 million. The market value of the shares held in Vodafone by e& at the date of transition to associate was AED 12,247 million, thereby giving a bargain purchase gain of AED 1,313 million which has been included within the share of results of associates and joint ventures. The bargain purchase gain arose as a consequence of the purchase consideration being based on the market value of Vodafone shares held at the time of transition to associate, which is considerably lower than the book value of Vodafone net assets.

The share of results of associates and joint ventures in the consolidated financial statements of e& for the year ended 31 December 2024 include share of results of Vodafone for the period from the Effective Date and the aforementioned bargain purchase gain and unwinding of purchase price allocation adjustments for an amount of AED 158 million. As a consequence of the change in classification from FVTOCI to associate, e& has reclassified AED 8,785 million from Investment revaluation reserve to Retained earnings.

Vodafone has a year end of 31 March 2026 and consequently it's year end financial reporting was not available for inclusion in these financial statements. The most recently available financial information for Vodafone is it's 6 month unaudited interim condensed financial statements and these, together with relevant accounting policy alignment, have been used as the basis for e&'s share of results within the current period.

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Notes to the consolidated financial statements for the year ended 31 December 2025

17. Investment in associates and joint ventures (continued)

b) Movement in investments in associates

	Vodafone		Mobily		All Associates	
	2025	2024	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Carrying amount at 1 January	12,964,012	-	5,408,987	5,075,713	22,416,262	8,967,174
Share of results (Note 16)	802,443	1,461,762	949,903	851,099	1,956,389	2,470,798
Additions during the year	-	12,247,479	-	-	27,544	12,247,479
Disposal of an associate	-	-	-	-	(3,234,912)	-
Exchange differences on translation of foreign operations	1,144,311	-	-	-	1,144,443	-
Dividends received	(764,625)	(1,053,925)	(527,553)	(495,883)	(1,292,178)	(1,549,808)
Share of other comprehensive income/(loss) – net of tax	(384,114)	308,696	(15,264)	(21,942)	(361,866)	280,619
Carrying amount at 31 December	13,762,027	12,964,012	5,816,073	5,408,987	20,655,682	22,416,262

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

	Vodafone		Mobily		All Associates	
	2025	2024	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Net assets	227,691,552	227,572,877	19,903,242	18,449,001	249,616,861	252,240,215
Group share in net assets of associates	37,822,527	34,158,689	5,571,515	5,164,429	44,070,452	41,813,364
Purchase price allocation adjustments*	(22,062,021)	(21,194,677)	-	-	(21,724,746)	(19,705,549)
Others **	-	-	244,558	244,558	308,447	308,447
	15,760,506	12,964,012	5,816,073	5,408,987	22,654,153	22,416,262

* The purchase price allocation adjustments primarily arise from fair value adjustments to goodwill, borrowings, and acquired intangible assets, as well as adjustments to deferred tax assets due to policy alignment.

** Others include an amount of AED 150 million (2024: AED 150 million) relating to premium paid on rights issue in prior years.

d) Aggregated amounts relating to associates

	Vodafone		Mobily		All Associates	
	2025	2024	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Current assets	109,062,775	135,674,536	10,210,679	9,257,920	129,063,659	155,435,024
Non-current assets	446,442,189	396,824,552	31,358,345	28,386,861	529,569,544	465,929,300
Current liabilities	(93,534,726)	(99,369,254)	(11,004,281)	(10,176,376)	(163,030,553)	(146,600,363)
Non-current liabilities	(234,278,686)	(205,556,957)	(10,661,501)	(9,019,404)	(245,985,789)	(222,523,746)
Net assets	227,691,552	227,572,877	19,903,242	18,449,001	249,616,861	252,240,215
Revenue	166,033,132	70,310,714	19,229,877	17,796,256	190,107,322	92,149,059
(Loss)/profit	(16,761,293)	4,697,384	3,393,742	3,036,851	(12,708,888)	8,477,635
Total comprehensive (loss)/income	(19,681,140)	7,459,645	3,381,077	2,993,389	(15,483,980)	10,979,226

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

The above financial information on Vodafone Group plc relate to their 30 September 2025 and 2024 results which have been published. The results of Vodafone for 2025 have been adjusted for goodwill impairment and deferred tax write down reported by Vodafone, which are reversed as part of share of profit recorded by e& (since these have been already reflected as part of the Purchase Price Allocation exercise done by e& in 2024).

e) Market value of an associate

The shares of two 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:

	2025	2024
	AED'000	AED'000
Ethiad Etisalat Company ("Mobily")	13,929,182	11,776,349
Vodafone Group Plc ("Vodafone")	16,815,122	12,396,538

f) Joint ventures

Name	Country of incorporation	Principal activity	Percentage shareholding	
			2025	2024
Emirates Facilities Management LLC	UAE	Facilities management	50%	50%
Uni Fiber	Morocco	Fiber-to-the-Home (FTTH) and 5G infrastructure	50%	-
Uni Tower	Morocco	Shared infrastructure	50%	-

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Notes to the consolidated financial statements for the year ended 31 December 2025

17. Investment in associates and joint ventures (continued)

g) Movement in investment in joint ventures

	2025	2024
	AED'000	AED'000
Carrying amount at 1 January	11,982	10,628
Share of results	(7,903)	4,605
Additions	219,107	
Translation	1,839	-
Dividends	-	(3,251)
Carrying amount at 31 December	225,025	11,982

h) Aggregated amounts relating to joint ventures

	2025	2024
	AED'000	AED'000
Current assets (including cash and cash equivalents AED 23 million (2024: AED 5 million))	527,520	75,043
Non-current assets	2,474	1,839
Current liabilities (including trade and other payables and provisions of AED 28 million (2024: AED 42 million))	(73,853)	(44,237)
Non-current liabilities (including trade and other payables and provisions of AED 6 million (2024: AED 6 million))	(5,831)	(15,147)
Net assets	450,310	17,498
Revenue	167,854	189,487
Depreciation and amortisation	142	209
(Loss)/profit	(18,614)	12,456

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

18. Other investments	Fair value through profit and loss - Mandatory	Fair value through profit and loss - designated upon initial recognition	Fair value through other comprehensive income	Amortised cost	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2024	279,428	346,640	13,733,200	6,179,415	20,538,683
Additions	78,296	-	1,600,147	2,923,529	4,601,972
Disposals	(412,336)	(187,955)	(12,249,860)	(2,944,547)	(15,794,698)
Fair value changes	(60,858)	6,431	7,187	-	(47,240)
Acquisition of subsidiaries (Note 41)	583,842	-	-	348	584,190
Exchange differences	(42,352)	-	(5,409)	(163,482)	(211,243)
At 31 December 2024	426,020	165,116	3,085,265	5,995,263	9,671,664
of which current	344,555	-	1,942,960	160,894	2,448,409
of which non-current	81,465	165,116	1,142,305	5,834,369	7,223,255
At 1 January 2025	426,020	165,116	3,085,265	5,995,263	9,671,664
Additions	938,753	-	639,426	4,919,256	6,497,435
Disposals	(322,953)	(36,725)	(2,271,433)	(1,444,901)	(4,076,012)
Fair value changes	(4,282)	(26)	23,700	-	19,392
Unwinding of interest	-	-	-	10,492	10,492
Exchange differences	76,595	-	(4,557)	156,854	228,892
At 31 December 2025	1,114,133	128,365	1,472,401	9,636,964	12,351,863
of which current	1,058,299	-	170,132	202,403	1,430,834
of which non-current	55,834	128,365	1,302,269	9,434,561	10,921,029

The financial assets at amortised cost includes investments in Sukus and other bonds. These bonds will mature in two to six years. At 31 December 2025, the market value of the investment in these bonds was AED 8,872 million (2024: AED 5,113 million).

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Notes to the consolidated financial statements for the year ended 31 December 2025

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 (2024: AED 1,257 million), which are net of allowance for doubtful debts of AED 299 million (2024: AED 318 million), receivable from Federal Ministries and local bodies. See Note 10.1 and Note 25 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	
	2025 AED '000	2024 AED '000	2025 AED '000	2024 AED '000
Trading transactions				
Telecommunication services – sales	666,524	481,301	-	-
Telecommunication services – purchases	275,035	218,840	-	-
Management and other services	25,165	89,503	-	4,605
Due from related parties as at 31 December	66,144	111,966	7,600	7,799
Due to related parties as at 31 December	114,546	146,890	-	-

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.

	2025 AED'000	2024 AED'000
Long- term benefits	1,409	1,337
Short-term benefits	78,286	75,201

20. Inventories

	2025 AED'000	2024 AED'000
Subscriber equipment	1,195,220	1,066,912
Maintenance and consumables	414,444	414,888
Obsolescence allowances	(308,059)	(281,752)
Inventories	1,301,605	1,200,048

Movement in obsolescence allowances

	2025 AED'000	2024 AED'000
At 1 January	281,752	206,438
Net increase in obsolescence allowances	21,410	53,206
Acquisition of subsidiaries	-	28,935
Exchange differences	4,897	(6,827)
At 31 December	308,059	281,752
Inventories recognised as an operating expense within direct cost of sales during the year	6,793,261	5,628,234

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Notes to the consolidated financial statements for the year ended 31 December 2025

21. Trade and other receivables

	2025	2024
	AED'000	AED'000
Amount receivable for services rendered	13,728,818	11,863,801
Amounts due from other telecommunication operators/carriers	2,642,210	3,135,175
Total gross carrying amount	16,371,028	14,998,976
Lifetime expected credit loss	(3,825,916)	(3,467,584)
Net trade receivables	12,545,112	11,531,392
Prepayments	326,877	770,660
Accrued income	1,841,610	1,045,781
Advances to suppliers	1,728,577	1,769,262
Indirect taxes receivable	363,587	265,954
Dividend receivable	382,626	338,553
Other receivables	2,749,146	2,056,065
At 31 December	19,937,535	17,777,667
Total trade and other receivables	19,937,535	17,777,667
of which current trade and other receivables	19,163,632	17,051,602
of which non-current other receivables	773,903	726,065

e&'s normal credit terms ranges between 30 and 120 days (2024: 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 2025	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 - average	7.7%	32.1%	48.6%	27.3%	
Gross carrying amount	6,136,605	958,701	2,420,930	6,854,792	16,371,028
Lifetime expected credit loss	(471,596)	(307,450)	(1,177,104)	(1,869,766)	(3,825,916)
Net trade receivables	5,665,009	651,251	1,243,826	4,985,026	12,545,112
Trade receivable - as on 31 December 2024	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 - average	5.5%	12.1%	29.3%	37.1%	
Gross carrying amount	5,275,912	876,145	2,722,464	6,124,455	14,998,976
Lifetime expected credit loss	(290,345)	(106,026)	(797,902)	(2,273,311)	(3,467,584)
Net trade receivables	4,985,567	770,119	1,924,562	3,851,144	11,531,392

Movement in lifetime Expected Credit Losses:

	2025	2024
	AED'000	AED'000
At 1 January	3,467,584	3,172,928
Net increase in allowance for doubtful debts, net of write offs	122,517	174,831
Acquisition of subsidiary	93,328	193,621
Exchange differences	142,487	(73,796)
At 31 December	3,825,916	3,467,584

No interest is charged on the trade receivable balances. With respect to the amounts receivable from the services rendered, the Group holds AED 212 million (2024: AED 168 million) of collateral in the form of cash deposits from customers. Collateral with fair value of AED 1,131 million (2024: AED 771 million) are held against loans to customers.

22. Contract assets

	2025	2024
	AED'000	AED'000
Cost to acquire	1,002,299	758,831
Cost to fulfill	336,718	514,578
Unbilled revenue	3,174,655	2,491,408
	4,513,672	3,764,817
of which current contract assets	3,362,055	2,901,242
of which non-current contract assets	1,151,617	863,575
	4,513,672	3,764,817

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Notes to the consolidated financial statements for the year ended 31 December 2025

23. Finance lease receivables	2025	2024
	AED'000	AED'000
Current finance lease receivables	162,731	169,047
Non-current finance lease receivables	1,164,730	1,316,304
	1,327,461	1,485,351

	Minimum lease payments		Present value of minimum lease payments	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
Amounts receivable under finance lease				
Within one year	213,801	233,874	166,870	179,524
One to two years	158,071	207,430	117,382	160,499
Two to three years	158,071	158,071	121,635	117,382
Three to four years	158,071	158,071	126,270	121,635
Four to five years	158,071	158,071	130,977	126,270
After 5 years	749,670	907,741	671,176	802,152
	1,595,755	1,823,258	1,334,310	1,507,462
Less: future finance income	(261,445)	(315,796)	-	-
	1,334,310	1,507,462	1,334,310	1,507,462
Allowances for uncollectible lease payments	(6,849)	(22,111)	(6,849)	(22,111)
	1,327,461	1,485,351	1,327,461	1,485,351

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 2.47% to 6.5% per annum (2024: 2.47% to 6.5% per annum). During the year, e& recognised interest income from finance lease receivables of AED 54.35 million (2024: AED 61.8 million). There was no selling profit or loss recognised for the new leases in 2025 and 2024. The expected credit loss rate for the year is ranging from 0.23% to 9.36% (2024: from 0.31% to 20.67%).

24. Cash and bank balances	2025	2024
	AED'000	AED'000
Maintained in UAE	17,832,966	17,274,665
Maintained overseas, unrestricted in use	15,821,831	16,058,905
Maintained overseas, restricted in use	653,564	294,662
Cash and bank balances	34,308,361	33,628,232
Less: Deposits with maturities exceeding three months from the date of deposit	(27,201,999)	(26,033,887)
Cash and cash equivalents	7,106,362	7,594,345

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

25. Trade and other payables	2025	2024
	AED'000	AED'000
Current		
Federal royalty	7,778,927	5,282,497
Trade payables	8,716,165	7,516,393
Amounts due to other telecommunication administrators	2,616,962	2,589,929
Accruals	10,495,094	8,590,908
Other taxes payable	2,275,962	2,524,528
Advances from customers	393,107	335,858
Deferred income	375,567	233,371
Funds payable and amounts due to customers	4,055,021	2,713,298
Other payables	1,663,727	1,595,553
At 31 December	38,370,532	31,382,335
Non-current		
Other payables and accruals	1,572,119	1,582,181
At 31 December	1,572,119	1,582,181

Federal royalty for the year ended 31 December 2025 is to be paid as soon as the consolidated financial statements have been approved but not later than 5 months from the year ended 31 December 2025.

26. Contract liabilities	2025	2024
	AED'000	AED'000
Current		
Deferred revenues	3,450,341	2,908,743
Material right / customer loyalty	262,259	258,770
	3,712,600	3,167,513
Non-current		
Deferred revenues	174,762	104,091
	174,762	104,091

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Notes to the consolidated financial statements for the year ended 31 December 2025

27. Borrowings (continued)

Bank borrowings and vendor financing

Variable interest borrowings amounting to AED 46,348 million maturing between 2026 and 2031 (2024: AED 42,272 million maturing between 2025 and 2030) and have interest rates between 3.35% and 26.25% (2024: 4.33% and 28.20%).

Fixed interest borrowings excluding bonds amounting to AED 6,956 million maturing between 2026 and 2035 (2024: AED 11,316 millions maturing between 2025 and 2034) and have interest rates between 6.42% and 14.0% (2024: 2.40% and 24.99%).

Other borrowings amounting to AED 298 million maturing between 2026 and 2030 (2024: AED 328 million maturing between 2025 and 2029) and have interest rates between 12.41% and 21.99% (2024: 12.41% and 21.99%).

Available facilities

At 31 December 2025, e& had AED 5,783 million (2024: AED 6,519 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

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.

	2025		2024	
	Borrowings	Lease liabilities	Borrowings	Lease liabilities
	AED'000	AED'000	AED'000	AED'000
As at 1 January	69,194,978	4,396,796	49,040,665	3,462,701
Additions	-	1,670,032	-	895,217
Proceeds	45,298,704	-	27,100,376	-
Repayments during the year	(50,054,152)	(1,074,554)	(12,048,789)	(717,014)
Acquisition of a subsidiary	244,593	412,038	6,658,982	1,112,235
Exchange differences	2,954,914	250,064	(1,556,256)	(356,343)
As at 31 December	67,639,037	5,654,376	69,194,978	4,396,796

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:

	2025	2024
	AED'000	AED'000
Effective part directly recognized in other comprehensive (loss) / income		
Other comprehensive (loss) / income on net investment hedge	(985,661)	430,176
Other comprehensive loss on cash flow hedges	(5,873)	(28,407)
Total effective part directly recognised in other comprehensive (loss)/income	(991,534)	401,769

Fair value of derivative financial instruments

Fair value of forward contracts and options	(781,958)	449,857
Fair value of derivative swaps	(35,935)	12,477
	(817,893)	462,334

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

Current assets	412	5,612
Non-current assets	-	456,722
Current liabilities	(779,516)	-
Non-current liabilities	(38,789)	-
Net amount	(817,893)	462,334

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

In 2024, e& has received cash of AED 25.9 million on maturity of derivatives.

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Notes to the consolidated financial statements for the year ended 31 December 2025

29. Payables related to investments and licenses

	Current AED'000	Non-current AED'000	Total AED'000
At 31 December 2025			
Investments			
e& PPF Telecom Group	867,421	540,873	1,408,294
Beehive	-	9,140	9,140
Service Market	-	10,918	10,918
EI Grocer	3,328	-	3,328
Licenses			
PTCL Group	109,385	31,347	140,732
	980,134	592,278	1,572,412
At 31 December 2024			
Investments			
e& PPF Telecom Group	530,480	852,271	1,382,751
Beehive	-	9,916	9,916
Service Market	11,525	7,088	18,613
Help AG	-	58,351	58,351
EI Grocer	-	1,667	1,667
Licenses			
PTCL Group	30,711	116,038	146,749
	572,716	1,045,331	1,618,047

All amounts payable on acquisitions are financial liabilities measured at amortised cost and are mostly denominated in either EUR, USD, AED or PKR.

The amount payable for e& PPF Telecom Group includes amount pertaining to the net present value of the future earn out payments to PPF Group if e& PPF Telecom Group exceeds certain financial targets within the three-year period after closing (refer to note 41.1 (b)).

30. Lease liabilities

i) e& as a lessee

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

	Carrying Value	
	2025 AED'000	2024 AED'000
Contractual undiscounted cash flow		
Within one year	1,352,016	1,064,553
Between 2 and 5 years	3,532,890	2,658,139
After 5 years	2,401,489	1,810,616
Total undiscounted lease liabilities	7,286,395	5,533,308
Lease liabilities included in the consolidated statement of financial position		
of which due within 12 months	1,052,868	806,414
of which due after 12 months	4,601,508	3,590,382

It is e& policy to lease certain of its plant and machinery. For the year ended 31 December 2025, the average effective borrowing rate was from 2.95% to 24.09% (2024: 2.65% to 24.09%).

Amounts recognized in profit or loss

	2025 AED'000	2024 AED'000
Interest on lease liabilities	361,891	252,086
Expenses relating to short-term leases	30,370	1,410

Amounts recognized in the statement of cash flow

	2025 AED'000	2024 AED'000
Total cash outflow from leases	1,074,554	717,014

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Notes to the consolidated financial statements for the year ended 31 December 2025

31. Provisions	Asset retirement obligations	Other	Total
	AED'000	AED'000	AED'000
At 1 January 2024	331,222	5,075,033	5,406,255
Additional provision during the year	22,222	321,168	343,390
Utilization of provision	(518)	(556,899)	(557,417)
Release of provision	(44)	(968,298)	(968,342)
Acquisition of subsidiaries	159,651	133,189	292,840
Unwinding of discount and other adjustments	14,711	-	14,711
Exchange differences	(12,734)	(31,719)	(44,453)
At 31 December 2024	514,510	3,972,474	4,486,984
Included in current liabilities	-	3,886,633	3,886,633
Included in non-current liabilities	514,510	85,841	600,351
At 1 January 2025	514,510	3,972,474	4,486,984
Additional provision during the year	(28,238)	1,440,178	1,411,940
Utilization of provision	(619)	(868,225)	(868,844)
Release of provision	(5,303)	(102,593)	(107,896)
Acquisition of subsidiaries (Note 41)	14,564	-	14,564
Unwinding of discount	13,143	24	13,167
Exchange differences	25,519	65,918	91,437
At 31 December 2025	533,576	4,507,776	5,041,352
Included in current liabilities	-	4,407,777	4,407,777
Included in non-current liabilities	533,576	99,999	633,575
At 31 December 2025	533,576	4,507,776	5,041,352

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 2025.

32. Provision for employees' end of service benefits

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

	2025	2024
	AED'000	AED'000
Funded Plans		
Present value of defined benefit obligations	2,177,888	2,203,220
Less: Fair value of plan assets	(2,334,399)	(2,206,656)
	(156,511)	(3,436)
Unfunded Plans		
Present value of defined benefit obligations and other employee benefits	1,589,135	1,487,891
Total	1,432,624	1,484,455
of which included in non-current assets	(180,501)	-
of which included in current liabilities	130,661	142,293
of which included in non-current liabilities	1,482,464	1,342,162

The movement in defined benefit obligations for funded and unfunded plans is as follows:

	2025	2024
	AED'000	AED'000
As at 1 January	3,691,111	3,351,770
Acquisition of subsidiary (Note 41)	40,950	16,571
Current service cost	149,275	144,724
Interest cost	339,596	368,231
Actuarial loss/(gain) arising from changes in assumptions	12,429	(16,972)
Remeasurements	(110,512)	197,709
Benefits paid	(326,011)	(280,287)
Exchange differences	(29,815)	(90,635)
As at 31 December	3,767,023	3,691,111

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

	2025	2024
	AED'000	AED'000
As at 1 January	2,206,656	2,019,336
Interest income	214,088	280,600
Return on plan assets excluding amounts included in interest income	26,368	43,213
Contributions received	3,008	18,738
Benefits paid	(176,589)	(152,934)
Acquisition of a subsidiary (Note 41)	32,174	-
Exchange differences	28,694	(2,297)
As at 31 December	2,334,399	2,206,656

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Notes to the consolidated financial statements for the year ended 31 December 2025

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

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

	2025	2024
	AED'000	AED'000
Current service cost	149,275	144,724
Net interest cost	125,508	87,631
	274,783	232,355

Plan assets for funded plan are comprised as follows:

	2025	2024
	AED'000	AED'000
Debt instruments - unquoted	1,111,846	934,617
Cash and cash equivalents	866,946	844,312
Investment property	236,714	230,227
Fixed assets	146	151
Other assets	143,954	220,102
Less: liabilities	(25,207)	(22,753)
	2,334,399	2,206,656

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

	2025	2024
	AED'000	AED'000
Discount rate	3.95% to 11.75%	4.84% to 11.75%
Average annual growth rate of salary	2.14% to 10.75%	2.14% to 10.75%
Average duration of obligation	4 Years to 16 Years	4 Years to 16 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%	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
Discount rate	754,245	647,116	(701,691)	(709,541)
Average annual growth rate of salary	(624,270)	(570,575)	662,978	609,293

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 51 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 111 million (2024: AED 115 million).

33. Share capital

	2025	2024
	AED'000	AED'000
Authorised:		
10,000 million (2024: 10,000 million) ordinary shares of AED 1 each	10,000,000	10,000,000
Issued and fully paid up:		
8,696.8 million (2024: 8,696.8 million) ordinary shares of AED 1 each	8,696,754	8,696,754

34. Reserves

The movement in the reserves is provided below:

	2025	2024
	AED'000	AED'000
Balance at 1 January	25,247,007	17,364,905
Total other comprehensive income for the year	1,654,485	(840,052)
Acquisition of non-controlling interests (NCI) without a change in control	12,192	(34,386)
Transfer (to)/from retained earnings	(29,159)	8,786,092
Non-controlling interest put option	(2,358,027)	(29,552)
As at 31 December	24,526,498	25,247,007

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Notes to the consolidated financial statements for the year ended 31 December 2025

34. Reserves (continued)

The movement for each type of reserves is provided below:

	2025	2024
	AED'000	AED'000
Translation reserve		
As at 1 January	(11,300,198)	(10,399,636)
Exchange differences on translation of foreign operations	2,422,743	(1,296,352)
Acquisition of non-controlling interests without a change in control	12,192	(34,386)
(Loss)/gain on hedging instruments designated in hedges of the net assets of foreign operations	(985,661)	430,176
As at 31 December	(9,850,924)	(11,300,198)
Investment revaluation reserve		
As at 1 January	636,226	(8,235,165)
Gain on revaluation	204,414	86,456
Transfer from investment revaluation reserve to retained earnings	(63,709)	8,784,935
As at 31 December	776,931	636,226
Development reserve	7,850,000	7,850,000
Cash flow hedge reserve		
As at 1 January	16,468	76,800
Gain/(loss) on revaluation	12,989	(60,332)
As at 31 December	29,457	16,468
Reserve for puttable instruments		
As at 1 January	(29,552)	-
Non-controlling interest put option	(2,358,027)	(29,552)
As at 31 December	(2,387,579)	(29,552)
Asset replacement reserve	8,281,600	8,281,600
Statutory reserve		
As at 1 January	5,549,780	5,548,623
Transfer from retained earnings	34,550	1,157
As at 31 December	5,584,330	5,549,780
General reserve	14,242,683	14,242,683

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.

e) Reserve for puttable instruments

e& recognised put option over non-controlling interests and recorded non-current put option financial liability discounted at present value against non-controlling interest and other reserve. At each reporting date, the difference between the fair value of the non-current liability resulting from the put option and the transfer of non-controlling interests is recognised in other reserve.

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Notes to the consolidated financial statements for the year ended 31 December 2025

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:

	2025	2024
	AED'000	AED'000
Bank borrowings	(52,761,410)	(53,588,517)
Bonds	(14,037,046)	(14,736,149)
Other borrowings	(840,581)	(870,312)
Lease liabilities	(5,654,376)	(4,396,796)
Cash and bank balances	34,308,361	33,628,232
Net funds	(38,985,052)	(39,963,542)
Total equity	61,762,607	53,920,332

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:

	2025	2024
	AED'000	AED'000
Financial assets		
Amortised cost financial assets:		
Due from related parties	73,744	119,765
Trade and other receivables, excluding prepayments and advances to suppliers	17,882,081	15,237,745
Cash and bank balances	34,308,361	33,628,232
Investment carried at amortised cost	9,636,964	5,995,263
	61,901,150	54,981,005
Financial assets carried at fair value through OCI	1,472,401	3,085,265
Fair value through profit or loss	1,242,498	591,136
Derivative financial instruments	412	462,334
	64,616,461	59,119,740
Financial liabilities		
Other financial liabilities held at amortised cost:		
Trade and other payables, excluding deferred revenue and advances from customers	39,173,977	32,395,287
Borrowings	67,639,037	69,194,978
Payables related to investments and licenses	1,572,412	1,618,047
Due to related parties	114,546	146,890
Derivative financial instruments	818,305	-
Conditional commitment to acquire NCI's share	12,003,380	8,092,091
	121,321,657	111,447,293

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.

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Notes to the consolidated financial statements for the year ended 31 December 2025

35. Financial instruments (continued)

Financial risk management objectives (continued)

a) Market risk (continued)

Foreign currency risk

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

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	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
Increase in profit and in equity				
Egyptian pounds	31,557	28,721	31,557	28,721
Euros	1,201,690	659,111	1,201,690	1,497,115
Pakistani rupees	433,993	399,456	433,993	399,456
Moroccan Dirhams	198,606	442,259	198,606	442,259
Central African Franc	289,082	314,401	289,082	314,401

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.

Interest rate sensitivity

Based on the borrowings outstanding at 31 December 2025, 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 927 million (2024: AED 844 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 2025 would increase/decrease by AED 5.8 million (2024: AED 6.3 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 2025 would increase/decrease by AED 65.0 million (2024: increase/decrease by AED 37 million) as a result of the changes in fair value of equity shares classified as FVTOCI.

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Notes to the consolidated financial statements for the year ended 31 December 2025

35. Financial instruments (continued)

Financial risk management objectives (continued)

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	2025	2024
Investment in UAE	52%	51%
Investment outside of the UAE	48%	49%

Cash and Bank Balances	2025		2024	
	AED	Rating	AED	Rating
By Moody's	8.12 billion	A3	4.42 billion	A3
	1.13 billion	Baa1	2.08 billion	Baa1
	7.18 billion	A1	5.41 billion	A1
	4.20 billion	Aa3	9.43 billion	Aa3
	5.10 billion	Aa2	3.01 billion	Aa2
	2.11 billion	A2	3.62 billion	A2
	-	B2	0.04 billion	B2
	0.70 billion	Caa1		
By S&P	0.03 billion	A	2.92 billion	A
	3.49 billion	A+	0.04 billion	A+
	0.37 billion	A-	0.38 billion	A-
	0.06 billion	BBB+	0.09 billion	BBB+
	-	BBB-	0.38 billion	BBB-
	0.36 billion	BBB		
	-	B-	0.09 billion	B-
	0.05 billion	B		
Other reputable financial institutions	1.38 billion		1.70 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 :	2025	2024
	AED'000	AED'000
Allowances on trade receivables and contract assets	1,026,489	790,134
Allowances on due from other telecommunication operators/carriers	112,509	101,419
Allowance on finance lease receivables	(13,856)	(49,148)
Total loss on allowances	1,125,142	842,405

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 2025 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.

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Notes to the consolidated financial statements for the year ended 31 December 2025

35. Financial instruments (continued)

c) Liquidity risk management (continued)

Financial liabilities are repayable as follows:

AED'000	Trade and other payables*	Borrowings	Payables related to investments and licenses	Conditional commitment to acquire NCI's share	Derivative financial liabilities	Total
On demand or within one year	37,601,858	38,487,419	930,246	-	-	77,019,523
In the second year	687,885	21,147,794	577,848	67,997	-	22,481,524
In the third to fifth years inclusive	770,112	6,030,028	146,110	13,313,841	-	20,260,091
After the fifth year	114,122	4,412,786	-	-	-	4,526,908
As At 31 December 2025	39,173,977	70,078,027	1,654,204	13,381,838	-	124,288,046
On demand or within one year	30,813,106	36,246,164	589,789	-	-	67,649,059
In the second year	1,054,941	24,309,049	559,939	-	-	25,923,929
In the third to fifth years inclusive	488,828	7,510,265	617,857	60,272	-	8,677,222
After the fifth year	38,412	2,217,598	-	9,157,074	-	11,413,084
As At 31 December 2024	32,395,287	70,283,076	1,767,585	9,217,346	-	113,663,294

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 AED'000	Fair value hierarchy as at 31 December 2025			Total AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
Financial assets					
Investment carried at amortised cost	9,636,964	8,872,399	174,146	1,262,804	10,309,349
Financial assets classified at fair value through OCI	1,472,401	-	171,907	1,300,494	1,472,401
Financial assets carried at fair value through profit or loss	1,242,498	128,364	291,595	822,539	1,242,498
Derivative financial instruments	412	-	412	-	412
	12,352,275	9,000,763	638,060	3,385,837	13,024,660
Financial liabilities					
Borrowings	67,639,037	13,595,156	53,271,397	-	66,866,553
Conditional commitment to acquire NCI's share	12,003,380	-	-	12,003,380	12,003,380
Derivative financial liabilities	779,516	-	779,516	-	779,516
	80,421,933	13,595,156	54,050,913	12,003,380	79,649,449

	Carrying value AED'000	Fair value hierarchy as at 31 December 2024			Total AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	
Financial assets					
Investment carried at amortised cost	5,995,263	5,112,513	160,819	981,357	6,254,689
Financial assets classified at fair value through OCI	3,085,265	-	1,944,746	1,140,519	3,085,265
Financial assets carried at fair value through profit or loss	591,136	165,116	101,845	324,175	591,136
Derivative financial instruments	462,334	-	462,334	-	462,334
	10,133,998	5,277,629	2,669,744	2,446,051	10,393,424
Financial liabilities					
Borrowings	69,194,978	14,310,865	53,895,405	-	68,206,270
Conditional commitment to acquire NCI's share	8,092,091	-	-	8,092,091	8,092,091
	77,287,069	14,310,865	53,895,405	8,092,091	76,298,361

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".

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Notes to the consolidated financial statements for the year ended 31 December 2025

35. Financial instruments (continued)

d) Fair value measurement of financial assets and liabilities (continued)

• The fair value of e& PPF Telecom Group and other e& Group entities' NCI put options amounting to AED 12,003 million (2024: AED 8,092 million) are classified as Level 3 and they are estimated using discounted-cash-flows approach and Monte Carlo simulation model. Especially for e& PPF Telecom Group's NCI put option, for each simulated path in Monte Carlo simulation, the higher of the simulated share price and the put option floor was determined. The redemption amount of the NCI put option was then calculated as the average of the outcomes resulting the simulated paths.

The redemption amount was present-valued to the valuation dates using a credit-adjusted discount rate. The credit-adjusted discount rate was calculated using the Euro short-term rate ("ESTR") curve, plus a credit spread which reflects the credit risk of e&. The credit spread was implied from listed e& Group bonds and third-party borrowings. The significant unobservable inputs are the risk-adjusted discount rate, the earn-out and claw-back amounts for the computation of the put option floor and the net debt forecast.

Significant increases (decreases) in estimated earn-out and claw-back and net debt forecast in isolation would result in a significantly higher (lower) fair value of the NCI put option. Significant increases (decreases) in the risk-adjusted discount rate in isolation would result in a significantly lower (higher) fair value of the NCI put option.

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 3,385 million (2024: AED 2,466 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

	2025	2024
	AED'000	AED'000
As at 1 January	2,446,051	1,622,994
Additions	1,196,059	390,760
Foreign exchange difference	213,229	(112,403)
Disposal	(491,810)	(382,921)
Revaluation	22,308	333,332
Acquisition of subsidiaries	-	594,289
As at 31 December	3,385,837	2,446,051

36. Commitments

a) Capital commitments

e& has approved future capital projects and investments commitments to the extent of AED 7,398 million (2024: AED 8,201 million).

e& has issued letters of credit amounting to AED 804 million (2024: AED 574 million).

37. Contingent liabilities

a) Bank guarantees

	2025	2024
	AED million	AED million
Performance bonds and guarantees in relation to contracts	4,672	3,696
Companies Overseas investments	4,262	3,342

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.

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37. Contingent liabilities

b) Other contingent liabilities (continued)

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. Proceedings were ongoing before the Supreme Court.

On 10 July 2025, the Supreme Court has held that:

1. Only those employees who were Civil Servants in the former T&T Department are entitled to increases in pension as are admissible to Government Civil Servants
2. T&T employees who do not fall within the definition of Civil Servants are NOT entitled to any increase in pensionary benefits granted by government.
3. Employees categorized as Workmen or Workers under the relevant labour laws are NOT considered Civil Servants and are therefore not eligible for pensionary increases
4. Employees recruited after 01.01.1991 by the corporation are NOT entitled to increases at par with civil servants.
5. VSS optees are NOT entitled to any increases at par with civil servants.

The court has remanded the cases to the respective High courts for determining who amongst the retired T&T employees are actually civil servants and who fall within the category of workmen.

The aggrieved pensioners of the decision of the Supreme Court of 10 July 2025 (VSS, workmen and employees hired after 1.1.1991) have filed a review petition against the decision of the Supreme Court which has not been fixed for hearing yet.

To comply with the above order, PTCL engaged an independent legal advisor to determine such transferred employees who being civil servant at the time of their transfer are entitled to increase in pension and has recognized an amount of PKR 6.9 billion (AED 90 million), as past service cost in the consolidated statement of profit or loss, based on its best estimate of expenditure required to meet its obligation as determined by the Supreme Court. In this respect, PTCL had also engaged independent actuary to calculate additional pension.

Based on this exercise, adequate provision has been made, and based on legal advice, any potential adverse findings from the High Courts on the determination for some pensioners, of who amongst the retired T&T employees are actually civil servants and who fall within the category of workmen, are not expected to materially impact the consolidated financial statements.

38. Dividends

Amounts recognised as distribution to equity holders:	AED'000
31 December 2024	
First interim dividend for the year ending 31 December 2024 of AED 0.415 per share	3,607,592
Final dividend for the year ended 31 December 2023 of AED 0.40 per share	3,477,198
	7,084,790
31 December 2025	
First interim dividend for the year ending 31 December 2025 of AED 0.43 per share	3,737,987
Final dividend for the year ended 31 December 2024 of AED 0.415 per share	3,607,592
	7,345,579

An interim dividend of AED 0.43 per share was declared by the Board of Directors on 31 July 2025 for the year ended 31 December 2025.

On 24 February 2026, the Board of Directors proposed a final dividend of AED 0.47 per share for the year ended 31 December 2025, bringing total dividends per share to AED 0.90 for the year.

39. Earnings per share

	2025	2024
Earnings (AED'000)		
Earnings for the purposes of basic earnings per share being the profit attributable to the equity holders of the Company	14,360,205	10,752,474
Number of shares ('000)		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	8,696,754	8,696,754
Earnings per share		
Basic and diluted	AED 1.65	AED 1.24

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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 2025 and 31 December 2024.

	Gross amounts AED '000	Gross amounts set off AED '000	Net amount presented AED '000
31 December 2025			
Financial assets			
Amounts due from other telecommunication operators/carriers	9,112,234	(6,470,024)	2,642,210
Financial liabilities			
Amounts due to other telecommunication administrators	9,086,986	(6,470,024)	2,616,962
31 December 2024			
Financial assets			
Amounts due from other telecommunication operators/carriers	12,172,283	(9,037,108)	3,135,175
Financial liabilities			
Amounts due to other telecommunication administrators	11,627,037	(9,037,108)	2,589,929

41. Acquisition of subsidiaries

41.1. Acquisition of subsidiaries in 2025

a) On 2 April 2025, e& PPF Telecom Group BV (e& PPF Telecom) completed the acquisition from United Group B.V. ("United Group") 100% stake in SBB d.o.o. Serbia ("SBB") for a consideration of EUR 852 million (AED 3,556 million) on a cash free, debt free basis. SBB is a leading cable television and broadband internet service provider in Serbia with over 700,000 active customers, strong market offerings and skilful management team. The transaction enables e& PPF Telecom to combine SBB with its Serbian mobile subsidiary Yettel, thereby creating a leading converged operator offering enhanced Mobile, Fixed BB and Pay-TV services.

b) On 31 December 2025, after receiving all the required regulatory approvals, Pakistan Telecommunication Company Limited ("PTCL") completed the acquisition from Telenor BV ("Telenor") 100% stake in Telenor Pakistan (Pvt) Ltd ("Telenor Pakistan"). The transaction value of PKR 112 billion (AED 1.4 billion) on a cash free debt free basis was financed mainly through debt raised by PTCL (PKR 108 billion). Given that e& has voting rights of 58% in Pakistan Telecommunication Company Limited, including the appointment of a majority of the Board of Directors and key management personnel, it exercises control over Telenor Pakistan. The financial statements of Telenor Pakistan has been consolidated into PTCL Group's financial statements starting 31 December 2025.

41.1(a). Identifiable assets acquired and liabilities assumed

The purchase price allocation for SBB has been finalized. SBB goodwill has been incorporated into the Yettel CGU. The amounts recognized for Telenor Pakistan are provisional, as the initial accounting for the business combination is not yet complete at the reporting date.

The following table summarizes the amounts recognised for assets acquired and liabilities assumed as of the acquisition date.

	Telenor PK AED'000	SBB AED'000	Total AED'000
Intangible assets	960,857	732,668	1,693,525
Property, plant and equipment	780,133	787,843	1,567,976
Right-of-use assets	205,880	29,566	235,446
Deferred tax assets	127,843	34	127,877
Trade and other receivables	448,321	206,617	654,938
Contract assets	22,052	107,829	129,881
Inventories	2,681	11,364	14,045
Bank and cash balances	5,134	31,813	36,947
Assets held for sale	-	246,225	246,225
Trade and other payables	(569,713)	(313,088)	(882,801)
Contract liabilities	(61,223)	(34,742)	(95,965)
Payables related to investments and licenses	(24,796)	-	(24,796)
Borrowings	(244,593)	-	(244,593)
Lease liabilities	(375,865)	(36,173)	(412,038)
Provisions	(14,564)	-	(14,564)
Deferred tax liabilities	-	(150,055)	(150,055)
Provision for employees' end of service benefits	(7,845)	(931)	(8,776)
Net identifiable assets acquired	1,254,302	1,618,970	2,873,272
Goodwill recognised on the basis of fair valuation	212,087	1,937,308	2,149,395
Fair value of investment	1,466,389	3,556,278	5,022,667
Purchase consideration			
Cash paid	(1,466,391)	(3,556,278)	(5,022,669)
Analysis of cash flows on acquisition			
Cash paid	(1,466,391)	(3,556,278)	(5,022,669)
Net cash acquired with the subsidiaries	5,134	31,813	36,947
Net cash flow on acquisition of subsidiaries	(1,461,257)	(3,524,465)	(4,985,722)

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Notes to the consolidated financial statements for the year ended 31 December 2025

41. Acquisition of subsidiaries (continued)

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

Included in the profit attributable to the parent company for the year was AED 69 million attributable to the business generated by SBB. Revenue for the year includes AED 780 million in respect of SBB. Had this business combination been effected at 1 January 2025, the restated revenue of the Group would have been AED 73,928 million and the restated profit for the year would have been AED 14,559 million.

41.2. Acquisition of subsidiaries in 2024

a) On 29 August 2024, e& enterprise, a wholly owned subsidiary of e&, has completed the acquisition of 100% stake in GlassHouse, a Türkiye-based cloud services provider, for an amount of USD 57.8 million (AED 212 million).

b) On 24 October 2024, e& acquired controlling stake (50% +1 economic share) PPF Telecom Group B.V., is a limited liability company incorporated in the Netherlands ("e& PPF TG"), from PPF Group N.V. ("PPF Group"). e& PPF TG operates Yettel (Bulgaria, Hungary, and Serbia), O2 (Slovakia), and CETIN Group N.V. (Bulgaria, Hungary, Slovakia, and Serbia). Yettel and O2 serve consumers, corporations, and public sectors with mobile, broadband, TV, and data services. CETIN provides wholesale telecom infrastructure.

e& PPF TG owns 70% of CETIN Group N.V. with the remaining 30% owned by GIC Private Limited ("GIC"). GIC has a put option to sell to PPF TG its 30% stake, which is exercisable only under certain conditions. As such conditions are not outside of the control of e&, a gross liability for the potential obligation under the put option has not been recorded.

As part of the shareholder agreement between e& and PPF Group, the terms of the Preferred Shares in PPF TG held by the respective shareholders increase the total beneficial interest of e& in CETIN Group to the same interest as PPF TG holds in the Yettel Group.

The initial purchase consideration was EUR 2.38 billion (AED 9,416 million), with additional consideration due of up to EUR 350 million (AED 1,335 million) with regards earn-out payments to PPF Group if e& PPF Telecom exceeds certain financial targets within the three-year period after closing. The consideration is also subject to a claw back of up to EUR 75 million (AED 286 million) if such financial targets are not achieved.

Management has assessed the likelihood of the earn out thresholds being satisfied and accordingly has recorded an accrual of EUR 325 million (AED 1,296 million) being the discounted value of the expected future payments.

PPF Group holds a put option that can require e& Group to purchase all of PPF Group's PPF TG's shares (put option) in the event of the certain trigger events. The potential future obligation under this put option has been assessed to be EUR 2,022 million (AED 8,065 million) at the date of acquisition. (Refer to Note 42)

41.2(a). Identifiable assets acquired and liabilities assumed

The following table summarizes the amounts recognised for assets acquired and liabilities assumed as of the acquisition date based on the final purchase price allocation exercise.

	Glasshouse AED'000	e& PPF Telecom Group AED'000	Total AED'000
Intangible assets	78,108	7,602,495	7,680,603
Property, plant and equipment	26,536	5,174,919	5,201,455
Right-of-use assets	2,072	1,149,681	1,151,753
Other investments	-	584,190	584,190
Deferred tax assets	-	282,874	282,874
Trade and other receivables	6,937	237,773	244,710
Contract assets	60,651	1,267,474	1,328,125
Inventories	-	607,240	607,240
Bank and cash balances	2,621	717,155	719,776
Trade and other payables	(51,812)	(1,620,279)	(1,672,091)
Contract liabilities	(32,389)	(123,463)	(155,852)
Payables related to investments and licenses	-	(79,605)	(79,605)
Borrowings	(8,732)	(6,650,250)	(6,658,982)
Lease liabilities	(15,962)	(1,096,273)	(1,112,235)
Provisions	-	(292,840)	(292,840)
Deferred tax liabilities	(12,680)	(933,620)	(946,300)
Provision for employees' end of service benefits	-	(16,571)	(16,571)
Net identifiable assets acquired	55,350	6,810,900	6,866,250
Non-controlling interest at fair value	-	(10,697,710)	(10,697,710)
Goodwill recognised on the basis of fair valuation	156,870	14,669,371	14,826,241
Fair value of investment	212,220	10,782,561	10,994,781
Purchase consideration			
Cash paid	212,220	9,416,268	9,628,488
Deferred and contingent consideration liability	-	1,366,293	1,366,293
Total consideration	212,220	10,782,561	10,994,781
Analysis of cash flows on acquisition			
Cash paid	(212,220)	(9,416,268)	(9,628,488)
Net cash acquired with the subsidiaries	2,621	717,155	719,776
Net cash flow on acquisition of subsidiaries	(209,599)	(8,699,113)	(8,908,712)

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41. Acquisition of subsidiaries (continued)

41.2. Acquisition of subsidiaries in 2024 (continued)

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

The goodwill on acquisition comprises the value of expected synergies arising from the acquisition. Goodwill resulting from the acquisition of e& PPF Telecom Group has been assigned to Yettel and CETIN as separate CGUs. With its leading retail position in the markets where it operates, supported by its high-quality assets, superior network coverage, growing customer base and sustained strong fundamentals, e& PPF Telecom will further enhance e&'s capacity to drive long-term growth and value.

Included in the profit attributable to the parent company for the year was AED 245 million attributable to the business generated by e& PPF Telecom Group. Revenue for the year includes AED 1,458 million in respect of e& PPF Telecom Group. Had this business combination been effected at 1 January 2024, the restated revenue of the Group would have been AED 65,952 million and the restated profit for the year would have been AED 10,578 million.

42. Conditional commitment to acquire NCI's shares

	2025	2024
	AED'000	AED'000
e& PPF Telecom Group	11,632,491	8,031,819
Other Group entities	370,889	60,272
	12,003,380	8,092,091

PPF Group's NCI put option

As part of the signed Shareholders Agreement related to the acquisition of PPF Telecom Group B.V. ("e& PPF TG"), PPF Group N.V. (PPF Group) is given the option to require e& Group to purchase all of PPF Group's shares in e& PPF TG (put option) in the event of the following trigger events:

- a change of control event in respect of the e& Group shareholder;
- occurrence of the put end date (i.e., 5 years after the date of the shareholder agreement);

If PPF Group exercises its put option, e& Group is required to purchase PPF Group's shares in e& PPF TG at the higher of the fair market value of the shares or a defined put option floor. The subject shares of the put option include both ordinary and preferred shares. As e& does not have the right to avoid incurring a liability after 5 years to buy the shares from PPF Group, the company is required under IFRS to record a liability for the present value of the estimated potential future payment.

IAS 32:23 does not specify the discount rate that should be used in deriving the present value. In the absence of specific guidance, a reasonable approach would be to reflect in the discount rate:

- interest rate risk – being the benchmark interest rate for the term to the earliest redemption date for the relevant currency of the obligation; and
- of the credit risk associated with the issuer because the issuer is the obligor under the arrangement.

e& Group follows partial recognition of non-controlling interest (NCI) approach, where the Group:

- determine the amount that would have been recognised for the NCI and continue to receive an allocation of NCI in profit or loss;
- reclassify the NCI as a put option liability at the end of the reporting period, as if the acquisition took place at that date; and
- recognise in the equity the difference between fair value of put option liability and NCI

The fair value of the put option liability was determined using a multicriteria approach aligned with general professional valuation practices comprising the discounted-cash-flows method and Monte Carlo simulation model. The model simulates the Company's share price from the valuation dates as a function of time, risk-free rate, volatility and dividend yield.

Based on the above methodology, as at 31 December 2025, the net present value of the Put Option liability, assuming it will become exercisable after 5 years from issuance, was determined to be EUR 2,698 million (AED 11,632 million) (2024: EUR 2,105 million (AED 8,033 million)). The fair value of the same Put Option as at the acquisition date of e& PPF TG was determined to be EUR 2,022 million (AED 8,065 million) (refer to Note 41.1b). The key assumptions at 31 December 2025 in this valuation are a risk free rate of 2.23% (2024: 2.04%); volatility factor of 25.48% (2024: 25.48%) (based on observable comparable companies) and that e& PPF TG will perform in line with the 5 year business plan.

The Put Option liability amount will be remeasured at each reporting date with changes to the fair value recognised in equity.

Other Group entities

e& Group has granted put option to the minority shareholders of two group entities to put their shares for acquisition of their remaining stakes (36.7% and 31.7% respectively). As per the arrangements, e& Group also received call options to purchase the remaining shares. As at 31 December 2025, the Group recognises put option liability amounting to AED 69.7 million and AED 301.1 million, respectively and applies partial recognition of non-controlling interest (NCI)'s approach. The Group recognises all the changes in the put option fair value in the equity.

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43. Restatement of comparative figures

The below table summarizes the restatements made in the prior year numbers on account of finalisation of provisional purchase price allocation exercise for subsidiaries acquired in 2024, including put option valuation.

	As previously reported AED'000	Restatement AED'000	As restated AED'000
Consolidated statement of financial position			
Goodwill and other intangible assets	44,389,254	(661,166)	43,728,088
Property, plant and equipment	43,421,531	1,089,467	44,510,998
Right-of-use assets	2,776,094	37,102	2,813,196
Deferred tax assets	581,282	(88,894)	492,388
Deferred tax liabilities	2,122,555	364,328	2,486,883
Lease liabilities	3,602,260	(11,878)	3,590,382
Reserves	25,128,915	118,092	25,247,007
Retained earnings	11,738,964	(81,994)	11,656,970
Non-controlling interests	8,331,640	(12,039)	8,319,601

	As previously reported AED'000	Restatement AED'000	As restated AED'000
Consolidated statement of comprehensive income			
Exchange differences on translation of foreign operations	(2,307,217)	(178,741)	(2,485,958)
Total comprehensive income/(loss) attributable to:			
Owners of the Company	9,822,722	113,258	9,935,980
Non-controlling interests	(969,247)	(291,999)	(1,261,246)
Total comprehensive income for the year	8,853,475	(178,741)	8,674,734

44. Audit and non-audit fee information

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

Category of services	Nature of Services	2025	2024
		AED'000	AED'000
Financial statement audits	Pertain to audit of consolidated financial statements of Etisalat Group and standalone audits of subsidiaries audited by EY network firms	19,880	8,828
Non-audit fees	- Regulatory audit - Update of the Global Medium Term Note (GMTN)	2,683	663
		22,563	9,491

45. Significant events

On 18 December 2025, O2, the mobile operator in Slovakia, part of e& PPF Telecom Group BV (e& PPF Telecom), signed a binding agreement with Liberty Global to acquire 100% of UPC Broadband Slovakia s.r.o. (UPC Slovakia) for a total consideration of EUR 95 million on a cash-free, debt-free basis.