

Emirates Telecommunications Group Company PJSC

# Consolidated statement of cash flows

## for the year ended 31 December 2022

	Notes	2022 AED'000	2021 AED'000
<b>Operating profit</b>		<b>12,951,414</b>	<b>12,799,477</b>
Adjustments for:			
Depreciation		5,794,766	6,370,772
Amortisation		1,854,270	1,824,688
Impairment loss on other assets - net		2,756	148,141
Share of results of associates and joint ventures		(417,358)	(297,462)
Provisions and allowances		(768,293)	35,500
Unrealised currency translation loss/(gain)		536,686	(905,547)
<b>Operating cash flows before changes in working capital</b>		<b>19,954,241</b>	<b>19,975,569</b>
<b>Changes in:</b>			
Inventories		(292,095)	(66,299)
Due from related parties		(30,293)	(6,481)
Trade and other receivables including contract assets		(2,581,546)	(380,286)
Trade and other payables including contract liabilities		4,037,631	821,242
<b>Cash generated from operations</b>		<b>21,087,938</b>	<b>20,343,745</b>
Income tax expenses paid		(1,841,221)	(2,118,248)
Payment of employees' end of service benefits		(112,216)	(114,641)
<b>Net cash generated from operating activities</b>		<b>19,134,501</b>	<b>18,110,856</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments at amortised cost		349,367	185,213
Acquisition of investments at amortised cost		(575,536)	(1,231,372)
Acquisition of subsidiaries (net of cash and bank balances acquired)	41	(224,015)	(57,340)
Acquisition of investments classified as fair value through profit or loss		(1,549,577)	(769,720)
Proceeds from disposal of investments classified as fair value through profit or loss		366,997	2,122,619
Acquisition of non-controlling interests without a change in control	15 (d)	-	(1,862,970)
Acquisition of investments classified as fair value through other comprehensive income ("OCI")		(18,688,232)	(12,756)
Proceeds from disposal of investments classified as fair value through OCI		61,838	-
Acquisition of interest in an associate		(638,889)	-
Purchase of property, plant and equipment		(6,747,423)	(6,446,212)
Proceeds from disposal of property, plant and equipment		67,201	50,306
Purchase of intangible assets		(1,289,877)	(1,916,139)
Proceeds from disposal of intangible assets		898	2,332
Dividend income received from associates, joint ventures and other investments		334,570	124,344
Term deposits made with maturities over three months		(32,373,123)	(8,023,167)
Term deposits matured with maturities over three months		11,180,517	17,440,742
Cash flows from unwinding of derivative financial instruments - net	28	22,323	(8,101)
Finance and other income received		1,241,615	1,044,438
<b>Net cash (used in)/generated from investing activities</b>		<b>(48,461,346)</b>	<b>642,217</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	27(c)	30,439,982	10,639,273
Repayments of borrowings	27(c)	(6,646,006)	(10,214,403)
Payments of lease liabilities	27(c)	(707,205)	(714,931)
Repayment of advances to non-controlling interests		-	(67,274)
Dividends paid		(8,035,146)	(11,574,258)
Finance and other costs paid		(1,431,103)	(1,154,800)
Net cash generated from/(used in) financing activities		<b>13,620,522</b>	<b>(13,086,393)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(15,706,323)</b>	<b>5,666,680</b>
Cash and cash equivalents at the beginning of the year		19,911,520	13,205,530
Effect of foreign exchange rate changes		(1,003,002)	1,039,310
Cash and cash equivalents at the end of the year	24	<b>3,202,195</b>	<b>19,911,520</b>

The accompanying notes on pages 50 to 81 form an integral part of these consolidated financial statements. The independent auditors' report is set out on pages 45 to 47.

Emirates Telecommunications Group Company PJSC

# Notes to the consolidated financial statements

## for the year ended 31 December 2022

### 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. 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.

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

These consolidated financial statements comprise the Company and its subsidiaries ("the Group" or collectively as "e&").

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

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 6 March 2023.