

## **E7 GROUP PJSC**

**Board of Directors' Report and consolidated financial  
statements**

**For the year ended 31 December 2024**

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## **Board of Directors' Report to the Shareholders for the year ended 31 December 2024**

On behalf of E7 Group PJSC's (the "E7 Group" or the "Company") Board of Directors, I am pleased to present the Board of Directors' report and the audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2024.

In 2024, E7 Group continued to adapt to an evolving market environment, characterised by advanced technological solutions. Our ongoing investments in our core offerings including security solutions reflect our commitment to staying ahead of industry trends and meeting the shifting demands of both global and local markets. Such strategic initiatives enable us to not only drive operational excellence but also ensure compliance with stringent regulatory standards, all while contributing to the broader sustainability agenda.

E7 Group is well-positioned for future success, with strategic investments in key areas like packaging and security solutions, with a clear focus on customer-centric integrated solutions and a commitment to sustainability and technology. Our continued efforts to optimise operations and embrace innovation give us a competitive edge, ensuring we can navigate challenges and capitalise on new opportunities for continued growth and value creation over the medium-long term.

### **Principal Activities**

The Group's principal activities comprise commercial printing, packaging and distribution.

### **Financial Performance**

The consolidated results as set out in the annexed consolidated financial statements reflect the performance of the Group for the year ended 31 December 2024.

The Group's revenue totalled AED 701.2 million for the year 2024, reflecting strong growth of 11% year-on-year, up from AED 631.9 million in 2023. The revenue performance is attributed to growth in its security solutions and packaging segments.

Gross profit grew strongly by 15.2% year-on-year to AED 230.2 million in 2024 compared to AED 199.9 million in 2023. Gross profit margin reached 32.8% in 2024, representing an over 1% margin improvement versus the 31.6% achieved in 2023.

EBITDA increased by 11.6% year-on-year to AED 190.6 million in 2024 compared to AED 170.8 million in 2023. EBITDA growth in 2024 reflects the Group's strong revenue growth in the year and its continued focus on enhancing operational efficiencies and cost management, alongside the benefit of long-term supply agreements. EBITDA margin remained stable at 27.2% in 2024.

The net profit before fair value adjustments of warrants, income tax expense and non-cash listing expenses equalled AED 222.8 million, representing a 56% year-on-year increase compared to AED 142.6 million in 2023. Net profit margin before fair value adjustments of warrants and non-cash listing expenses reached 31.8%, a significant expansion compared to the 22.6% achieved in 2023. The strong margin expansion in the year reflects the interest income earned in 2024 alongside the Group's ability to deliver in high-margin product segments.

The reported net profit before tax totalled AED 256.7 million in 2024, increasing more than six times year-on-year, following a one-off non-cash listing expense of AED 191.4 million in 2023. The year-on-year increase was largely attributed to the interest income earned in 2024, along with the successful delivery of high-margin products and the cost efficiencies.

The Group's net profit for the year after tax, which accounts for the new UAE corporate tax rate introduced in 2024, totalled AED 233.4 million in the year. The net profit margins reached 33.3% in 2024.

The Earnings per share (EPS) amounted to AED 0.12 in 2024, a significant improvement from a loss of AED 0.06 in 2023, largely due to the one-off non-cash expense associated with the Group's listing on the Abu Dhabi Securities Exchange ('ADX') in 2023.

#### **Liquidity**

The Group's total cash & cash equivalents were AED 1,442.0 million as of 31 December 2024 (31 December 2023: AED 1,285.5 million) with no borrowings.

#### **Total Assets & Shareholders' Equity**

The Group's total assets were AED 2,390.2 million as at 31 December 2024 (31 December 2023: AED 2,018.0 million). The value of shareholders' equity was at AED 1,941.8 million as of 31 December 2024 compared to AED 1,617.6 million as of 31 December 2023.

#### **Dividend Proposal by the Board of Directors**

The Board of Directors is pleased to propose a dividend distribution for the financial year ended 2024. This decision reflects the Company's strong financial performance, commitment to shareholder returns, and prudent capital management. In alignment with our dividend policy, the Board recommends a dividend of 7.36 fils per share, amounting to a total distribution of AED 147,108 thousand, subject to approval by the shareholders at the upcoming Annual General Meeting (AGM) scheduled for 29<sup>th</sup> April 2025.

#### **Directors**

The Directors of the Group who held office during the financial year subject to review are detailed below.

- Ahmed Al Shamsi - Chairman
- Jaap Kalkman - Vice Chairman
- Domantas Bagusis
- Iman Al Qasim
- Jan Juul Larsen
- Mohammad Sharafi
- Saif Al Hammadi
- Khalid Al Muhaidib (Retired on 30 May 2024)

#### **Auditor**

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by KPMG Lower Gulf Limited.

#### **For and on behalf of the Board of Directors**

Ahmed Al Shamsi

Chairman  
28<sup>th</sup> March 2025





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## Independent auditors' report

To the Shareholders of E7 Group P.J.S.C.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of E7 Group P.J.S.C. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable requirements of Financial Statements Auditing Standards for the Subject Entities issued vide Abu Dhabi Accountability Authority ("ADAA") Chairman's Resolution No. (88) of 2021 (ADAA Auditing Standards). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical and independence requirements of ADAA that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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



## Key Audit Matters (continued)

### Revenue recognition

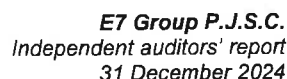
See Note 21 to the consolidated financial statements.

| The key audit matter   | How the matter was addressed in our audit  |
|--|--|
| <p>The Group reported revenue of AED 701 million during the year ended 31 December 2024 (2023: AED 632 million).</p> <p>The Group's revenue is derived from printing services such as cards, schoolbooks, newspapers, and other commercial printing, as well as revenue from distribution and packaging. Revenue is recognised at the point in time at which the performance obligation is satisfied.</p> <p>The Group's revenue recognition accounting policy is included in note 3 to the consolidated financial statements. Details of the nature of revenue recognised during the year are disclosed in note 21.</p> <p>Revenue recognition is considered to be a key audit matter given its significance in determining the financial performance and the profitability of the Group.</p> | <p>We performed the following procedures, in respect of revenue recognition:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the business process and performed walkthroughs;</li> <li>• We assessed the key controls over revenue to determine if they had been designed and implemented appropriately;</li> <li>• We tested a sample of revenue transactions for each significant revenue stream and inspected the underlying supporting documentation such as signed customer contracts, customer invoices, and proof of delivery. For the sample selected, we assessed if revenue is recognised based on the satisfaction of the performance obligation;</li> <li>• We performed revenue cut off testing to ensure revenue is recognized in the correct accounting period; and</li> <li>• We assessed the disclosure in the consolidated financial statements relating to revenue recognition against the requirements of IFRSs.</li> </ul> |

### Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report but does not include the consolidated financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

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



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and applicable provisions of the laws and regulations 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.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and ADAA Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and ADAA Auditing Standards, 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.



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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

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

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

#### **Report on Other Legal and Regulatory Requirements**

Further, as required by the UAE Federal Decree Law No. 32 of 2021 we report that for the year ended 31 December 2024:

- i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- iii) the Group has maintained proper books of account;





## **Report on Other Legal and Regulatory Requirements** *(continued)*

- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 13 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2024;
- vi) note 19 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- 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 2024 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2024.

Further, as required by the ADAA Auditing Standards, we report that based on the procedures performed and information provided to us by management and those charged with governance, nothing has come to our attention that causes us to believe that the Company has not complied, in all material aspects, with any of the provisions of the following laws applicable to its activities, regulations and circulars as applicable, which would have a material impact on the consolidated financial statements as at 31 December 2024:

- i) its Articles of Association or Law of Establishment which would materially affect its activities or its financial position as at 31 December 2024; and
- ii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Company's consolidated financial statements.

KPMG Lower Gulf Limited

**Maher Alkatout**  
Registration No.: 5453  
Abu Dhabi, United Arab Emirates

Date: 28 March 2025

## E7 Group PJSC

### Consolidated statement of financial position At 31 December 2024

|  | Notes | 2024<br>AED '000 | 2023<br>AED '000 |
|--|-------|------------------|------------------|
| <b>ASSETS</b>                                    |       |                  |                  |
| <b>Non-current assets</b>                        |       |                  |                  |
| Property, plant and equipment                    | 6     | 379,281          | 279,295          |
| Right-of-use assets                              | 7     | 13,422           | 6,773            |
| Intangible assets                                | 8     | 2,822            | 2,650            |
| <b>Total non-current assets</b>                  |       | <b>395,525</b>   | <b>288,718</b>   |
| <b>Current assets</b>                            |       |                  |                  |
| Inventories                                      | 9     | 242,446          | 175,794          |
| Due from related parties                         | 19    | 2,906            | 5,542            |
| Trade and other receivables                      | 10    | 307,269          | 262,515          |
| Cash and bank balances                           | 11    | 1,442,026        | 1,285,474        |
| <b>Total current assets</b>                      |       | <b>1,994,647</b> | <b>1,729,325</b> |
| <b>Total Assets</b>                              |       | <b>2,390,172</b> | <b>2,018,043</b> |
| <b>EQUITY AND LIABILITIES</b>                    |       |                  |                  |
| <b>Equity</b>                                    |       |                  |                  |
| Share capital                                    | 12    | 524,813          | 524,813          |
| Share premium                                    | 12    | 1,025,135        | 1,025,135        |
| Treasury shares                                  | 13    | (25,000)         | (25,000)         |
| Shareholder's contribution                       | 14    | 50,600           | 50,600           |
| Statutory reserve                                |       | 62,166           | 38,822           |
| Other reserve                                    |       | 90,000           | -                |
| Retained earnings                                |       | 214,116          | 3,269            |
| <b>Total equity</b>                              |       | <b>1,941,830</b> | <b>1,617,639</b> |
| <b>Liabilities</b>                               |       |                  |                  |
| <b>Non-current liabilities</b>                   |       |                  |                  |
| Provision for employees' end of service benefits | 16    | 27,146           | 27,520           |
| Lease liabilities                                | 7     | 8,824            | 4,844            |
| <b>Total non-current liabilities</b>             |       | <b>35,970</b>    | <b>32,364</b>    |
| <b>Current liabilities</b>                       |       |                  |                  |
| Public warrants                                  | 17    | 16,588           | 43,673           |
| Private warrants                                 | 17    | 4,147            | 10,918           |
| Trade and other payables                         | 18    | 312,556          | 260,255          |
| Current tax payable                              | 31    | 23,255           | -                |
| Due to related parties                           | 19    | 5,647            | 6,745            |
| Deferred revenues                                | 20    | 44,803           | 44,494           |
| Lease liabilities                                | 7     | 5,376            | 1,955            |
| <b>Total current liabilities</b>                 |       | <b>412,372</b>   | <b>368,040</b>   |
| <b>Total liabilities</b>                         |       | <b>448,342</b>   | <b>400,404</b>   |
| <b>Total equity and liabilities</b>              |       | <b>2,390,172</b> | <b>2,018,043</b> |

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Group as of, and for the year ended to 31 December 2024.

These consolidated financial statements were authorized for issue by the Board of Directors on 28 March 2025 and signed on its behalf by:

Ahmed Al Shamsi  
Chairman

Esteban Gómez Nadal  
Group Chief Executive Officer

Faizal Anoud  
Group Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 7.

## E7 Group PJSC

### Consolidated statement of profit or loss and other comprehensive income For the year ended 31 December 2024

|  | Notes | 2024<br>AED'000 | 2023<br>AED'000 |
|--|-------|-----------------|-----------------|
| Revenues from contracts with customers                             | 21    | 701,167         | 631,931         |
| Direct costs   | 22    | (470,933)       | (432,017)       |
| <b>Gross profit</b>  |       | <b>230,234</b>  | <b>199,914</b>  |
| General and administrative expenses                                | 23    | (79,880)        | (67,215)        |
| Selling and marketing expenses                                     | 24    | (10,009)        | (8,585)         |
| Reversal of impairment loss on financial assets                    | 10    | 4,654           | 1,156           |
| Other income   | 27    | 7,847           | 7,288           |
| <b>Operating profit for the year</b>                               |       | <b>152,846</b>  | <b>132,558</b>  |
| Finance income   | 26    | 106,374         | 11,833          |
| Finance cost   | 26    | (2,528)         | (4,135)         |
| <b>Profit for the year before non-cash listing expense</b>         |       | <b>256,692</b>  | <b>140,256</b>  |
| Non-cash listing expense   | 2     | -               | (191,366)       |
| <b>Profit/(loss) for the year after non-cash listing expense</b>   |       | <b>256,692</b>  | <b>(51,110)</b> |
| Income tax expense   |       | (23,255)        | -               |
| <b>Profit/(loss) for the year after taxation</b>                   |       | <b>233,437</b>  | <b>(51,110)</b> |
| <b>Other comprehensive income</b>                                  |       |                 |                 |
| <i>Items that will not be reclassified to profit or loss</i>       |       |                 |                 |
| Re-measurement of provision for employees' end of service benefits |       | 754             | 369             |
| <b>Total comprehensive income/(loss) for the year</b>              |       | <b>234,191</b>  | <b>(50,741)</b> |
| <b>Earnings/(loss) per share:</b>                                  |       |                 |                 |
| Basic (AED)  | 28    | 0.12            | (0.06)          |
| Diluted (AED)  | 28    | 0.12            | (0.06)          |

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 7.

## E7 Group PJSC

### Consolidated statement of changes in equity For the year ended 31 December 2024

|  | Share<br>capital<br>AED '000 | Share<br>premium<br>AED '000 | Treasury<br>shares<br>AED '000 | Shareholder's<br>contribution<br>AED '000 | Statutory<br>reserve<br>AED '000 | Other<br>reserve<br>AED '000 | Retained<br>earnings<br>AED '000 | Total<br>equity<br>AED '000 |
|--|------------------------------|------------------------------|--------------------------------|---|----------------------------------|------------------------------|----------------------------------|-----------------------------|
| Balance at 1 January 2023 - (Represented)                                  | 155,750                      | 127,210                      | -                              | 50,600                                    | 31,645                           | -                            | 61,187                           | 426,392                     |
| Total comprehensive loss for the year                                      | -                            | -                            | -                              | -   | -                                | -                            | (50,741)                         | (50,741)                    |
| Transfer to statutory reserve  | -                            | -                            | -                              | -   | 7,177                            | -                            | (7,177)                          | -                           |
| Class A shares issued to the public<br>shareholders and founders (Note 12) | 160,563                      | 572,887                      | -                              | -   | -                                | -                            | -                                | 733,450                     |
| Class A shares issued to PIPE investors<br>(Note 12)                       | 183,500                      | 550,500                      | -                              | -   | -                                | -                            | -                                | 734,000                     |
| Additional class A shares issued upon<br>conversion of Bonds (Note 12)     | 25,000                       | -                            | -                              | -   | -                                | -                            | -                                | 25,000                      |
| Class A shares bought back as Treasury<br>shares (Note 13)                 | -                            | -                            | (25,000)                       | -   | -                                | -                            | -                                | (25,000)                    |
| Transfer of listing expenses in the de-SPAC<br>transaction (Note 12)       | -                            | (225,462)                    | -                              | -   | -                                | -                            | -                                | (225,462)                   |
| Balance at 1 January 2024  | 524,813                      | 1,025,135                    | (25,000)                       | 50,600                                    | 38,822                           | -                            | 3,269                            | 1,617,639                   |
| <b>Total comprehensive income for the year</b>                             | -                            | -                            | -                              | -   | -                                | -                            | 234,191                          | 234,191                     |
| Transfer to statutory reserve  | -                            | -                            | -                              | -   | 23,344                           | -                            | (23,344)                         | -                           |
| Reserve on initial recognition of land (note<br>6)                         | -                            | -                            | -                              | -   | -                                | 90,000                       | -                                | 90,000                      |
| <b>Balance at 31 December 2024</b>   | <b>524,813</b>               | <b>1,025,135</b>             | <b>(25,000)</b>                | <b>50,600</b>                             | <b>62,166</b>                    | <b>90,000</b>                | <b>214,116</b>                   | <b>1,941,830</b>            |

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 7.

## E7 Group PJSC

### Consolidated statement of cash flows For the year ended 31 December 2024

|  | Notes   | 2024<br>AED'000  | 2023<br>AED'000  |
|--|---------|------------------|------------------|
| <b>Cash flows from operating activities</b>  |         |                  |                  |
| Profit /(loss) for the year before tax   |         | 256,692          | (51,110)         |
| <i>Adjustments for:</i>  |         |                  |                  |
| Depreciation of property, plant and equipment  | 6       | 32,404           | 33,127           |
| Depreciation of right-of-use assets  | 7 & 22  | 5,196            | 3,183            |
| Amortisation of intangible assets  | 8 & 23  | 517              | 422              |
| Impairment loss on property, plant and equipment                                     | 6 & 22  | -                | 1,856            |
| Gain on sale of property, plant and equipment  | 27      | (966)            | (280)            |
| Gain on derecognition of lease liabilities and right-of use of assets                | 7       | -                | (318)            |
| Reversal of allowance for expected credit losses of trade and other receivables      | 10 & 19 | (4,654)          | (1,156)          |
| Non-cash listing expense   | 2       | -                | 191,366          |
| Provision for slow moving and obsolete inventories                                   | 9       | 8,085            | 903              |
| Provision for employees' end of service benefits                                     | 16 & 25 | 5,019            | 4,729            |
| Finance cost on lease liabilities  | 7 & 26  | 927              | 376              |
| Finance cost on finance asset lease  | 26      | -                | 40               |
| Net (gain)/loss on warrant liabilities at fair value through profit or loss          | 26      | (33,856)         | 2,294            |
| Interest income on fixed deposits  | 26      | (72,518)         | (11,833)         |
| Foreign currency exchange loss   | 26      | 318              | 316              |
| <b>Operating cash flows before changes in operating assets and liabilities</b>       |         | <b>197,164</b>   | <b>173,915</b>   |
| Inventories  |         | (74,737)         | (59,141)         |
| Due from related parties   |         | 2,636            | (3,095)          |
| Trade and other receivables  |         | (39,995)         | (102,892)        |
| Trade and other payables   |         | 50,248           | 2,582            |
| Due to related parties   |         | (1,098)          | (1,015)          |
| Deferred revenues  |         | 309              | (3,352)          |
| <b>Cash generated from operations</b>  |         | <b>134,527</b>   | <b>7,002</b>     |
| Employees' end of service benefit paid   | 16      | (2,411)          | (3,111)          |
| <b>Net cash generated from operating activities</b>                                  |         | <b>132,116</b>   | <b>3,891</b>     |
| <b>Cash flows from investing activities</b>  |         |                  |                  |
| Acquisition of property, plant and equipment   | 6       | (42,566)         | (48,835)         |
| Acquisition of intangible assets   | 8       | (689)            | (422)            |
| Finance income received  | 26      | 72,096           | 11,833           |
| Proceeds from disposal of property, plant and equipment sale                         |         | 966              | 572              |
| <b>Net cash generated from /(used in) investing activities</b>                       |         | <b>29,807</b>    | <b>(36,852)</b>  |
| <b>Cash flows from financing activities</b>  |         |                  |                  |
| Principal payments for lease liabilities   | 7       | (4,444)          | (2,689)          |
| Payment of interest on lease liabilities   | 7 & 26  | (927)            | (376)            |
| Payment of finance cost on finance asset lease                                       | 26      | -                | (40)             |
| Proceeds from issue of share capital   | 12      | -                | 734,000          |
| Proceeds on acquisition of subsidiary assets   |         | -                | 367,937          |
| <b>Net cash (used in)/generated from financing activities</b>                        |         | <b>(5,371)</b>   | <b>1,098,832</b> |
| <b>Net increase in cash and cash equivalents</b>                                     |         | <b>156,552</b>   | <b>1,065,871</b> |
| Cash and cash equivalents at the beginning of the year                               | 11      | 1,285,474        | 219,603          |
| <b>Cash and bank balances at the end of the year</b>                                 | 11      | <b>1,442,026</b> | <b>1,285,474</b> |
| Term deposit with original maturity more than 3 months                               | 11      | (1,187,207)      | (957,840)        |
| Cash and cash equivalents at the end of the year                                     | 11      | <b>254,819</b>   | <b>327,634</b>   |
| <b>Non-cash transactions:</b>  |         |                  |                  |
| Treasury shares  | 13      | -                | 25,000           |
| Class A shares issued to the ADC founders in exchange for the Class B founder shares | 12      | -                | 314,336          |
| Transfer from end of service balance to other payables                               | 16      | 2,228            | -                |
| Transfer of Land   | 6       | 90,000           | -                |

The accompanying notes form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 3 to 7.

# E7 GROUP PJSC

## Notes to the consolidated financial statements For the year ended 31 December 2024

### 1 General information

E7 Group P.J.S.C (“E7” or the “Company”) and its subsidiaries (together the “Group”) (previously ADC Acquisition Corporation PJSC) was established as a Public Joint Stock Company and was approved by the Securities and Commodities Authority to be a Special Purpose Acquisition Companies (“SPAC”). The Company’s Class A shares and public warrants are listed on the Abu Dhabi Securities Exchange (“ADX”).

On 19 September 2023, ADC Acquisition Corporation PJSC (“ADC”) entered into a Sale and Purchase Agreement (“SPA”) with ADQ Developmental Holding LLC (the “Seller” or “ADQ Holding”) to:

- acquire 943,200 shares (nominal value: AED 300 per share) of United Printing & Publishing – Sole Proprietorship LLC (“UPP”) representing the entire issued share capital of UPP; and
- issue to the Seller 62,300,000 Class A shares at an issue price of AED 10 per share (nominal value: AED 2.5 per share), in consideration of the purchase of UPP’s entire issued share capital.

On 7 November 2023 (the Transaction date), the legal transfer of the shares took place between the Company and ADQ Holding, resulting in an acquisition transaction (“Transaction” or “de-SPAC Transaction”) between ADC and UPP. Pursuant to the de-SPAC Transaction:

- ADC legally acquired UPP;
- ADC ceased to be a SPAC and was renamed as E7 Group PJSC;
- ADQ Holding, the parent company of UPP acquired the largest stake in the combined entity.

The de-SPAC Transaction was accounted for as a recapitalisation as per *IFRS 2, Share-based payments* (note 2). The Group’s consolidated financial statements as at and for the year ended 31 December 2024 are prepared as a continuation of UPP and its subsidiaries. The equity structure presented in the Group’s consolidated financial statements reflects E7’s equity structure, including the equity instruments issued by E7 to effect the de-SPAC Transaction. (note 12).

The Group’s principal activities comprise printing, publishing, packaging and distributing newspapers, magazines, books and other printed materials.

The Group also owns a trade license namely, United Printing & Publishing (Store) LLC - Sole Proprietorship LLC (“USL”). The principal activities of USL is storing in public storehouses.

The Group is using the above trade license for its operations.

On 7 November 2023, E7 raised AED 734 million by issuing 73.4 million Class A shares at an issue price of AED 10 per share (nominal value per share: AED 2.5) to private qualified and institutional investors through a Private Investment in Public Equity (“PIPE”) fundraising.

Following table summarises the Company’s ownership structure for the year ended 31 December 2024:

| Name   | Number of shares     | Nominal Value      | Percentage holding |
|--|----------------------|--------------------|--------------------|
| Q Industrial Holdings LTD                              | 834,625,000          | 208,656,250        | 39.8%              |
| Chimera Investments LLC                                | 137,625,000          | 34,406,250         | 6.6%               |
| United Eastern General Trading                         | 132,446,740          | 33,111,685         | 6.3%               |
| International Aviation Holding - Single Person Company | 117,446,750          | 29,361,688         | 5.6%               |
| Other shareholders                                     | 777,106,510          | 194,276,627        | 37%                |
| <b>Total</b>   | <b>1,999,250,000</b> | <b>499,812,500</b> | <b>95.2%</b>       |
| Treasury Shares (note 13)                              | 100,000,000          | 25,000,000         | 4.8%               |
| <b>Grand Total</b>                                     | <b>2,099,250,000</b> | <b>524,812,500</b> | <b>100%</b>        |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 2 Basis of preparation

During the year, the Company has represented its comparative figures in the consolidated financial statements and has included the balances of those of UPP and its subsidiaries.

#### 2.1 Application of new and revised International Financial Reporting Standards (IFRSs)

##### 2.1.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

| <u>New and currently effective IFRSs and amendments</u> | <u>Effective for annual periods beginning on or after</u> |
|---|---|
|---|---|

*Non-current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1*

*Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*

*Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7*

1 January 2024

##### 2.1.2 Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

###### A. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's consolidated statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

###### B. Other accounting standards

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

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 2 Basis of preparation (continued)

#### 2.1 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

#### 2.1.2 Accounting standards issued but not yet effective (continued)

##### B. Other accounting standards (continued)

| <u>New and revised IFRSs and amendments</u>   | <u>Effective for annual periods<br/>beginning on or after</u>            |
|---|--|
| <i>Lack of Exchangeability – Amendments to IAS 21</i>   | 1 January 2025   |
| <i>Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7</i>                                | 1 January 2026   |
| <i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>   |  |
| <i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>  | 1 January 2027   |
| <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</i> | Available for optional adoption/<br>effective date deferred indefinitely |

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the consolidated financial statement of the Group.

#### 2.2 Recapitalisation

E7 and ADQ Holding entered into a SPA on 19 September 2023 pursuant to which E7 issued 62,300,000 Class A shares to ADQ Holding to acquire UPP's entire issued share capital, constituting 943,200 shares (nominal value: AED 300 per share). The legal transfer of the shares took place on 7 November 2023 resulting in the de-SPAC Transaction between E7 and UPP.

For accounting purposes, management assessed the different factors described in IFRS 3, Business Combinations, to determine the accounting treatment of the Transaction. While the legal acquirer is usually the entity that transfers shares, other pertinent facts and circumstances were considered, including the following: (i) UPP's shareholder, ADQ Holding, is E7's largest shareholder with the largest portion of voting interest in the Group, (ii) UPP representatives have a larger presence in the governance and senior management of E7 post the de-SPAC Transaction and (iii) primary activities of E7 include printing, publishing, packaging and distribution of newspapers, magazines, books and other printed materials which are the same activities as UPP. Consequently, UPP was identified as the "accounting acquirer" in this de-SPAC Transaction although from a legal perspective, E7 was the surviving entity of the Transaction.

Since E7 does not constitute a business under IFRS 3, the de-SPAC Transaction is treated as a re-capitalisation under IFRS 2, Share-based payment and considered as an acquisition of E7's net assets by UPP in the Group's consolidated financial statements. Accordingly, UPP (the accounting acquirer) is deemed to have issued shares to the owners of E7 (the accounting acquiree) in order to give the existing shareholders of E7 the same percentage of equity interests in the Group that results from the de-SPAC Transaction. This deemed issue of shares contains, in effect, an equity-settled share-based payment transaction whereby UPP has received the net assets of E7, comprising mainly of cash in escrow and bank account and the warrant liabilities, together with E7's stock exchange listing status. Any difference in the fair value of the shares deemed to have been issued by UPP; and the fair value of E7's identifiable net assets represent a share listing service received by UPP and is (i) recognised as an expense as incurred at the transaction date in the Group's consolidated financial statements for shares previously in issuance; and (ii) recognised as part of equity in relation to the listing service cost relating to issuance of new shares to PIPE investors (presented as net within share premium) at the transaction date in the Group's consolidated financial statements.



## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 2 Basis of preparation (continued)

##### 2.2 Recapitalisation (continued)

The share listing expense calculated as a result of the de-SPAC Transaction was as follows:

|   | 2023<br>AED        |
|---|--------------------|
| Cash and cash equivalents   | 937,238            |
| Prepayments   | 445,035            |
| Cash in Escrow  | 367,537,389        |
| Private warrants  | (10,459,500)       |
| Public warrants   | (41,838,000)       |
| Fair value of E7's net assets   | <u>316,622,162</u> |
| <i>Less: Fair value of consideration comprising:</i>  |                    |
| Deemed issued share*  | 733,449,500        |
| <i>Less: portion of expenses allocated towards issuance of new shares to PIPE investors classified as share premium</i> | <u>225,461,508</u> |
| Share listing expense recognised in profit or loss  | <u>191,365,830</u> |

\*Market price of the shares as on 7<sup>th</sup> November 2023 amounting to AED 11.42 was used to determine the fair value of deemed issued shares.

The difference between the cost of the acquisition, the Group's share of the issued and paid up share capital of the acquired entity and listing expenses was recognised as a share premium in equity.

#### 3 Summary of accounting policies

##### 3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and also comply with the applicable requirements of UAE Federal Law No. 32 of 2021.

##### 3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for the fair value measurement of public and private warrants that are measured at Fair Value Through Profit or Loss ("FVTPL"). The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and reporting currency. All amounts have been recorded to the nearest thousand, unless otherwise stated.

##### 3.3 Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the Group's functional and reporting currency, being the currency of primary economic environment in which the Group operates. Except as indicated, all financial information reported in these consolidated financial statements have been rounded to the thousand.

##### 3.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and the entities controlled by the Company (its subsidiaries). Control is achieved where the Group:

## **E7 GROUP PJSC**

### **Notes to the consolidated financial statements (continued) For the year ended 31 December 2024**

#### **3 Summary of accounting policies (continued)**

##### **3.4 Basis of consolidation (continued)**

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the parent of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis.

Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The accompanying consolidated financial statements comprise of the financial statements of the Company and its subsidiaries. The details of the Company's subsidiaries and its principal activities are as follows:

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.4 Basis of consolidation (continued)

| Operating Entities  | Country of incorporation | Ownership interest % |      | Principal activity   |
|---|--------------------------|----------------------|------|--|
|   |                          | 2024                 | 2023 |  |
| United Printing & Publishing – Sole Proprietorship L.L.C.     | United Arab Emirates     | 100%                 | 100% | Printing, publishing, packaging of newspapers, magazines, books and other printed materials. |
| United Educational Publishing – Sole Proprietorship L.L.C     | United Arab Emirates     | 100%                 | 100% | Book publication and related activities  |
| Tawzea Distribution & Logistic services – Sole Proprietorship | United Arab Emirates     | 100%                 | 100% | Distribution and delivery of parcel and printed materials                                    |

##### 3.5 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

##### 3.6 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

## **E7 GROUP PJSC**

### **Notes to the consolidated financial statements (continued) For the year ended 31 December 2024**

#### **3 Summary of accounting policies (continued)**

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

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

The principal annual rates used for this purpose are:

|                        |               |
|------------------------|---------------|
| Building               | 20 - 25 years |
| Plant and equipment    | 10 - 25 years |
| Furniture and fittings | 3 years       |
| Motor vehicles         | 5 years       |
| Tools                  | 2 years       |

Freehold land and properties under construction are not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss and other comprehensive income as incurred.

##### **3.7 Capital work in progress**

Capital work in progress is stated at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When commissioned, capital work in progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policy.

##### **3.8 Impairment of tangible and intangible assets**

At each consolidated statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether 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 the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

## **E7 GROUP PJSC**

### **Notes to the consolidated financial statements (continued) For the year ended 31 December 2024**

#### **3 Summary of accounting policies (continued)**

##### **3.8 Impairment of tangible and intangible assets (continued)**

The recoverable amount is the higher of fair value less costs of disposal 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.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income as incurred unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss and other comprehensive income as incurred 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.

##### **3.9 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and in hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

##### **3.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated realisable value less all estimated costs to completion and costs to be incurred in disposing of inventories.

##### **3.11 End of service benefit**

End of service benefit obligation is estimated using the Projected Unit Credit method. Under this method each participant's benefits under the plan are attributed to years of service, taking into consideration future salary increases. Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

###### **(a) Bonus and long-term incentive plans**

The Group recognises the liability for bonuses and long-term incentives in profit and loss on an accrued basis. The benefits for the management are subject to the Board's approval and are linked to business performance.

###### **(b) Defined contribution plan**

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund.

## **E7 GROUP PJSC**

### **Notes to the consolidated financial statements (continued) For the year ended 31 December 2024**

#### **3 Summary of accounting policies (continued)**

##### **3.11 End of service benefit (continued)**

###### **c) Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded defined benefit plan in accordance with the applicable provisions of the UAE Federal Labour Law which is based on periods of cumulative service and levels of employees' final basic salaries. The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of benefit to be paid in the future that employees have earned in return for their service in the current and prior periods which is discounted to determine its present value. The discount rate has been taken as the yield at the valuation date on US AA-rated corporate bonds, which in the absence of a deep market in corporate bonds within the UAE is a reasonable proxy for long-term interest rates in the local market. The calculation of the defined benefit obligation is performed regularly by a qualified actuary using the projected unit credit method. The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans within profit or loss. Any changes to plan benefits are recognised immediately in profit or loss.

##### **3.12 Share capital**

Class A shares represent the ordinary shares of the Group and are classified as equity instruments in accordance with IAS 32.

##### **3.13 Share premium**

Amount subscribed for share capital in excess of nominal value is recognized as share premium. It also includes difference of fair value of deemed shares issued over and above the original issuance price.

##### **3.14 Treasury shares**

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

##### **3.15 Foreign currencies**

For the purpose of these consolidated financial statements, the UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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.

Exchange differences are recognised in consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

##### **3.16 Public and private warrants**

The public and private warrants are classified as derivative financial liabilities under IAS 32 and are initially measured at their fair value less transaction costs. Subsequent to initial recognition, these warrants are measured at fair value, and changes therein are recognized in the consolidated statement of profit or loss and other comprehensive income.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.17 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as sets out in IFRS 15.

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance – unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives right to a contract liability – advances from customers.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group does not expect to have any contracts where the period between transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction price for the time value of money.

##### *Printing revenue (commercial printing, newspaper printing and cards printing)*

Sales of newspapers, cards and other commercial printing are recognised at point in time when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

##### *Distribution revenue*

The Group provides distribution services, revenue is recognised at a point in time based on the actual service provided the customer as the customer receives and uses the benefits simultaneously.

##### 3.18 Segment reporting

Segment reporting operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive management. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available.

## **E7 GROUP PJSC**

### **Notes to the consolidated financial statements (continued) For the year ended 31 December 2024**

#### **3 Summary of accounting policies (continued)**

##### **3.18 Segment reporting (continued)**

###### **Segmental analysis**

The Group has two reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. The following summary describes the operations in each of the Group's reportable segment:

###### **Printing segment**

The printing segment comprise of printing, security and packaging divisions.

Printing division is focused on commercial printing including newspapers, magazines, books, outdoor printing collaterals and educational publishing solutions.

Security division serve total security printing solutions of customers in the banking, government, telecom, retail, hospitality, and transport sectors and with a state-of-the art security system, providing critical products like banking cards, telecom cards, national ID cards, and passports.

Packaging division utilizes state-of-the-art machinery to produce foldable boxes, disposable food packaging, frozen food packaging, and paper cups with plans to further diversify offerings.

###### **Distribution segment**

Tawzea Distribution & Logistics Services Establishment ("Tawzea") supports customers through a range of services including fulfilment, distributions, logistics, mailing room services and dedicated customer service teams.

Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

##### **3.19 Provision**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

##### **3.20 Leases**

###### *The Group as lessee*

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.



## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.20 Leases (continued)

###### *The Group as lessee (continued)*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the years presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Rent expenses' in the consolidated statement of profit or loss and other comprehensive income.

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.21 Financial instruments

###### 3.21.1 Financial assets

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

###### *Classification of financial assets*

###### (i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently 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.

###### (ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.21 Financial instruments (continued)

##### 3.21.1 Financial assets (continued)

###### (ii) Debt instrument designated at other comprehensive income (continued)

###### *Amortised cost and effective interest rate method*

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus 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.

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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, 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 (see below).

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.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in consolidated statement of profit or loss or other comprehensive income and is included in the "finance income - interest income" line item.

###### (iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. 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 investments revaluation reserve. The cumulative gain or loss will not be reclassified to consolidated statement profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in consolidated statement of profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in consolidated statement of profit or loss.

###### (iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.21 Financial instruments (continued)

###### 3.21.1 Financial assets (continued)

###### *Classification of financial assets (continued)*

###### (iv) Financial assets at FVTPL (continued)

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as 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 consolidated statement of profit or loss.

###### *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and other receivables and due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month 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 reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

###### (i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.21 Financial instruments (continued)

###### 3.21.1 Financial assets (continued)

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

###### (i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- 1) The financial instrument has a low risk of default,
- 2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- 3) 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.

###### (ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

###### (iii) 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:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event (see (ii) above);
- c) 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;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

###### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

###### (v) 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. For financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.21 Financial instruments (continued)

###### 3.21.1 Financial assets (continued)

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

###### (v) Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

###### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in consolidated statement of profit or loss and other comprehensive income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of profit or loss, but is transferred to retained earnings.

###### 3.21.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

###### *Financial liabilities at FVTPL*

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss and other comprehensive income incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch consolidated statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in consolidated statement of other comprehensive income are not subsequently reclassified to consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in consolidated statement of profit or loss profit or loss.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.21 Financial instruments (continued)

##### 3.21.2 Financial liabilities (continued)

###### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method. 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 (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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

###### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss or loss and other comprehensive income.

##### 3.22 Earnings per share

###### *i. Basic earnings per share*

Basic earnings per share is calculated by dividing:

- The profit/ (loss) attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

###### *ii. Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

##### 3.23 Finance income and finance costs

Interest income and expenses for all interest-bearing financial instruments except for those designated at FVTPL, are recognized in 'finance income' and 'finance expense' in the consolidated statement of profit or loss and other comprehensive income on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

Finance costs comprise interest expense on defined benefits obligations, finance cost on lease liabilities and finance asset lease, foreign currency exchange loss and fair value adjustments on public and private warrant liabilities measured at fair value through profit or loss. Finance income comprise of interest received on fixed deposits and foreign exchange gain.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 3 Summary of accounting policies (continued)

##### 3.24 Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### 4 Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Group is required to make certain judgements, estimates and assumptions 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 on-going 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 significant judgements and estimate made by management are summarised as follows:

##### Critical accounting judgements

###### Revenues from contracts with customers

Management considers recognising revenue over time, if one of the following criteria is met, otherwise revenue will be recognised at a point in time:

- a. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- b. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c. the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

As further described in note 3, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it performs service to a customer. Revenue from services is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15: *Revenue from contracts with customers*, and in particular whether the Group had transferred control of the goods to the customers.

Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that control has been transferred upon acceptance of delivery and the recognition of the revenue is appropriate.

###### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3).



## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

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

##### Critical accounting judgements (continued)

###### Business model assessment (continued)

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

###### Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

###### Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

###### *Classification of public and private warrants*

As per the terms of the public and private warrants, if holders exercise their public and private warrants, the Group will have the option to require all holders that wish to exercise public and private warrants to do so on a "cashless basis." In such event, each holder would pay the exercise price by surrendering the public and private warrants for class A shares based on the fair market value of the class A shares at the relevant time. Hence, the number of shares issued against the public and private warrants may vary thereby failing the "Fixed for Fixed" test. Consequently, management has concluded the public and private warrants as derivative financial liabilities.

During 2022, management has exercised judgement in determining whether the private warrants should be treated as financial instruments (IAS 32) or share based payments (IFRS 2) and concluded that these instruments fall in scope of IFRS 2 as equity settled shared based payments. These warrants were granted to the Founders in exchange to the technical services delivered to the Group.

Upon the approval of the de-SPAC Transaction, the legal transfer of the shares took place between UPP and ADQ Holding on 7 November 2023. Pursuant to the Transaction, UPP assumed the liabilities of ADC which comprise of public and private warrants.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

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

##### Critical accounting judgements (continued)

###### *Classification of public and private warrants (continued)*

These public and private warrants became exercisable 30 days after the completion of the Transaction date and will expire at 5:00 p.m., UAE time, three years after the Transaction date.

These warrants are classified as current liabilities considering that the warrants are exercisable at anytime after 30 days from the Transaction date up to a period of 3 years from the Transaction date. The accounting policies of public and private warrants has been further explained in Note 3. At the reporting period, none of the warrants were exercised by the warrant holders.

##### Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position 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 discussed below.

###### *Calculation of loss allowance*

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Impairment of trade and other receivables at 2024 are AED 42,525 thousand (2023: AED 47,768 thousand).

###### *Useful lives of property, plant and equipment*

Management determines whether there are any indications of impairment to the carrying values of property, plant and equipment with definite lives, on an annual basis. If any such indication exists, the Group estimates the recoverable amount of the asset. This assessment requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Group to make an estimate of the expected future cash flows for the periods and also choose a suitable discount rate in order to calculate the present value of those cash flows.

#### 5 Fair value hierarchy

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 5 Fair value hierarchy (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised at fair value in these consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### Financial liabilities measured at fair value

|   | Level 1<br>AED '000 | Level 2<br>AED '000 | Level 3<br>AED '000 |
|---|---------------------|---------------------|---------------------|
| <b>As at 31 December 2024</b>   |                     |                     |                     |
| <b>Derivative financial liabilities</b>                                     |                     |                     |                     |
| Public warrant liabilities at fair value through profit or loss (Note 17)   | 16,588              | -                   | -                   |
| Private warrant liabilities at fair value through profit and loss (Note 17) | 4,147               | -                   | -                   |
|   | <u>20,735</u>       | <u>-</u>            | <u>-</u>            |
| <b>As at 31 December 2023</b>   |                     |                     |                     |
| <b>Derivative financial liabilities</b>                                     |                     |                     |                     |
| Public warrant liabilities at fair value through profit or loss (Note 17)   | 43,673              | -                   | -                   |
| Private warrant liabilities at fair value through profit and loss (Note 17) | 10,918              | -                   | -                   |
|   | <u>54,591</u>       | <u>-</u>            | <u>-</u>            |

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between levels for the period. The fair values of the Group's other financial instruments approximate their carrying amounts in the consolidated statement of financial position as of 31 December 2024.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 6 Property, plant and equipment

|  | Land<br>AED '000 | Building<br>AED '000 | Plant and<br>equipment<br>AED '000 | Furniture<br>and fixtures<br>AED '000 | Motor<br>vehicles<br>AED '000 | Tools<br>AED '000 | Capital work<br>in progress<br>AED '000 | Total<br>AED '000 |
|--|------------------|----------------------|------------------------------------|---------------------------------------|-------------------------------|-------------------|---|-------------------|
| <b>Cost</b>                                    |                  |                      |                                    |                                       |                               |                   |   |                   |
| At 1 January 2023                              | -                | 200,528              | 510,029                            | 39,819                                | 19,817                        | 2,810             | 4,335                                   | 777,338           |
| Additions during the year                      | -                | 801                  | 12,464                             | 2,911                                 | 1,832                         | 446               | 30,381                                  | 48,835            |
| Transfer from capital work in progress         | -                | 525                  | 25,467                             | 141                                   | -                             | 6                 | (26,139)                                | -                 |
| Disposals during the year                      | -                | -                    | (18,528)                           | (6,994)                               | (658)                         | -                 | -                                       | (26,180)          |
| At 31 December 2023                            | -                | 201,854              | 529,432                            | 35,877                                | 20,991                        | 3,262             | 8,577                                   | 799,993           |
| <b>At 1 January 2024</b>                       | -                | 201,854              | 529,432                            | 35,877                                | 20,991                        | 3,262             | 8,577                                   | 799,993           |
| Additions during the year                      | 90,000           | 876                  | 11,292                             | 2,298                                 | 1,582                         | 640               | 25,878                                  | 132,566           |
| Transfer from capital work in progress         | -                | 5,230                | 6,693                              | 449                                   | -                             | 625               | (12,997)                                | -                 |
| Write off                                      | -                | -                    | -                                  | -                                     | -                             | -                 | (176)                                   | (176)             |
| Disposals during the year                      | -                | -                    | (60,936)                           | (2,683)                               | (715)                         | (12)              | -                                       | (64,346)          |
| At 31 December 2024                            | 90,000           | 207,960              | 486,481                            | 35,941                                | 21,858                        | 4,515             | 21,282                                  | 868,037           |
| <b>Accumulated depreciation and impairment</b> |                  |                      |                                    |                                       |                               |                   |   |                   |
| At 1 January 2023                              | -                | 87,503               | 376,055                            | 33,367                                | 11,372                        | 2,594             | 712                                     | 511,603           |
| Charge for the year                            | -                | 8,448                | 17,744                             | 3,162                                 | 3,609                         | 164               | -                                       | 33,127            |
| Disposals during the year                      | -                | -                    | (18,367)                           | (6,975)                               | (546)                         | -                 | -                                       | (25,888)          |
| Impairment charge                              | -                | -                    | 584                                | 1,272                                 | -                             | -                 | -                                       | 1,856             |
| At 31 December 2023                            | -                | 95,951               | 376,016                            | 30,826                                | 14,435                        | 2,758             | 712                                     | 520,698           |
| <b>At 1 January 2024</b>                       | -                | 95,951               | 376,016                            | 30,826                                | 14,435                        | 2,758             | 712                                     | 520,698           |
| Charge for the year                            | -                | 8,660                | 17,458                             | 2,579                                 | 3,282                         | 425               | -                                       | 32,404            |
| Disposals during the year                      | -                | -                    | (60,936)                           | (2,683)                               | (715)                         | (12)              | -                                       | (64,346)          |
| At 31 December 2024                            | -                | 104,611              | 332,538                            | 30,722                                | 17,002                        | 3,171             | 712                                     | 488,756           |
| <b>Carrying amount</b>                         |                  |                      |                                    |                                       |                               |                   |   |                   |
| At 31 December 2024                            | 90,000           | 103,349              | 153,943                            | 5,219                                 | 4,856                         | 1,344             | 20,570                                  | 379,281           |
| At 31 December 2023                            | -                | 105,903              | 153,416                            | 5,051                                 | 6,556                         | 504               | 7,865                                   | 279,295           |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

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

Depreciation is allocated in the consolidated statement of profit or loss and other comprehensive income, as follows:

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Direct costs (note 22)                        | 28,761           | 29,195           |
| General and administrative expenses (note 23) | 3,643            | 3,932            |
|   | <u>32,404</u>    | <u>33,127</u>    |

The land initially provided to the Group by Abu Dhabi Media Company PJSC at no cost, underwent a title transfer during the period. The title of this land was transferred to the United Printing & Publishing – Sole Proprietorship LLC (the subsidiary). The land was recognized at its fair value which amounted to AED 90 million at the time of the transfer. The fair value amount was credited to other reserves under equity, associated with the recognition of the land.

#### 7 Right-of-use assets and lease liabilities

Movements of the right-of-use assets during the year are summarized as follows:

|   | Warehouse<br>AED '000 | Motor<br>vehicles<br>AED '000 | Total<br>AED '000 |
|---|-----------------------|-------------------------------|-------------------|
| <b>Cost</b>                             |                       |                               |                   |
| At 1 January 2023                       | 14,336                | 4,129                         | 18,465            |
| Additions during the year               | 8,231                 |                               | 8,231             |
| Derecognition of right-of-use of assets | (9,070)               | (2,910)                       | (11,980)          |
| Modification of payment                 | (5,265)               | (1,219)                       | (6,484)           |
| 31 December 2023                        | <u>8,232</u>          | <u>-</u>                      | <u>8,232</u>      |
| At 1 January 2024                       | 8,232                 | -                             | 8,232             |
| Additions during the year               | 11,845                |                               | 11,845            |
| At 31 December 2024                     | <u>20,077</u>         | <u>-</u>                      | <u>20,077</u>     |
| <b>Accumulated depreciation</b>         |                       |                               |                   |
| At 1 January 2023                       | 7,676                 | 2,580                         | 10,256            |
| Charge for the year (note 22)           | 2,853                 | 330                           | 3,183             |
| Derecognition of right-of-use of assets | (9,070)               | (2,910)                       | (11,980)          |
| 31 December 2023                        | <u>1,459</u>          | <u>-</u>                      | <u>1,459</u>      |
| At 1 January 2024                       | 1,459                 | -                             | 1,459             |
| Charge for the year (note 22)           | 5,196                 | -                             | 5,196             |
| At 31 December 2024                     | <u>6,655</u>          | <u>-</u>                      | <u>6,655</u>      |
| <b>Carrying amount</b>                  |                       |                               |                   |
| At 31 December 2024                     | <u>13,422</u>         | <u>-</u>                      | <u>13,422</u>     |
| At 31 December 2023                     | <u>6,773</u>          | <u>-</u>                      | <u>6,773</u>      |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 7 Right-of-use assets and lease liabilities (continued)

During the year movement in lease liabilities were as follows:

|  | AED '000      |
|--|---------------|
| At 1 January 2023                          | 8,059         |
| Additions during the year                  | 8,231         |
| Interest accrued during the year (note 26) | 376           |
| Paid during the year                       | (3,065)       |
| Derecognition of lease liabilities         | (6,802)       |
| At 31 December 2023                        | 6,799         |
| Additions during the year                  | 11,845        |
| Interest accrued during the year (note 26) | 927           |
| Paid during the year                       | (5,371)       |
| At 31 December 2024                        | <u>14,200</u> |

Lease liabilities are allocated in the consolidated statement of financial position as follows:

|               | 2024<br>AED '000 | 2023<br>AED '000 |
|---------------|------------------|------------------|
| Current       | 5,376            | 1,955            |
| Non - current | 8,824            | 4,844            |
|               | <u>14,200</u>    | <u>6,799</u>     |

#### 8 Intangible assets

|                               | Software<br>AED '000 |
|-------------------------------|----------------------|
| <b>Cost</b>                   |                      |
| At 1 January 2023             | 7,604                |
| Additions during the year     | 422                  |
| Transfers during the year     | (828)                |
| At 31 December 2023           | 7,198                |
| At 1 January 2024             | 7,198                |
| Additions during the year     | 689                  |
| At 31 December 2024           | <u>7,887</u>         |
| <b>Amortisation</b>           |                      |
| At 1 January 2023             | 4,954                |
| Charge for the year (note 23) | 422                  |
| Disposals during the year     | (828)                |
| At 31 December 2023           | 4,548                |
| At 1 January 2024             | 4,548                |
| Charge for the year (note 23) | 517                  |
| At 31 December 2024           | <u>5,065</u>         |
| <b>Carrying amount</b>        |                      |
| At 31 December 2024           | <u>2,822</u>         |
| At 31 December 2023           | <u>2,650</u>         |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 9 Inventories

|  | 2024<br>AED '000 | 2023<br>AED '000 |
|--|------------------|------------------|
| Raw materials  | 219,633          | 147,886          |
| Spare parts  | 16,257           | 16,766           |
| Work in progress   | 21,934           | 21,621           |
|  | <u>257,824</u>   | <u>186,273</u>   |
| Less: Provision for slow moving and obsolete inventories | <u>(15,378)</u>  | <u>(10,479)</u>  |
|  | <u>242,446</u>   | <u>175,794</u>   |

Related cost of inventories is recorded in the consolidated statement of profit or loss and other comprehensive income under direct costs (note 22).

The movement in the provision for slow-moving and obsolete inventories during the year was as follows:

|                               | 2024<br>AED '000 | 2023<br>AED '000 |
|-------------------------------|------------------|------------------|
| At 1 January                  | 10,479           | 12,836           |
| Charge for the year (note 22) | 8,085            | 903              |
| Written off during the year   | <u>(3,186)</u>   | <u>(3,260)</u>   |
| At 31 December                | <u>15,378</u>    | <u>10,479</u>    |

#### 10 Trade and other receivables

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Trade receivables                           | 262,196          | 280,661          |
| Less: allowances for expected credit losses | <u>(42,525)</u>  | <u>(47,768)</u>  |
|   | <u>219,671</u>   | <u>232,893</u>   |
| Prepayments                                 | 10,070           | 9,447            |
| Advances to suppliers                       | 49,113           | 8,082            |
| Other receivables                           | <u>28,415</u>    | <u>12,093</u>    |
|   | <u>307,269</u>   | <u>262,515</u>   |

The average credit period for trade receivables is 30-120 (2023: 30-120) days. No interest is charged on trade and other receivables.

Included in the trade receivables is an amount of AED 17,009 thousand (2023: AED 28,806 thousand) due from related parties.

At 31 December 2024 and 2023, the ageing analysis of trade receivables and corresponding allowance for expected credit losses was as follows:

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 10 Trade and other receivables (continued)

|                         | Total<br>AED'000 | Not past due<br>AED'000 | Up to 3<br>months<br>AED'000 | Between 3 to<br>6 months<br>AED'000 | Over 6<br>months<br>AED'000 |
|-------------------------|------------------|-------------------------|------------------------------|-------------------------------------|-----------------------------|
| <b>31 December 2024</b> |                  |                         |                              |                                     |                             |
| Gross trade receivables | 262,196          | 119,736                 | 54,918                       | 23,334                              | 64,208                      |
| ECL %                   |                  | 0.03%                   | 0.41%                        | 1.81%                               | 65.17%                      |
| Excepted credit losses  | (42,525)         | (36)                    | (225)                        | (420)                               | (41,844)                    |
|                         | <u>219,671</u>   | <u>119,700</u>          | <u>54,693</u>                | <u>22,914</u>                       | <u>22,364</u>               |
| <b>31 December 2023</b> |                  |                         |                              |                                     |                             |
| Gross trade receivables | 280,661          | 118,667                 | 80,586                       | 31,196                              | 50,212                      |
| ECL %                   |                  | 0.42%                   | 0.47%                        | 4.57%                               | 90.55%                      |
| Excepted credit losses  | (47,768)         | (498)                   | (375)                        | (1,427)                             | (45,468)                    |
|                         | <u>232,893</u>   | <u>118,169</u>          | <u>80,211</u>                | <u>29,769</u>                       | <u>4,744</u>                |

The movement in the allowance for expected credit losses during the year was as follows:

|                              | 2024<br>AED '000 | 2023<br>AED '000 |
|------------------------------|------------------|------------------|
| At 1 January                 | 47,768           | 49,448           |
| Reversed during the year     | (4,654)          | (1,156)          |
| Written off during the year  | (589)            | (51)             |
| Transferred to related party | -                | (473)            |
| At 31 December               | <u>42,525</u>    | <u>47,768</u>    |

#### 11 Cash and bank balances

|   | 2024<br>AED '000   | 2023<br>AED '000 |
|---|--------------------|------------------|
| Bank deposits*  | 1,423,040          | 1,263,247        |
| Cash at banks   | 18,505             | 21,912           |
| Cash in hand  | 481                | 315              |
| Cash and bank balances  | <u>1,442,026</u>   | <u>1,285,474</u> |
| Less: term deposit with original maturity more than 3 months* | <u>(1,187,207)</u> | <u>(957,840)</u> |
| Cash and cash equivalents at 31 December                      | <u>254,819</u>     | <u>327,634</u>   |

\*Short term fixed deposits represent amounts deposited with a local bank bearing average interest rate of 4.6% per annum (2023: 5.81% per annum).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of the United Arab Emirates. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL.

None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group have assessed that there is immaterial impairment, and hence have not recorded any loss allowances on these balances.

#### 12 Share capital and share premium

As 31 December 2024, the Company's share capital is divided into 2,099,250 thousand shares which includes 100,000 thousand shares (nominal value: AED 0.25 per share) that were issued by E7 and simultaneously purchased by the Company as Treasury Shares.



## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 12 Share capital and share premium (continued)

At the Annual General Meeting (AGM) held during the year, the shareholders of the Group approved a resolution for a stock split. As per the resolution, each issued share of AED 2.50 in the capital of the Group was converted into ten issued shares of AED 0.25 each. The stock split was conducted on a 1 to 10 ratio, resulting in a reduction of the par value per share from AED 2.50 to AED 0.25. Prior to the stock split, there were 209,925 thousand outstanding shares and after the split, the number of outstanding shares increased to 2,099,250 thousand. The stock split did not affect the number of warrants in issue. However, the exercise price of the warrants was adjusted accordingly. Post-split, each warrant entitles the holder to purchase ten shares at a price of AED 1.15 per share.

The movement in number of shares for the years 2024 and 2023 is as follows:

|  | 2024<br>‘000 | 2023<br>‘000 |
|--|--------------|--------------|
| At 1 January – represented   | 1,999,250    | 623,000      |
| Class A shares issued to the public shareholders                                     | -            | 367,000      |
| Class A shares issued to the ADC founders in exchange for the Class B founder shares | -            | 275,250      |
| Class A shares issued to PIPE investors  | -            | 734,000      |
| Total shares outstanding immediately after de-SPAC transaction                       | 1,999,250    | 1,999,250    |
| Additional class A shares issued upon conversion of bonds                            | -            | 100,000      |
| Class A shares bought back as Treasury shares  | -            | (100,000)    |
| At 31 December   | 1,999,250    | 1,999,250    |

The number of UPP shares outstanding as at 1 January 2023 (943,200 ordinary shares; nominal value of AED 300 per share) was represented using the exchange ratio of 66.052 as per the SPA to reflect the number of class A shares issued by E7 (62,300 thousand; nominal value: AED 2.5 per share and issue price: AED 10 per share) in the de-SPAC Transaction. After the stock split during the year, the 62,300 thousand Class A shares were converted into 623,000 thousand Class A shares with a nominal value of AED 0.25 per share.

On 7 November 2023, E7 raised AED 734 million by issuing 73.4 million Class A shares at an issue price of AED 10 per share (nominal value per share: AED 2.5) to private qualified and institutional investors through a Private Investment in Public Equity (“PIPE”) fundraising. After the stock split, these shares were converted into 734 million Class A shares with a nominal value of AED 0.25 per share.

On 21 December 2023, the Group issued 10,000 thousand additional Class A shares (nominal value and issue price: AED 2.5 per share) and simultaneously purchased them as Treasury Shares at AED 2.5 per share (note 13). After the stock split, these shares were converted into 100,000 thousand Class A shares with a nominal value of AED 0.25 per share.

All prior year numbers have been restated to reflect the impact of the stock split.

The movement in share capital and share premium during the year was as follows:

|   | Number of<br>shares<br>‘000 | Share<br>capital<br>AED ‘000 | Share<br>premium<br>AED ‘000 |
|---|-----------------------------|------------------------------|------------------------------|
| At 1 January 2023 - represented                               | 623,000                     | 155,750                      | 127,210                      |
| Class A shares issued to the public shareholders and founders | 642,250                     | 160,563                      | 572,887                      |
| Class A shares issued to PIPE investors                       | 734,000                     | 183,500                      | 550,500                      |
| Additional class A shares issued                              | 100,000                     | 25,000                       | -                            |
| Transfer of listing expenses in the de-SPAC transaction**     | -                           | -                            | (225,462)                    |
| At 31 December 2023   | 2,099,250                   | 524,813                      | 1,025,135                    |
| At 31 December 2024   | 2,099,250                   | 524,813                      | 1,025,135                    |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 12 Share capital and share premium (continued)

\*\*The following table summarises the consideration paid for the acquisition of the interest in Company and carrying amount of its net identifiable assets acquired on the Transaction date:

|  | 2024<br>AED '000 | 2023<br>AED '000 |
|--|------------------|------------------|
| Shares issued                          | -                | 733,450          |
| Less: net identifiable assets acquired | -                | (316,622)        |
| Less: listing expenses                 | -                | (191,366)        |
|  | <u>-</u>         | <u>225,462</u>   |

#### 13 Treasury shares

|  | 2024<br>AED '000 | 2023<br>AED '000 |
|--|------------------|------------------|
| At 1 January   | 25,000           | -                |
| 100,000,000 Class A shares of AED 0.25 per share issued and bought back by the Company during the year | -                | 25,000           |
| At 31 December   | <u>25,000</u>    | <u>25,000</u>    |

On 21 December 2023, the Company increased its issued share capital from AED 499,813 thousand to AED 524,813 thousand by issuing unsecured mandatory convertible 25,000 thousand bonds with a nominal value of AED 1 each amounting to AED 25,000 thousand to Q Industrial Holdings Limited (Note 19) and these bonds were converted into 10,000 thousand class A shares of the Company, with a nominal value of AED 2.5 per share. On the same day these new shares were sold to the E7 through ADX and were classified as treasury shares as per IAS 32, to cover the conversion of warrants issued by the Company into shares in the Company. The transactions related to convertible bonds and treasury shares did not involve any cash inflows and outflows and hence considered as non-cash transactions.

During the year the shareholders of the Group approved a resolution for a stock split. As per the resolution, each issued share of AED 2.50 in the capital of the Group was converted into ten issued shares of AED 0.25 each. As a result, the previously held 10,000 thousand treasury shares were split into 100,000 thousand treasury shares, reflecting the new nominal value of AED 0.25 per share.

#### 14 Shareholder's contribution

Shareholder's contribution represents the non-interest-bearing contribution from the shareholders of the Group.

|                | 2024<br>AED '000 | 2023<br>AED '000 |
|----------------|------------------|------------------|
| At 31 December | <u>50,600</u>    | <u>50,600</u>    |

#### 15 Statutory reserve

As required by the UAE Federal Decree Law No. (32) of 2021, AED 23,344 thousand (2023: AED 7,177 thousand) of the profit for the year of the Group has been transferred to a statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the issued share capital. This reserve is not available for distribution.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 16 Provision for employees' end of service benefit

The Group's obligation in respect of retirement benefits is recognised in the consolidated statement of financial position at the present value of the defined benefit at the end of the reporting period, including any adjustments for past service costs. The defined benefit plan is unfunded.

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| At 1 January  | 27,520           | 26,271           |
| Charge for the year   | 5,019            | 4,729            |
| Payments during the year  | (2,411)          | (3,111)          |
| Transferred to other payable  | (2,228)          | -                |
| Remeasurement gains   | (754)            | (369)            |
| <b>At 31 December</b>   | <b>27,146</b>    | <b>27,520</b>    |
| <b>Amounts recognised in consolidated statement of profit or loss</b>       |                  |                  |
| Service cost (note 25)  | 3,736            | 3,620            |
| Finance cost (note 26)  | 1,283            | 1,109            |
|   | <b>5,019</b>     | <b>4,729</b>     |
| <b>Amounts recognised in consolidated statement of comprehensive income</b> |                  |                  |
| Actuarial gains – arising from experience                                   | 754              | 369              |
| <b>Significant actuarial assumptions</b>                                    |                  |                  |
| Discount Rate   | 5.5%             | 5.5%             |
| Rate of Salary increase   | 4%               | 4%               |
| Turnover rate - Voluntary rate  | 10%              | 10%              |
| <b>Sensitivity analysis -2024 (Provision value AED'000)</b>                 | <b>Increase</b>  | <b>Decrease</b>  |
| Provision - discount rate (0.5% movement)                                   | (699)            | 966              |
| Provision - Salary escalation rate (0.5% movement)                          | 976              | (715)            |
| Provision – Voluntary exit rate (5% movement)                               | 450              | (540)            |

#### 17 Warrants

Warrants include public warrant and private warrants. During the year, the Group held 18,350,000 public warrants and 4,587,500 private warrants that were issued at nil consideration on the basis of one warrant for every two Class A shares. Each warrant on issuance entitled the warrant holder to purchase one Class A share at a price of AED 11.50 per Class A share. During the year, the shareholders approved a resolution for a stock split, converting each issued share of AED 2.50 in the capital of the Group into ten issued shares of AED 0.25 each, resulting in a reduction of the par value per share from AED 2.50 to AED 0.25. (refer note 12). The stock split did not affect the number of warrants in issue. However, the exercise price of the warrants was adjusted accordingly. Post-split, each warrant entitles the holder to purchase ten shares at a price of AED 1.15 per share. The warrants are accounted for as derivative financial liabilities at fair value through profit or loss and are measured at fair value as at each reporting period. Changes in the fair value of the warrants are recorded in the consolidated statement of profit or loss and other comprehensive income for each period.

| Instrument       | Number of<br>warrants<br>'000 | Fair value per<br>warrant as on<br>31 December<br>2024<br>AED | Total fair Value<br>as on 31<br>December 2024<br>AED '000 | Fair value per<br>warrant as on<br>31 December<br>2023<br>AED | Total fair<br>Value as on<br>31 December<br>2023<br>AED '000 |
|------------------|-------------------------------|---|---|---|--|
| Public warrants  | 18,350                        | 0.90  | 16,588  | 2.38  | 43,673   |
| Private warrants | 4,588                         | 0.90  | 4,147   | 2.38  | 10,918   |
|                  | <b>22,938</b>                 | <b>0.90</b>   | <b>20,735</b>   | <b>2.38</b>   | <b>54,591</b>  |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 17 Warrants (continued)

The fair value of warrants as on 31 December 2024 is based on a Level 1 valuation using the listed market price of these warrants on ADX. As the public warrant fair value at 31 December 2024 was AED 16,588 thousand (31 December 2023: AED 43,673 thousand) and the private warrant was AED 4,147 thousand (31 December 2023: AED 10,918 thousand), the change in fair value of the warrants from the Transaction date is recognised in the consolidated statement of profit or loss and other comprehensive income. If warrant holders exercise their warrants, the Company will have the option to require all holders that wish to exercise public warrants to do so on a “cashless basis.” In determining whether to require all holders to exercise their warrants on a “cashless basis,” the Company will consider, among other factors, its cash position, the number of warrants that are outstanding and the dilutive effect on its shareholders of issuing the maximum number of Class A shares issuable upon the exercise of these warrants.

In such event, each warrant holder would pay the exercise price by surrendering these warrants for Class A shares based on the fair market value of the Class A shares at the relevant time. On the exercise of any warrant, the exercise price for these warrants will be paid directly to the Group.

These warrants became exercisable 30 days after the Transaction date and will expire at 5:00 p.m., UAE time, three years after the Transaction date. As of 31 December 2024, none of these warrants were exercised by the warrant holders.

#### 18 Trade and other payables

|                               | 2024<br>AED '000 | 2023<br>AED '000 |
|-------------------------------|------------------|------------------|
| Accruals                      | 180,636          | 125,533          |
| Trade payables                | 106,705          | 109,929          |
| Staff accruals and provisions | 12,160           | 12,290           |
| Advances from customers       | 9,568            | 6,851            |
| Other payables                | 3,487            | 5,652            |
|                               | <u>312,556</u>   | <u>260,255</u>   |

The average credit period on purchases of goods and services is 90-120 days (2023: 90-120 days). The Group has risk management policies in place to ensure that all payables are paid within the credit time frame. No interest is charged on trade and other payables.

#### 19 Related parties' balances and transactions

Related parties comprise the major shareholder, directors and key management personnel of the Group and entities controlled, joint arrangements or significantly influenced by such parties. The terms of these transactions are approved by the Group's management and are made on the terms agreed by the Board of Directors.

The Group applies the exemption relating to government related entities under IAS 24 – ‘Related Parties’ and only discloses transactions and balances with government related entities which are individually or collectively significant. To determine significance, the Group considers various qualitative and quantitative factors including whether transactions with related parties are conducted in the ordinary course of business.

#### Terms and conditions of transactions with related parties

The sales to and services from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

An impairment assessment is undertaken each financial year through examining the financial position of the related party and the market in which related party operates.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 19 Related parties' balances and transactions (continued)

Balances with related parties reflected in the consolidated statement of financial position as of 31 December are as follows:

|  | 2024<br>AED '000 | 2023<br>AED '000 |
|--|------------------|------------------|
| <b>Due from related parties:</b>                                       |                  |                  |
| <i>Entitles controlled by entity exercising significant influence:</i> |                  |                  |
| Abu Dhabi Health Services Company PJSC (SEHA)                          | 1,671            | 3,862            |
| Lulu International Holdings  | 520              | 1,913            |
| Massar Solutions PJSC  | 1                | 51               |
| National Health Insurance Company PJSC (Daman)                         | 4                | -                |
| Others   | 1,183            | 189              |
|  | <u>3,379</u>     | <u>6,015</u>     |
| Less: Provision for related parties                                    | <u>(473)</u>     | <u>(473)</u>     |
|  | <u>2,906</u>     | <u>5,542</u>     |

#### Due to related parties:

|  |              |              |
|--|--------------|--------------|
| <i>Entitles controlled by entity exercising significant influence:</i> |              |              |
| National Health Insurance Company PJSC (Daman)                         | 4,931        | 5,219        |
| Abu Dhabi Ports Company PJSC   | -            | 538          |
| Others   | 716          | 988          |
|  | <u>5,647</u> | <u>6,745</u> |

Significant transactions with related parties during the year comprise:

|                                 | 2024<br>AED '000 | 2023<br>AED '000 |
|---------------------------------|------------------|------------------|
| Sales of goods and merchandise  | <u>40,845</u>    | <u>59,399</u>    |
| Purchases of goods and services | <u>27,767</u>    | <u>22,397</u>    |
| Treasury shares (Note 13)       | <u>-</u>         | <u>25,000</u>    |

#### Key management compensation

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Board of Director's remuneration            | <u>364</u>       | <u>600</u>       |
| Compensation to senior management personnel |                  |                  |
| Short term benefits                         | 7,689            | 6,003            |
| End of service benefits                     | 135              | 119              |
|   | <u>7,824</u>     | <u>6,122</u>     |
| No. of senior management personnel          | <u>4</u>         | <u>4</u>         |

Movement of Board of Directors remuneration during the year was as follows:

|                      | 2024<br>AED '000 | 2023<br>AED '000 |
|----------------------|------------------|------------------|
| At 1 January         | 2,173            | 1,882            |
| Charge for the year  | 364              | 600              |
| Paid during the year | <u>(431)</u>     | <u>(309)</u>     |
| At 31 December       | <u>2,106</u>     | <u>2,173</u>     |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 20 Deferred revenues

|                   | 2024<br>AED '000 | 2023<br>AED '000 |
|-------------------|------------------|------------------|
| Deferred revenues | 44,803           | 44,494           |

The movement for deferred revenue is as follows:

|                            | 2024<br>AED '000 | 2023<br>AED '000 |
|----------------------------|------------------|------------------|
| At 1 January               | 44,494           | 47,846           |
| Additions during the year  | 127,922          | 127,461          |
| Recognised during the year | (127,613)        | (130,813)        |
| At 31 December             | 44,803           | 44,494           |

Deferred revenue represents advances received from customers related to the printing and distribution of schoolbooks for the Ministry of Education project which are expected to be recognised within next twelve months.

#### 21 Revenues from contract with customers

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| <i>Revenue recognised at a point in time:</i> |                  |                  |
| Printing                                      | 621,028          | 547,912          |
| Distribution                                  | 80,139           | 84,019           |
|   | 701,167          | 631,931          |

#### Segment reporting

|                                    | Printing<br>AED'000 | Distribution<br>AED'000 | Others<br>AED'000 | Elimination<br>AED'000 | Total<br>AED'000 |
|------------------------------------|---------------------|-------------------------|-------------------|------------------------|------------------|
| <b>2024</b>                        |                     |                         |                   |                        |                  |
| Revenue from external customers    | 621,370             | 80,709                  | -                 | (912)                  | 701,167          |
| Reportable segment profit          | 192,876             | 18,411                  | 22,150            | -                      | 233,437          |
| Total assets                       | 2,360,333           | 254,092                 | 1,096,505         | (1,320,758)            | 2,390,172        |
| Total liabilities                  | 421,432             | 218,753                 | 26,978            | (218,821)              | 448,342          |
| Capital expenditures               | 42,470              | 785                     | -                 | -                      | 43,255           |
| <b>2023</b>                        |                     |                         |                   |                        |                  |
| Revenue from external customers    | 547,912             | 84,019                  | -                 | -                      | 631,931          |
| Reportable segment profit / (loss) | 137,474             | 6,060                   | (3,278)           | -                      | 140,256          |
| Total assets                       | 2,094,871           | 52,955                  | 1,102,829         | (1,232,612)            | 2,018,043        |
| Total liabilities                  | 450,757             | 24,837                  | 55,485            | (130,675)              | 400,404          |
| Capital expenditures               | 48,309              | 948                     | -                 | -                      | 49,257           |

Revenue recognised during the year includes local sales in UAE amounted to AED 583,376 thousand (2023: AED 535,096 thousand) and foreign sales outside UAE amounted to AED 117,791 thousand (2023: AED 96,835 thousand).

Reconciliations of reportable segments' profit or loss for the year is set out below:

|                                      | 2024<br>AED '000 | 2023<br>AED '000 |
|--------------------------------------|------------------|------------------|
| Total profit for reportable segments | 233,437          | 140,256          |
| Non-cash listing expense             | -                | (191,366)        |
| Total profit/(loss) for the year     | 233,437          | (51,110)         |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued)

For the year ended 31 December 2024

#### 21 Revenues from contract with customers (continued)

##### Segment reporting (continued)

Reconciliations of reportable segments' assets and liabilities is set out below:

|                            | 2024<br>AED '000 | 2023<br>AED '000 |
|----------------------------|------------------|------------------|
| <b>Segment assets</b>      |                  |                  |
| Printing                   | 2,360,333        | 2,094,871        |
| Distribution               | 254,092          | 52,955           |
| Others                     | 1,096,505        | 1,102,829        |
|                            | <u>3,710,930</u> | <u>3,250,655</u> |
| Less: Elimination          | (1,320,758)      | (1,232,612)      |
| Total assets               | <u>2,390,172</u> | <u>2,018,043</u> |
| <b>Segment liabilities</b> |                  |                  |
| Printing                   | 421,432          | 450,757          |
| Distribution               | 218,753          | 24,837           |
| Others                     | 26,978           | 55,485           |
|                            | <u>667,163</u>   | <u>531,079</u>   |
| Less: Elimination          | (218,821)        | (130,675)        |
| Total liabilities          | <u>448,342</u>   | <u>400,404</u>   |

#### 22 Direct costs

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Raw materials   | 251,401          | 240,288          |
| Staff costs   | 76,296           | 73,118           |
| Outsourcing costs   | 58,879           | 47,932           |
| Depreciation of property, plant and equipment (Note 6)      | 28,761           | 29,195           |
| Repairs and maintenance                                     | 11,611           | 11,583           |
| Distribution cost   | 6,970            | 7,543            |
| Water and electricity                                       | 6,388            | 4,924            |
| Depreciation on right-of-use assets (Note 7)                | 5,196            | 3,183            |
| Impairment loss on property plant and equipment (Note 6)    | -                | 1,856            |
| Insurance expense   | 1,415            | 981              |
| Courier and postage   | 1,113            | 958              |
| Provision for slow moving and obsolete inventories (Note 9) | 8,085            | 903              |
| Others  | 14,818           | 9,553            |
|   | <u>470,933</u>   | <u>432,017</u>   |

#### 23 General and administrative expenses

|  | 2024<br>AED '000 | 2023<br>AED '000 |
|--|------------------|------------------|
| Staff costs  | 50,494           | 45,493           |
| Professional fees                                      | 13,236           | 6,282            |
| Maintenance costs                                      | 7,008            | 5,365            |
| Depreciation of property, plant and equipment (note 6) | 3,643            | 3,932            |
| Telephone, fax and internet                            | 1,177            | 1,255            |
| Amortisation of intangible asset (note 8)              | 517              | 422              |
| Printings and stationery                               | 520              | 296              |
| Insurance charges                                      | 468              | 147              |
| Travel and transportations                             | 64               | 73               |
| Others   | 2,753            | 3,950            |
|  | <u>79,880</u>    | <u>67,215</u>    |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 24 Selling and marketing expenses

|                               | 2024<br>AED '000 | 2023<br>AED '000 |
|-------------------------------|------------------|------------------|
| Promotions and advertisements | 10,009           | 8,585            |

#### 25 Staff costs

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Salaries and wages  | 103,035          | 99,074           |
| Provision for employees' end of service benefit (note 16) | 3,736            | 3,620            |
| Pension for UAE national employees                        | 1,071            | 1,099            |
| Other benefits  | 18,948           | 14,818           |
|   | 126,790          | 118,611          |

#### 26 Finance income and finance costs

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| <i>Finance income</i>   |                  |                  |
| Interest income on fixed deposits   | 72,518           | 11,833           |
| Fair value adjustments on warrant liabilities measured at fair value through profit or loss | 33,856           | -                |
|   | 106,374          | 11,833           |
| <i>Finance cost</i>   |                  |                  |
| Fair value adjustments on warrant liabilities measured at fair value through profit or loss | -                | 2,294            |
| Interest expense on defined benefits obligations (Note 16)                                  | 1,283            | 1,109            |
| Finance costs on lease liabilities (note 7)   | 927              | 376              |
| Foreign currency exchange loss  | 318              | 316              |
| Interest on loan for vehicles   | -                | 40               |
|   | 2,528            | 4,135            |
| Finance income – net  | 103,846          | 7,698            |

#### 27 Other income

|  | 2024<br>AED '000 | 2023<br>AED '000 |
|--|------------------|------------------|
| Scrap sales                                  | 3,760            | 4,010            |
| Rental income                                | 1,135            | 790              |
| Gain on sale of property plant and equipment | 966              | 280              |
| Others                                       | 1,986            | 2,208            |
|  | 7,847            | 7,288            |

#### 28 Earnings / (loss) per share

Basic earnings / (loss) per share is computed using the weighted-average number of outstanding shares during the year. Diluted loss per share is computed to the extent that the effect is dilutive by using the weighted-average number of outstanding shares and potential shares during the period.



## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued)

#### For the year ended 31 December 2024

#### 28 Earnings / (loss) per share (continued)

For the year ended 31 December 2023, the weighted-average number of shares outstanding was represented for the purpose of comparability before and after the Transaction (refer note 12).

#### Basic earnings / (loss) per share

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Numerator   |                  |                  |
| Profit / (loss) for the year and gain (loss) used in basic earnings / (loss) per share      | <u>233,437</u>   | <u>(51,110)</u>  |
| Total profit / (loss) for the year used in basic earnings / (loss) per share                | <u>233,437</u>   | <u>(51,110)</u>  |
| Denominator   |                  |                  |
| Weighted average number of class A shares used in basic earnings / (loss) per share *       | <u>1,999,250</u> | <u>827,170</u>   |
| Total weighted average number of class A shares used in basic earnings / (loss) per share * | <u>1,999,250</u> | <u>827,170</u>   |
| <b>Basic (AED)</b>  | <u>0.12</u>      | <u>(0.06)</u>    |

#### Diluted earnings / (loss) per share

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Numerator   |                  |                  |
| Profit / (loss) for the year and gain (loss) used in basic earnings / (loss) per share      | <u>233,437</u>   | <u>(51,110)</u>  |
| Total profit / (loss) for the year used in basic earnings / (loss) per share                | <u>233,437</u>   | <u>(51,110)</u>  |
| Denominator   |                  |                  |
| Weighted average number of class A shares used in basic earnings / (loss) per share *       | <u>1,999,250</u> | <u>827,170</u>   |
| Total weighted average number of class A shares used in basic earnings / (loss) per share * | <u>1,999,250</u> | <u>827,170</u>   |
| <b>Diluted (AED)</b>  | <u>0.12</u>      | <u>(0.06)</u>    |

Considering the public and private warrants are anti-dilutive, the diluted loss/ earnings per share is deemed to be the same as basic loss per share.

\*Weighted average number of shares is calculated as follows:

|         | Shares<br>issued<br>'000 | Shares<br>outstanding<br>'000 | Duration | Weighted<br>average<br>'000 |
|---------|--------------------------|-------------------------------|----------|-----------------------------|
| 2024    |                          |                               |          |                             |
| Opening | <u>1,999,250</u>         | <u>1,999,250</u>              | <u>1</u> | <u>1,999,250</u>            |
| Total   | <u>1,999,250</u>         | <u>1,999,250</u>              | <u>1</u> | <u>1,999,250</u>            |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 28 Earnings / (loss) per share (continued)

##### Diluted earnings / (loss) per share (continued)

|  | Shares<br>issued<br>‘000 | Shares<br>outstanding<br>‘000 | Duration | Weighted<br>average<br>‘000 |
|--|--------------------------|-------------------------------|----------|-----------------------------|
| 2023   |                          |                               |          |                             |
| Shares deemed to be outstanding for the period from 1 January 2023 to 7 November 2023 multiplied by the exchange ratio established | 623,000                  | 623,000                       | 0.85     | 530,580                     |
| Deemed issued shares of ADC, as a result of the transaction  | 642,250                  | 1,265,250                     | -        | -                           |
| Issuance of PIPE shares on 7 November 2023   | 734,000                  | 1,999,250                     | 0.12     | 241,670                     |
| Issuance of 10 million class A shares on 21 December 2023  | 100,000                  | 2,099,250                     | -        | -                           |
| On 21 December 2023, E7 reacquired the 10 million class A shares and held them as Treasury Shares                                  | (100,000)                | 1,999,250                     | 0.03     | 54,920                      |
| Total  | <u>1,999,250</u>         | <u>1,999,250</u>              | <u>1</u> | <u>827,170</u>              |

#### 29 Contingencies and commitments

|                       | 2024<br>AED ‘000 | 2023<br>AED ‘000 |
|-----------------------|------------------|------------------|
| Letters of guarantees | <u>27,341</u>    | <u>16,595</u>    |
| Letters of credit     | <u>34,115</u>    | <u>38,158</u>    |
| Capital commitments   | <u>74,753</u>    | <u>11,585</u>    |

#### 30 Financial instruments

##### 30.1 Fair value of financial assets and liabilities

The Group’s management considers that the fair value of financial assets and financial liabilities approximates their carrying amounts.

##### 30.2 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective. The Group’s overall strategy remains unchanged from 2023.

##### 30.3 Financial risk management

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk and interest rate risk. Management actively monitors and manages the financial risks relating to the Group. The Group does not enter into or trade in financial instruments including derivative financial instruments for risk management purposes.

##### 30.4 Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 30 Financial instruments (continued)

##### 30.5 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2024, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its Management to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

| Category   | Description  | Basis for recognising expected credit losses |
|------------|--|--|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts  | 12-month ECL                                 |
| Doubtful   | Amount is >180-270 days past due or there has been a significant increase in credit risk since initial recognition                 | Lifetime ECL – not credit-impaired           |
| In default | Amount is >270 days past due or there is evidence indicating the asset is credit-impaired  | Lifetime ECL – credit-impaired               |
| Write-off  | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off                        |

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

|                           | Note | External credit ratings | Internal credit ratings | 12 month or lifetime ECL | Gross carrying amount AED '000 | Loss allowance AED '000 | Net carrying amount AED '000 |
|---------------------------|------|-------------------------|-------------------------|--------------------------|--------------------------------|-------------------------|------------------------------|
| <b>31 December 2024</b>   |      |                         |                         |                          |                                |                         |                              |
| Due from related parties  | 19   | N/A                     | (i)                     | 12-month ECL             | 3,379                          | (473)                   | 2,906                        |
| Trade receivables         | 10   | N/A                     | (ii)                    | 12-month ECL             | 262,196                        | (42,525)                | 219,671                      |
| Cash and cash balance     | 11   | A, A+, A-, AA-, BBB+    | N/A                     | 12-month ECL             | 1,442,026                      | -                       | 1,442,026                    |
| <b>31 December 2023</b>   |      |                         |                         |                          |                                |                         |                              |
| Due from related parties  | 19   | N/A                     | (i)                     | 12-month ECL             | 6,015                          | (473)                   | 5,542                        |
| Trade receivables         | 10   | N/A                     | (ii)                    | 12-month ECL             | 280,661                        | (47,768)                | 232,893                      |
| Cash and cash equivalents | 11   | A, A+, A-, AA-, BBB+    | N/A                     | 12-month ECL             | 1,285,474                      | -                       | 1,285,474                    |

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 30 Financial instruments (continued)

##### 30.5 Credit risk (continued)

For due from related parties, the Group has applied the general approach in IFRS 9 to measure the loss allowance at lifetime ECL.

- ii) For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor 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. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

##### 30.6 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The responsibility of liquidity risk rests with management, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The contractual maturities of the financial liabilities, determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date, are as follows:

|  | Less than<br>1 year<br>AED '000 | More than<br>1 year<br>AED '000 | Total<br>contractual<br>cashflows<br>AED '000 | Total<br>Carrying<br>amount<br>AED '000 |
|--|---------------------------------|---------------------------------|---|---|
| <b>2024</b>  |                                 |                                 |   |   |
| Trade and other payables   | 312,556                         | -                               | 312,556                                       | 312,556                                 |
| Due to related parties   | 5,647                           | -                               | 5,647   | 5,647                                   |
| Lease liabilities  | 6,077                           | 12,550                          | 18,627  | 14,200                                  |
| Public warrant liabilities at fair value<br>through profit or loss   | 16,588                          | -                               | 16,588  | 16,588                                  |
| Private warrants liabilities at fair value<br>through profit or loss | 4,147                           | -                               | 4,147   | 4,147                                   |
|  | <u>345,015</u>                  | <u>12,550</u>                   | <u>357,565</u>                                | <u>353,138</u>                          |
| <b>2023</b>  |                                 |                                 |   |   |
| Trade and other payables   | 260,255                         | -                               | 260,255                                       | 260,255                                 |
| Due to related parties   | 6,745                           | -                               | 6,745   | 6,745                                   |
| Lease liabilities  | 2,294                           | 5,162                           | 7,456   | 6,799                                   |
| Public warrant liabilities at fair value<br>through profit or loss   | 43,673                          | -                               | 43,673  | 43,673                                  |
| Private warrants liabilities at fair value<br>through profit or loss | 10,918                          | -                               | 10,918  | 10,918                                  |
|  | <u>323,885</u>                  | <u>5,162</u>                    | <u>329,047</u>                                | <u>328,390</u>                          |

##### 30.7 Interest risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the net interest income/expenses of the Group. The Group does not have financial assets and liabilities that carry variable interest rate. Accordingly, the Group is not exposed to interest rate risk.

## E7 GROUP PJSC

### Notes to the consolidated financial statements (continued) For the year ended 31 December 2024

#### 30 Financial instruments (continued)

#### 30.8 Foreign currency risk management

Currency risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not undertake transactions denominated in foreign currencies that have a significant impact on its interest income and expense.

#### 31 Corporate income tax

##### Amounts recognised in profit or loss

The Group's applicable tax rate is the income tax rate of 9%.

|                     | 2024<br>AED '000 | 2023<br>AED '000 |
|---------------------|------------------|------------------|
| Current tax expense |                  |                  |
| Current year        | 23,255           | -                |
|                     | <u>23,255</u>    | <u>-</u>         |

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

As at 31 December 2024, the BEPS Pillar Two was not considered to be substantively enacted from the perspective of IAS 12 – Income Taxes since the corresponding regulations/ clarifications were yet to prescribed.

The Group shall continue to monitor critical Cabinet Decisions to determine the impact on the Group, from deferred tax perspective.

##### Reconciliation of effective tax rate:

|   | 2024<br>AED '000 | 2023<br>AED '000 |
|---|------------------|------------------|
| Current income tax charge                                   | 23,255           | -                |
| <b>Reconciliation of Accounting Income</b>                  |                  |                  |
| Profit/(loss) before tax from continuing operations         | 256,692          | (51,110)         |
| At United Arab Emirates' statutory income tax rate of 9%    | 23,102           | -                |
| Permanent differences                                       |                  |                  |
| Non deductible expenses:                                    |                  |                  |
| Effect of standard exemption                                | (34)             | -                |
| Fines and penalties   | 36               | -                |
| 50% of entertainment expenditure                            | 83               | -                |
| Gain in OCI that will not be reclassified to profit or loss | 68               | -                |
| <b>Effective tax rate</b>                                   | <u>23,255</u>    | <u>(51,110)</u>  |
|   | <u>9.06%</u>     | <u>-</u>         |

#### 32 Subsequent events

The board of directors during their meeting held on 28 March 2025, have proposed to distribute a cash dividend of 7.36 fils per share amounting to AED 147,108 thousand for the year ended 31 December 2024, which will be submitted to the Group's shareholders for approval at the Annual General Meeting.

## **E7 GROUP PJSC**

### **Notes to the consolidated financial statements (continued) For the year ended 31 December 2024**

#### **33 Approval of the consolidated financial statements**

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 28 March 2025.