

Dubai Electricity and Water  
Authority PJSC and  
its subsidiaries

Consolidated financial statements  
*for the year ended 31 December 2025*

# Dubai Electricity and Water Authority PJSC and its subsidiaries

## Consolidated financial statements for the year ended 31 December 2025

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## Directors' Report

2025 marks an outstanding year for DEWA PJSC after achieving historic revenue of AED 32.8 bn, EBITDA of AED 17.3 bn and an unprecedented Operating profit of nearly AED 11 bn. Concurrent with growth of the Emirate, demand for electricity, water and cooling services has risen significantly. Electricity demand increased by 5.11%, Water demand by 6.94% and cooling services revenue grew by 4.9% in the year. This is the main contributor to the 6% revenue growth achieved in 2025. Peak electricity usage rose by 5.8% to 11,391 MW, peak daily water demand rose by 7% to 487 million imperial gallons per day (MIGD).

In line with the ambitious Net Zero by 2050 strategy, DEWA prioritized its investments to enhance renewable energy generation capacity. Total installed power generation capacity reached 17,979 MW by 2025 year-end (an increase of 4.7% over the previous year) out of which green energy capacity accounted for 21.5%. During the year, DEWA invested AED 11.8 bn, primarily on IPP/IWP projects and on the Transmission and Distribution network. Notable renewable projects include the 950 MW concentrated hybrid solar plant which is fully connected to the grid, the 1,500 MWH capacity Hatta Pumped Storage Hydro-electric Power Station, the 180 MIGD Hassyan Seawater Reverse Osmosis plant that achieved early water production ahead of schedule and the 1,800 MW Solar IPP plant that is 86% complete and scheduled for commissioning in 2026.

In 2025 nearly 57,000 new Electricity and Water account were added to our customer base, which surpassed 1.3 million by year-end, registering 4.5% increase over the previous year. A major part of our capital expenditure was incurred to expand and strengthen the Transmission and Distribution network, which is renowned for its high reliability and efficiency, having achieved the world's lowest electricity line loss of 2% and water line loss of 4.4% as well as the globally lowest customer minutes lost (CML) of 0.82 minutes per year.

DEWA is a resilient and strategy focussed organization, determined to stay in the forefront by utilizing digitisation and AI for process optimization, reducing costs, delivering high service quality level and ensuring reliability and security of critical services. All our activities during the year adhered to the highest environmental, health and safety standards. This strategy has positioned DEWA as a globally leading and sustainable utility, acknowledged for its top rank in 15 key performance indicators across all the core utility domains of Generation, Transmission, Distribution and Customer Service.

H.E. Majid Hamad Rahma Al Shamsi  
Chairman

H.E. Saeed Mohamed Al Tayer  
Vice Chairman,  
Managing Director & CEO

Dated: 27.02.2026  
Dubai



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## Independent auditors' report

To the Shareholders of Dubai Electricity and Water Authority PJSC

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

#### Opinion

We have audited the consolidated financial statements of Dubai Electricity and Water Authority PJSC ("DEWA" or "the Authority" or "the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the United Arab Emirates. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

### Accrual of accrued electricity and water revenue

Refer notes 3.22, 5.1(a), 17 and 28 to the consolidated financial statements.

| The key audit matter   | How the matter was addressed in our audit   |
|--|---|
| <p>The Group recognizes revenue on sales of electricity and water in accordance with IFRS 15 "Revenue from Contracts with Customers".</p> <p>The recognition of the Group's electricity and water revenue includes an estimation of the value of electricity and water supplied to customers between the date of the last cyclical meter reading and the year-end date ('accrued revenue'). The value of such electricity and water revenue of AED 1,216 million (2024: AED 1,125 million) is shown as accrued revenue and included within revenue.</p> <p>The method of estimating such revenues is complex and involves judgement including:</p> <ul style="list-style-type: none"> <li>- Management estimating the volume of units of electricity and water consumed by customers between their last cyclical meter reading and the year-end. Management's estimate for accrued revenue at the year-end is based on historical consumption pattern as per customer categories; and</li> <li>- Management applies the most appropriate tariff rates to the volume estimates given the range of tariffs operated by the Group. Management applies the tariff rate (depending on customer category and tariff slab) to the estimated consumed units of electricity and water to be accrued at year end to arrive at the total estimated value of electricity and water revenue.</li> </ul> <p>We have identified accrual of accrued electricity and water revenue as key audit matter because of the complexities and estimation involved in arriving at the accrued revenue figure as described above and because of the potentially material impact on the consolidated financial statements if errors were made in this calculation or if the assumptions used in estimating consumption patterns had been incorrectly applied.</p> | <p><b>Our audit procedures performed included, among others, the following:</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the accrual of accrued electricity and water revenue process implemented by the Group;</li> <li>• We have performed test of design and implementation of relevant controls;</li> <li>• We recalculated accrued electricity and water revenue, by using actual historical data to set an expectation of accrued electricity and water revenue and compare this with the management's estimate, obtaining explanations for any significant differences;</li> <li>• We obtained and tested management's underlying assumptions and base reference data relating to volume and price used in determining the level of accrued revenue, including:</li> </ul> <p><b>Volume</b></p> <p>We agreed the core volume data used for calculating the estimated accrued volumes with the units generation report, internal consumption report and units billed report extracted from the internal systems. We performed testing of the key information technology automated controls, manual controls and substantive testing on the reports. We have also verified the line losses with the previous years and sought explanations for any variances.</p> <p><b>Tariff rates</b></p> <p>We tested the assumptions for selection of tariff rate per unit from the tariff rate slab by comparing the tariff rate applied in the estimation model with current data for each customer category.</p> |

| Key Audit Matters (continued)  |   |
|--|---|
| Accrual of accrued electricity and water revenue (continued)   |   |
| Refer notes 3.22, 5.1(a), 17 and 28 to the consolidated financial statements.  |   |
| The key audit matter   | How the matter was addressed in our audit   |
|  | <ul style="list-style-type: none"> <li>We assessed the overall consistency of the calculated accrued revenue compared to the prior year based on our knowledge of the trends and the process; and</li> <li>We considered the adequacy of the Group's disclosures in the consolidated financial statements relating to this area.</li> </ul>   |
| Expected credit loss for trade receivables   |   |
| Refer notes 3.7, 4.1 (i)(a), 5.1(b) and 17 to the consolidated financial statements.   |   |
| The key audit matter   | How the matter was addressed in our audit   |
| <p>As at 31 December 2025, the Group recognized net trade receivables from sale of electricity and water of AED 3,049 million (2024: AED 2,723 million), net of expected credit loss allowance (ECL allowance) of AED 376 million (2024: AED 457 million).</p> <p>In accordance with the requirements of IFRS 9 "Financial Instruments", the Group has applied expected credit loss model to account for the impairment of trade receivable balances.</p> <p>Allowance for expected credit loss is a key audit matter due to the significance of the trade receivable balances to the consolidated financial statements and the complexity of the Group's Expected Credit Loss (ECL) models (ECL models) used to measure ECL allowances. These models are reliant on data and a number of estimates including the impact of multiple economic scenarios.</p> | <p><b>Our audit procedures performed included, among others, the following:</b></p> <ul style="list-style-type: none"> <li>Obtained an understanding of the process implemented by the Group relating to the determination of allowance for credit loss of trade receivables;</li> <li>Performed test of design and implementation of relevant controls;</li> <li>Assessed the completeness and accuracy of the aging report for receivables from sale of electricity and water;</li> <li>Evaluated the reasonableness of the methodology, assumptions and estimates used by management in preparing the expected credit loss model; and</li> <li>Evaluated the adequacy of disclosures made by management in the consolidated financial statements.</li> </ul> |

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Integrated Report (including Directors' Report), but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Integrated Report after the date of the auditors' report.

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

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

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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, as amended, we report that for the year ended 31 December 2025:

- 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, as amended;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' Report is consistent with the books of account of the Group;

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

- v) as disclosed in note 1 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2025;
- vi) note 27 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, or in respect of the Authority, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2025; and
- viii) note 30 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2025.

KPMG Lower Gulf Limited



Nitin Mehrotra  
Registration number: 5765  
Dubai, United Arab Emirates

Date: 27 February 2026

# Dubai Electricity and Water Authority PJSC and its subsidiaries

## Consolidated statement of financial position

|   | Notes | As at 31 December  |                    |
|---|-------|--------------------|--------------------|
|   |       | 2025<br>AED'000    | 2024<br>AED'000    |
| <b>Assets</b>   |       |                    |                    |
| <b>Non-current assets</b>   |       |                    |                    |
| Property, plant and equipment   | 7     | 163,300,630        | 158,251,706        |
| Intangible assets   | 8     | 723,294            | 440,699            |
| Investments accounted using the equity method                                   | 9.3   | -                  | 640                |
| Derivative financial instruments  | 10    | 889,821            | 1,719,527          |
| Financial assets at fair value through other comprehensive income               | 11    | 55,778             | 55,709             |
| Investment property   | 12    | 170,793            | 118,015            |
| Deferred tax assets   | 13    | 197,743            | 207,401            |
| Other assets  | 14    | 1,008,200          | 1,283,505          |
| Financial assets at fair value through profit or loss                           | 15.1  | 377,177            | 206,017            |
| Other financial assets at amortised cost  | 15.2  | 3,211,690          | 3,179,039          |
| Trade receivables   | 17    | 53,641             | 3,550              |
| Term deposits   | 18    | 1,461,856          | -                  |
| <b>Total non-current assets</b>   |       | <b>171,450,623</b> | <b>165,465,808</b> |
| <b>Current assets</b>   |       |                    |                    |
| Derivative financial instruments  | 10    | 125,357            | 377,785            |
| Other assets  | 14    | 426,283            | 404,027            |
| Financial assets at fair value through profit or loss                           | 15.1  | 45,461             | 25,466             |
| Other financial assets at amortised cost  | 15.2  | 3,206,006          | 4,127,210          |
| Inventories   | 16    | 1,487,215          | 1,559,690          |
| Trade receivables   | 17    | 3,428,929          | 3,103,822          |
| Term deposits   | 18    | 6,577,488          | 3,586,277          |
| Cash and cash equivalents   | 19    | 8,391,415          | 6,105,223          |
| <b>Total current assets</b>   |       | <b>23,688,154</b>  | <b>19,289,500</b>  |
| <b>Total assets</b>   |       | <b>195,138,777</b> | <b>184,755,308</b> |
| <b>Equity and liabilities</b>   |       |                    |                    |
| <b>Equity</b>   |       |                    |                    |
| Share capital   | 20    | 500,000            | 500,000            |
| Capital contribution  | 20    | 39,165,645         | 39,117,511         |
| Statutory reserve   | 20    | 591,346            | 591,346            |
| Hedging reserve   | 20    | 485,839            | 1,056,262          |
| Retained earnings   |       | 50,273,686         | 48,084,114         |
| <b>Equity attributable to the Owners of the Company</b>                         |       | <b>91,016,516</b>  | <b>89,349,233</b>  |
| Non-controlling interests   | 9.2   | 6,753,019          | 5,638,617          |
| <b>Total equity</b>   |       | <b>97,769,535</b>  | <b>94,987,850</b>  |
| <b>Liabilities</b>  |       |                    |                    |
| <b>Non-current liabilities</b>  |       |                    |                    |
| Derivative financial instruments  | 10    | 23,807             | 6,217              |
| Deferred tax liabilities  | 13    | 61,101             | 113,131            |
| Borrowings  | 21    | 31,921,882         | 28,828,863         |
| Retirement benefit obligations  | 22    | 1,162,622          | 1,109,622          |
| Lease liabilities   | 23    | 35,623             | 25,332             |
| Other long-term liabilities   | 24    | 36,958,212         | 33,748,372         |
| <b>Total non-current liabilities</b>  |       | <b>70,163,247</b>  | <b>63,831,537</b>  |
| <b>Current liabilities</b>  |       |                    |                    |
| Borrowings  | 21    | 6,654,393          | 7,343,913          |
| Derivative financial instruments  | 10    | 34,823             | 176                |
| Lease liabilities   | 23    | 18,458             | 18,597             |
| Trade and other payables  | 25    | 19,799,708         | 18,205,891         |
| <b>Total current liabilities</b>  |       | <b>26,507,382</b>  | <b>25,568,577</b>  |
| <b>Total liabilities</b>  |       | <b>96,670,629</b>  | <b>89,400,114</b>  |
| <b>Total equity and liabilities</b>   |       | <b>194,440,164</b> | <b>184,387,964</b> |
| Regulatory deferral account credit balance                                      | 26    | 698,613            | 367,344            |
| <b>Total equity, liabilities and regulatory deferral account credit balance</b> |       | <b>195,138,777</b> | <b>184,755,308</b> |

To the best of our knowledge, these consolidated financial statements fairly represent in all material respects, the consolidated financial position, results of operation and cash flows for the Group as of and for the year ended 31 December 2025.

These consolidated financial statements were approved by the Board of Directors on 27 February 2026 and signed on their behalf by:

  
 Vice-Chairman and  
 Managing Director & Chief Executive Officer

  
 Chairman

The independent auditors' report is set out on pages 2 to 7.

The notes on pages 14 to 97 form an integral part of these consolidated financial statements.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

## Consolidated statement of profit or loss and other comprehensive income

|   | Notes       | For the year ended 31 December |                    |
|---|-------------|--------------------------------|--------------------|
|   |             | 2025<br>AED'000                | 2024<br>AED'000    |
| Revenue   | 28          | 32,841,823                     | 30,977,351         |
| Cost of sales   | 29          | (19,776,710)                   | (19,170,338)       |
| <b>Gross profit</b>   |             | <b>13,065,113</b>              | <b>11,807,013</b>  |
| Administrative expenses   | 30          | (3,321,023)                    | (3,169,242)        |
| Credit impairment reversal - net  | 15, 17 & 18 | 105,728                        | 93,197             |
| Other income  | 31          | 1,101,693                      | 593,557            |
| <b>Operating profit</b>   |             | <b>10,951,511</b>              | <b>9,324,525</b>   |
| Finance costs   | 32          | (1,839,073)                    | (2,133,855)        |
| Finance income  | 32          | 1,221,774                      | 959,837            |
| <b>Finance costs – net</b>  | 32          | <b>(617,299)</b>               | <b>(1,174,018)</b> |
| <b>Profit for the year before net movement in regulatory deferral account</b>                     |             | <b>10,334,212</b>              | <b>8,150,507</b>   |
| Net movement in regulatory deferral account   | 26          | (331,269)                      | (167,413)          |
| <b>Profit for the year after net movement in regulatory deferral account</b>                      |             | <b>10,002,943</b>              | <b>7,983,094</b>   |
| Income tax expense  | 13          | (947,599)                      | (748,905)          |
| <b>Profit for the year after net movement in regulatory deferral account and tax</b>              |             | <b>9,055,344</b>               | <b>7,234,189</b>   |
| <b>Other comprehensive income:</b>  |             |                                |                    |
| <i>Items that will not be reclassified to profit or loss</i>                                      |             |                                |                    |
| Remeasurements of retirement benefit obligations  | 22.1        | 44,416                         | 18,047             |
| <i>Items that may be reclassified to profit or loss</i>   |             |                                |                    |
| Cash flow hedges – reclassified to profit or loss   | 10          | (854,876)                      | (711,454)          |
| Cash flow hedges – effective portion of changes in fair value of derivative financial instruments | 10          | (285,446)                      | 1,238,085          |
| Debt instrument at FVOCI – change in fair value   | 11          | 68                             | 913                |
| Related tax   | 13          | 49,344                         | (102,236)          |
| Other comprehensive (loss)/income for the year  |             | (1,046,494)                    | 443,355            |
| <b>Total comprehensive income for the year</b>  |             | <b>8,008,850</b>               | <b>7,677,544</b>   |
| <b>Profit for the year attributable to</b>  |             |                                |                    |
| - Owners of the Company   |             | 8,346,887                      | 7,012,660          |
| - Non-controlling interests   |             | 708,457                        | 221,529            |
|   |             | <b>9,055,344</b>               | <b>7,234,189</b>   |
| <b>Total comprehensive income for the year attributable to</b>                                    |             |                                |                    |
| - Owners of the Company   |             | 7,819,149                      | 7,261,205          |
| - Non-controlling interests   |             | 189,701                        | 416,339            |
|   |             | <b>8,008,850</b>               | <b>7,677,544</b>   |
| <b>Earnings per share</b>   |             |                                |                    |
| Basic and diluted earnings per share (AED)  | 33          | 0.167                          | 0.140              |

The independent auditors' report is set out on pages 2 to 7.

The notes on pages 14 to 97 form an integral part of these consolidated financial statements.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

## Consolidated statement of changes in equity

|  | Attributable to the Owners  |                                    |                                 |                               |                                 | Total<br>AED'000 | Non-<br>controlling<br>interests<br>AED'000 | Total equity<br>AED'000 |
|--|-----------------------------|------------------------------------|---------------------------------|-------------------------------|---------------------------------|------------------|---|-------------------------|
|  | Share<br>capital<br>AED'000 | Capital<br>contribution<br>AED'000 | Statutory<br>reserve<br>AED'000 | Hedging<br>reserve<br>AED'000 | Retained<br>earnings<br>AED'000 |                  |   |                         |
| <b>At 1 January 2024</b>                                       | 500,000                     | 40,042,997                         | 591,346                         | 824,722                       | 47,253,178                      | 89,212,243       | 3,489,111                                   | 92,701,354              |
| <b><i>Total comprehensive income for the year</i></b>          |                             |                                    |                                 |                               |                                 |                  |   |                         |
| Profit for the year  | -                           | -                                  | -                               | -                             | 7,012,660                       | 7,012,660        | 221,529                                     | 7,234,189               |
| Other comprehensive income                                     | -                           | -                                  | -                               | 231,540                       | 17,005                          | 248,545          | 194,810                                     | 443,355                 |
| <b>Total comprehensive income for the year</b>                 | -                           | -                                  | -                               | 231,540                       | 7,029,665                       | 7,261,205        | 416,339                                     | 7,677,544               |
| <b><i>Transactions with the Owners</i></b>                     |                             |                                    |                                 |                               |                                 |                  |   |                         |
| Capital contribution by non-controlling interests              | -                           | -                                  | -                               | -                             | -                               | -                | 2,119,934                                   | 2,119,934               |
| Settlement on liquidation of subsidiary                        | -                           | -                                  | -                               | -                             | (51)                            | (51)             | (50)  | (101)                   |
| Acquisition of minority interest                               | -                           | -                                  | -                               | -                             | 1,322                           | 1,322            | (1,481)                                     | (159)                   |
| Capital contribution – value of lands (net) (refer note 7 (b)) | -                           | (925,486)                          | -                               | -                             | -                               | (925,486)        | -   | (925,486)               |
| Dividends paid (refer note 38)                                 | -                           | -                                  | -                               | -                             | (6,200,000)                     | (6,200,000)      | (385,236)                                   | (6,585,236)             |
| <b>At 31 December 2024</b>                                     | 500,000                     | 39,117,511                         | 591,346                         | 1,056,262                     | 48,084,114                      | 89,349,233       | 5,638,617                                   | 94,987,850              |

The notes on pages 14 to 97 form an integral part of these consolidated financial statements.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

## Consolidated statement of changes in equity *(continued)*

|  | Attributable to the Owners |                                    |                                 |                               |                                 | Total<br>AED'000  | Non-<br>controlling<br>interests<br>AED'000 | Total equity<br>AED'000 |
|--|----------------------------|------------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------|---|-------------------------|
|  | Share capital<br>AED'000   | Capital<br>contribution<br>AED'000 | Statutory<br>reserve<br>AED'000 | Hedging<br>reserve<br>AED'000 | Retained<br>earnings<br>AED'000 |                   |   |                         |
| <b>At 1 January 2025</b>                                       | <b>500,000</b>             | <b>39,117,511</b>                  | <b>591,346</b>                  | <b>1,056,262</b>              | <b>48,084,114</b>               | <b>89,349,233</b> | <b>5,638,617</b>                            | <b>94,987,850</b>       |
| <b><i>Total comprehensive income for the year</i></b>          |                            |                                    |                                 |                               |                                 |                   |   |                         |
| Profit for the year  | -                          | -                                  | -                               | -                             | 8,346,887                       | 8,346,887         | 708,457                                     | 9,055,344               |
| Other comprehensive income                                     | -                          | -                                  | -                               | (570,423)                     | 42,685                          | (527,738)         | (518,756)                                   | (1,046,494)             |
| <b>Total comprehensive income for the year</b>                 | <b>-</b>                   | <b>-</b>                           | <b>-</b>                        | <b>(570,423)</b>              | <b>8,389,572</b>                | <b>7,819,149</b>  | <b>189,701</b>                              | <b>8,008,850</b>        |
| <b><i>Transactions with the Owners</i></b>                     |                            |                                    |                                 |                               |                                 |                   |   |                         |
| Capital contribution by non-controlling interests              | -                          | -                                  | -                               | -                             | -                               | -                 | 2,117,519                                   | 2,117,519               |
| Capital repayment to non-controlling interests                 | -                          | -                                  | -                               | -                             | -                               | -                 | (32,396)                                    | (32,396)                |
| Capital contribution – value of lands (net) (refer note 7 (b)) | -                          | 48,134                             | -                               | -                             | -                               | 48,134            | -   | 48,134                  |
| Dividends paid (refer note 38)                                 | -                          | -                                  | -                               | -                             | (6,200,000)                     | (6,200,000)       | (1,160,422)                                 | (7,360,422)             |
| <b>At 31 December 2025</b>                                     | <b>500,000</b>             | <b>39,165,645</b>                  | <b>591,346</b>                  | <b>485,839</b>                | <b>50,273,686</b>               | <b>91,016,516</b> | <b>6,753,019</b>                            | <b>97,769,535</b>       |

The notes on pages 14 to 97 form an integral part of these consolidated financial statements.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

## Consolidated statement of cash flows

|  | Notes       | For the year ended 31 December |                   |
|--|-------------|--------------------------------|-------------------|
|  |             | 2025<br>AED'000                | 2024<br>AED'000   |
| <b>Cash flows from operating activities</b>                                    |             |                                |                   |
| Profit for the year after tax  |             | 9,055,344                      | 7,234,189         |
| <i>Adjustments for:</i>  |             |                                |                   |
| Depreciation   | 7 & 12      | 6,594,840                      | 6,483,149         |
| Amortisation – intangible assets   | 8           | 114,286                        | 84,783            |
| Gain on modification of lease  |             | -                              | (89)              |
| Provision for inventory  | 16          | 25,571                         | 10,709            |
| Impairment of property, plant and equipment                                    | 7           | -                              | 919               |
| Fair value adjustments   |             | (28,966)                       | (29,125)          |
| Liabilities written back   | 31          | -                              | (23,072)          |
| Credit impairment reversal   | 15, 17 & 18 | (105,728)                      | (93,197)          |
| Deferred income  | 28.1        | (1,399,053)                    | (1,164,098)       |
| Retirement benefit obligations – gratuity                                      | 22.1        | 163,243                        | 149,487           |
| Retirement benefit obligations – pensions                                      | 22.2        | 137,658                        | 130,961           |
| Ineffective portion of gain on derivative financial instrument                 | 32          | (5,952)                        | (2,751)           |
| Gain on disposal of property, plant and equipment                              | 31          | (1,817)                        | (4,683)           |
| Insurance claim income   |             | (130,945)                      | (353,313)         |
| Finance costs  | 32          | 1,826,974                      | 2,133,855         |
| Finance income   | 32          | (1,203,723)                    | (957,086)         |
| Income tax expense   | 13          | 947,599                        | 748,905           |
| <i>Operating cash flows before changes in operating assets and liabilities</i> |             | <b>15,989,331</b>              | <b>14,349,543</b> |
| Changes in operating assets and liabilities:                                   |             |                                |                   |
| Inventories  | 16          | 46,904                         | (169,244)         |
| Other assets   |             | 253,049                        | (74,372)          |
| Trade receivables  |             | (280,261)                      | 410,622           |
| Other financial assets   |             | 1,184,231                      | (476,931)         |
| Trade and other payables   |             | 5,339,187                      | 3,405,417         |
| Regulatory deferral account credit balance                                     | 26          | 331,269                        | 167,413           |
| <i>Net operating cash flows</i>  |             | <b>22,863,710</b>              | <b>17,612,448</b> |
| Income tax paid  |             | (818,089)                      | -                 |
| Payment for retirement benefit obligations – gratuity                          | 22.1        | (66,897)                       | (38,377)          |
| Payment for retirement benefit obligations – pensions                          | 22.2        | (128,247)                      | (138,662)         |
| <b>Net cash generated from operating activities</b>                            |             | <b>21,850,477</b>              | <b>17,435,409</b> |

The independent auditors' report is set out on pages 2 to 7.

The notes on pages 14 to 97 form an integral part of these consolidated financial statements.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

## Consolidated statement of cash flows *(continued)*

|  | Note | For the year ended 31 December |                    |
|--|------|--------------------------------|--------------------|
|  |      | 2025<br>AED'000                | 2024<br>AED'000    |
| <b>Net cash generated from operating activities</b>  |      | <b>21,850,477</b>              | <b>17,435,409</b>  |
| <b>Investing activities</b>  |      |                                |                    |
| Purchase of property, plant and equipment net of movements in capital payables and other long-term liabilities |      | (10,590,210)                   | (9,267,317)        |
| Deposits with original maturity of greater than three months – placed  |      | (14,658,900)                   | (10,098,798)       |
| Deposits with original maturity of greater than three months – matured   |      | 10,202,547                     | 11,406,036         |
| Investment in debt instruments – placed  |      | (19,995)                       | (856,895)          |
| Investment in debt instruments – matured   |      | 56,701                         | 1,060,761          |
| Investment in equity instruments – placed  |      | (147,721)                      | (39,230)           |
| Investment in equity instruments – matured   |      | 6,886                          | 5,615              |
| Purchase of intangible assets  | 8    | (13,602)                       | (7,213)            |
| Additions to investment property   | 12   | (25,687)                       | -                  |
| Interest received  |      | 1,201,295                      | 1,014,861          |
| Acquisition of subsidiary  |      | -                              | (159)              |
| UAE National Bonds and Sukuk Bonds – placed  |      | (1,217,071)                    | (1,526,236)        |
| UAE National Bonds and Sukuk Bonds – matured   |      | 782,043                        | 1,207,955          |
| Proceeds from disposal of property, plant and equipment  |      | 8,727                          | 167,464            |
| <b>Net cash used in investing activities</b>   |      | <b>(14,414,987)</b>            | <b>(6,933,156)</b> |
| <b>Financing activities</b>  |      |                                |                    |
| Repayments of borrowings   | 21   | (16,836,486)                   | (8,858,382)        |
| Proceeds from borrowings   | 21   | 19,603,965                     | 7,502,808          |
| Interest paid on borrowings  | 21   | (2,203,097)                    | (2,577,233)        |
| Interest paid on lease liabilities   | 23   | (2,507)                        | (232)              |
| Payment of lease liabilities   | 23   | (22,570)                       | (17,958)           |
| Capital repayment to non-controlling interests   |      | (32,396)                       | (50)               |
| Capital contribution by non-controlling interests  |      | 1,531,627                      | 749,342            |
| Dividends paid to the Owners   | 38   | (6,200,000)                    | (6,200,000)        |
| Dividends paid to non-controlling interests  | 38   | (1,160,422)                    | (385,236)          |
| <b>Net cash used in financing activities</b>   |      | <b>(5,321,886)</b>             | <b>(9,786,941)</b> |
| <b>Net increase in cash and cash equivalents</b>   |      | <b>2,113,604</b>               | <b>715,312</b>     |
| Cash and cash equivalents at the beginning of the year   |      | 5,373,629                      | 4,658,317          |
| <b>Cash and cash equivalents at the end of the year</b>  | 19   | <b>7,487,233</b>               | <b>5,373,629</b>   |

The independent auditors' report is set out on pages 2 to 7.

The notes on pages 14 to 97 form an integral part of these consolidated financial statements.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

### 1 Establishment and operations

Dubai Electricity and Water Authority (“DEWA” or “the Authority” or “the Company”) was incorporated on 1 January 1992 in the Emirate of Dubai by a decree (“the Original Decree”) issued by H.H. The Ruler of Dubai, effective 1 January 1992, as an independent public authority having the status of a body corporate, and financially and administratively independent from the Government. In accordance with the Original Decree, all rights, property and assets of Dubai Electricity Company (“DEC”) and Dubai Water Department (“the Department”) belonging to the Government, were vested in the Authority, and the Authority was held responsible for all liabilities and debts of DEC and the Department, of any kind whatsoever. Together, DEC and the Department formed DEWA from the effective date of the Original Decree.

The principal activities of the Authority, in accordance with the Original Decree and Decree No. 13 of 1999 which amended some of the provisions of the Original Decree, comprise water desalination and distribution and the generation, transmission and distribution of electricity, throughout the Emirate of Dubai. The registered address of the Authority is P.O. Box 564, Dubai, United Arab Emirates (“UAE”).

In prior years, the Authority was wholly owned by Department of Finance (DoF), the Government of Dubai, which announced its plan to list the shares of the Authority on the Dubai Financial Market (DFM). In 2022, DoF, the Government of Dubai had sold 18% of its shareholding in the Authority through an Initial Public Offering (“IPO”). The Authority was listed on the Dubai Financial Market (DFM) and its shares started trading with effect from 12 April 2022.

In prior years, the Government of Dubai passed Law No. (25) of 2023 establishing Dubai Investment Fund (DIF). DoF, the Government of Dubai, transferred its shareholding in Dubai Electricity and Water Authority PJSC to DIF. The ultimate controlling party of the Group is the Government of Dubai. The ownership structure of the Authority is as follows:

|  |                    |
|--|--------------------|
|  | <b>Ownership %</b> |
| Dubai Investment Fund (DIF)  | <b>82%</b>         |
| Local and international investors (including institutional and retail investors) | <b>18%</b>         |
|  | <b>100%</b>        |

DEWA and its subsidiaries are collectively referred to as “the Group”. The Group either directly or indirectly controls following significant subsidiaries, which are domiciled in UAE:

| <b>Name of the entity</b>                          | <b>Percentage of beneficial ownership</b> |                         | <b>Principal business activities</b>  |
|--|---|-------------------------|---|
|  | <b>31 December 2025</b>                   | <b>31 December 2024</b> |   |
| Al Etihad Energy Services Company LLC              | <b>100</b>                                | 100                     | Implement energy efficiency measures in buildings   |
| Etihad Clean Energy Development Company LLC        | <b>100</b>                                | 100                     | Buildings energy efficiency services, solar energy systems rental and solar energy systems installation |
| Jumeirah Energy International Holdings LLC (JEIHL) | <b>100</b>                                | 100                     | Holding Company   |
| Jumeirah Energy International LLC (JEI)            | <b>100</b>                                | 100                     | Holding Company   |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 1 Establishment and operations *(continued)*

| Name of the entity  | Percentage of beneficial ownership |                  | Principal business activities   |
|---|------------------------------------|------------------|---|
|   | 31 December 2025                   | 31 December 2024 |   |
| Mai Dubai LLC   | 100                                | 100              | Purification and sale of potable water  |
| Hassyan Energy 1 Holdings LLC                               | 100                                | 100              | Holding Company   |
| Shuaa Energy 2 Holdings LLC                                 | 100                                | 100              | Holding Company   |
| Shuaa Energy 3 Holdings LLC                                 | 100                                | 100              | Holding Company   |
| Jumeirah Energy International Capital Holding LLC           | 100                                | 100              | Holding Company   |
| Noor Energy 1 Holdings LLC                                  | 100                                | 100              | Holding Company   |
| Data Hub Integrated Solutions LLC (MORO)                    | 100                                | 100              | Established to provide services including IT, and infrastructure, networking and computer system housing services           |
| Digital DEWA LLC  | 100                                | 100              | Investment in commercial, industrial, retail trade and energy enterprises and management                                    |
| Infra X   | 100                                | 100              | To provide services including IT and computer housing services  |
| DXB CoolCo. FZCO  | 48                                 | 48               | Establishing and operating district cooling projects and providing air-conditioning, ventilator and refrigeration services. |
| Emirates Central Cooling Systems Corporation PJSC (EMPOWER) | 56                                 | 56               | Provision of district cooling services, management, maintenance of central cooling plants and related distribution networks |
| EMPOWER FM LLC  | 56                                 | 56               | Air conditioning, ventilation and air filtration system, installation and maintenance                                       |
| EMPOWER Engineering & Consultancy LLC                       | 56                                 | 56               | Project development consultant services   |
| Palm Utilities LLC  | 56                                 | 56               | Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services         |
| Palm District Cooling LLC (PDC)                             | 56                                 | 56               | Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services.        |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 1 Establishment and operations *(continued)*

| <b>Name of the entity</b>                         | <b>Percentage of beneficial ownership</b> |                         | <b>Principal business activities</b>  |
|---|---|-------------------------|---|
|   | <b>31 December 2025</b>                   | <b>31 December 2024</b> |   |
| Empower Insulated Pipe Systems L.L.C.             | <b>56</b>                                 | 56                      | Manufacturing of pre-insulated pipes, mainly for district cooling   |
| Shuaa Energy 2 P.S.C                              | <b>60</b>                                 | 60                      | Establish and provide full range of services for generation of electricity  |
| Shuaa Energy 1 P.S.C                              | <b>51</b>                                 | 51                      | Establish and provide full range of services for generation of electricity  |
| Hassyan Energy Phase 1 P.S.C                      | <b>51</b>                                 | 51                      | Establish and provide full range of services for generation of electricity  |
| Noor Energy 1 P.S.C                               | <b>51</b>                                 | 51                      | Establish and provide full range of services for generation of electricity  |
| Hassyan Water Company 1 Private Joint Stock (PSC) | <b>60</b>                                 | 60                      | Water desalination including collecting of water, sterilizing and transporting it in lines and linking it to a water distribution network and operating and maintaining water production projects                     |
| Digital X LLC                                     | <b>100</b>                                | 100                     | Establish and provide full range of services for information technology, data entry, network consultancies  |
| Smart Energy X LLC                                | <b>100</b>                                | 100                     | Establish and provide full range of services for parking management electronic systems installation and maintenance   |
| Shuaa Energy 3 P.S.C                              | <b>60</b>                                 | 60                      | Establish and provide full range of services for generation of electricity  |
| Forward Investments Limited                       | <b>100</b>                                | 100                     | Holding Company   |
| Dubai Carbon Centre of Excellence                 | <b>100</b>                                | 100                     | Energy projects engineering consultancy and carbon control systems trading  |
| SecureX   | <b>100</b>                                | 100                     | Computer systems housing services, communication equipment, software design, data classification & analysis services, IT infrastructure, data centre co-location services and information technology network services |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 1 Establishment and operations *(continued)*

| Name of the entity                       | Percentage of beneficial ownership |                  | Principal business activities   |
|--|------------------------------------|------------------|---|
|  | 31 December 2025                   | 31 December 2024 |   |
| Space D                                  | 100                                | 100              | Managing & operating satellites & provision satellite services, wired & wireless communication systems installation and space situational tracking, monitoring & awareness services |
| EMPOWER Snow LLC                         | 56                                 | 56               | Establish and operate district cooling projects and provide air-conditioning, ventilation and refrigeration services  |
| Hassyan Water Company 1 Holding LLC      | 100                                | 100              | Holding Company   |
| Hassyan Water Company A Holdings LLC     | 100                                | 100              | Holding Company   |
| Shuaa Energy 4 Holding LLC               | 100                                | 100              | Holding Company   |
| Shuaa Energy 4 P.S.C                     | 60                                 | 60               | Establish and provide full range of services for generation of electricity  |
| Hassyan Water Company A P.S.C            | 60                                 | 60               | Establish and provide full range of services for production of desalinated water  |
| Dubai Green Fund Holdings LLC            | 100                                | 100              | Holding Company   |
| Dubai Green Fund Investments LLC         | 100                                | 100              | To invest and manage commercial, industrial, retail trade and energy enterprises  |
| Forward Ventures SPV Holding Limited     | 100                                | 100              | Holding Company   |
| Forward Ventures 1 Holding Limited       | 100                                | 100              | Holding Company   |
| Forward Ventures 2 Holding Limited       | 100                                | 100              | Holding Company   |
| Dubai Green Fund Investments Limited (i) | 100                                | -                | To invest and manage commercial, industrial, retail trade, real estate, healthcare, agricultural and educational enterprises  |

- i) On 24 January 2025, Dubai Green Fund Investments Limited was incorporated with 100% ownership held by the Group.

During the current year, the Group has not purchased any shares.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## **2 Basis of preparation**

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **2.1 Statement of compliance**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and applicable provisions of UAE Federal Decree Law No. (32) of 2021. These consolidated financial statements comply with IFRS Accounting Standards and applicable provisions of UAE Federal Decree Law No. (32) of 2021.

These consolidated financial statements are presented in UAE Dirhams (AED), which is the Authority’s functional currency and have been rounded to nearest thousands. Subsidiaries and joint ventures determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency.

### **2.2 Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis except for retirement benefit obligations, derivative financial instruments, financial assets and financial liabilities measured at fair value, wherever applicable.

### **2.3 Use of estimates and judgements**

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group’s consolidated financial statements are disclosed in note 5.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies

### 3.1 New standards, amendments and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing the consolidated 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 accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the consolidated statement of profit or loss and other comprehensive income, 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 consolidated financial statements.
- Enhanced guidance is provided on how to group information in the consolidated 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 accounting standard, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated 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 consolidated financial statements, including for items currently labelled as 'other'.

The following amended standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements:

|  | <b>Effective date</b>                |
|--|--------------------------------------|
| Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7                                | 1 January 2026                       |
| Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7                                     | 1 January 2026                       |
| Annual Improvements to IFRS Accounting Standards – Volume 11   | 1 January 2026                       |
| IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>   | 1 January 2027                       |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 | Effective date deferred indefinitely |

### 3.2 Other new or amended standards

The following new or amended standards are required to be adopted in annual periods beginning on 1 January 2025 and do not have a material impact on the Group's consolidated financial statements:

|  | <b>Effective date</b> |
|--|-----------------------|
| Lack of Exchangeability – Amendments to <i>IAS 21 The Effects of Changes in Foreign Exchange Rates</i> | 1 January 2025        |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.3 Basis of consolidation

#### (a) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards), then all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree’s awards and the extent to which the replacement awards relate to pre-combination service.

#### (b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### (c) Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

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

#### (d) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### (e) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

#### (f) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.4 Property, plant and equipment

Property, plant and equipment, other than land and capital work in progress, are stated at historical cost less accumulated depreciation and any provisions for impairment. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset into operation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/components have a useful life different than other parts and are required to be replaced at different intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major overhaul is performed, the directly attributable cost of the overhaul is recognised in the carrying amount of the plant and equipment if the recognition criteria are satisfied. This is recorded as a separate component with a useful life generally equal to the time period up to the next scheduled major overhaul.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

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

Subsequent expenditure incurred to replace a component of an item of property, plant and equipment or to improve its operational performance, that is accounted for separately, is included in the asset's carrying amount or recognised as a separate asset as appropriate when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced asset is subsequently derecognised.

Expenditure on major inspection and overhauls of production plant is capitalised when it meets the asset recognition criteria and is depreciated over the period until the next major overhaul. All other repair and maintenance costs are charged to profit or loss during the year in which they are incurred.

Generation and desalination plants, supply lines and substation equipment are capitalised from the date these are available for use, after satisfactory completion of trial and reliability runs.

Capital work in progress is stated at cost, less any impairment. When commissioned, capital work in progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Group's policies.

Land received for free is initially measured at a fair value. The valuation is based on valuation received from Land Department of the Government of Dubai, which is considered the deemed cost and is not depreciated.

Depreciation on other assets is calculated using the straight-line method at rates calculated to reduce the cost of assets to their estimated residual values over their estimated useful lives or in case of leased assets, the shorter term.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

|  | <b>Years (2025 and 2024)</b> |
|--|------------------------------|
| Buildings  | 10 to 30                     |
| Generation, desalination and district cooling plants | 10 to 38                     |
| Transmission and distribution networks               | 10 to 30                     |
| Other equipment and assets                           | 2 to 20                      |

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss and determined as the difference between the proceeds received and the asset's carrying amount.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

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

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

Capital spares acquired together with the plant or purchased subsequently that are (i) only expected to be used during emergency breakdown situations and (ii) critical to the plant operation and must be available at stand-by at all times; are capitalised within property, plant and equipment and depreciated from purchase date over the remaining useful life of the plant in which it is to be utilised. These do not form part of inventory provided the capitalisation criteria for property, plant and equipment is met.

### **3.5 Intangible assets**

#### *(a) Recognition and measurement*

Intangible assets mainly include expenditure incurred on computer software by the Group. These are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The costs of acquired computer software are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Costs directly associated with the development of computer software programmes that are expected to generate economic benefits over a period in excess of one year are also capitalised and amortised over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

#### *(b) Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### *(c) Amortisation*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. The estimated useful lives for current and comparative periods are 3 to 5 years.

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Gains or losses arising from derecognising an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.6 Financial instruments

#### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

##### *Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.6 Financial instruments (*continued*)

#### (ii) Classification and subsequent measurement (*continued*)

##### *Financial assets (continued)*

##### *Financial assets – Business model assessment*

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### *Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.6 Financial instruments (*continued*)

#### (ii) Classification and subsequent measurement (*continued*)

##### *Financial assets (continued)*

*Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)*

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### *Financial assets – Subsequent measurement and gains and losses*

|                                    |  |
|------------------------------------|--|
| Financial assets at FVTPL          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.   |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.                             |
| Debt investments at FVOCI          | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI        | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.   |

##### *Financial liabilities*

##### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.6 Financial instruments (*continued*)

#### (iii) *Derecognition*

##### *Financial assets*

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) *Offsetting*

Financial assets and financial liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (v) *Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.6 Financial instruments (*continued*)

#### (v) *Derivative financial instruments and hedge accounting (continued)*

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

#### *Hedges directly affected by interest rate benchmark reform*

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group also amends the description of the hedging instrument if the following conditions are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

More information about the Group's accounting policies and risk management activities related to derivative financial instruments and hedge accounting is provided in note 4.1 (iii) (c), cash flow and fair value interest rate risk.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.6 Financial instruments (*continued*)

#### (v) Derivative financial instruments and hedge accounting (*continued*)

##### *Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

### 3.7 Impairment

#### (i) Non-derivative financial assets

##### *Financial instruments and contract assets*

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group recognises loss allowances for ECLs on trade receivables, which are disclosed as part of trade and other receivables.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.7 Impairment (*continued*)

#### (i) Non-derivative financial assets (*continued*)

##### *Financial instruments and contract assets (continued)*

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and accrued revenue are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers the credit risk on the investments in government bonds and bank deposits to be low at the reporting date, as these financial assets have low risk of default, the borrowers have strong capacity to meet their contractual cash flow obligations in the near term and 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.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### *Measurement of ECLs*

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.7 Impairment (*continued*)

#### (i) Non-derivative financial assets (*continued*)

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of a contract such as default or being more than 360 days past due, except for receivables from government entities;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

##### *Presentation of allowance for ECL in the consolidated statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

##### *Write-off*

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) financial asset has become more than 12 months overdue, (ii) ceasing enforcement activity and (iii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write-off financial assets that are still subject to enforcement activity. The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

#### (ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.7 Impairment (*continued*)

#### (ii) Non-financial assets (*continued*)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The Group's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units ("CGU") to which the individual asset is allocated. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

### 3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.8 Leases (*continued*)

#### (i) As a lessee (*continued*)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the consolidated statement of financial position.

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

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.8 Leases (*continued*)

#### (ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

### 3.9 Inventories

Inventories comprise consumables and repair spares and operating stock of fuel. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle. Cost comprises of direct materials, and where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

### 3.10 Borrowing costs

Borrowing costs consists of interest and other costs that the Group incurs in connection with the borrowing of funds. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. The Group has determined the substantial period to be greater than 1 year.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

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

### **3.10 Borrowing costs (*continued*)**

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the year in which they are incurred.

### **3.11 Trade receivables**

Trade receivables comprise of trade receivables, due from related parties and accrued revenue. Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. Trade receivables are recognised initially at fair value, which is the original invoice amount, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are impaired as per the policy explained in notes 3.7 and 17 to the consolidated financial statements which is in compliance with requirements of IFRS 9.

The carrying amount of an asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

### **3.12 Cash and cash equivalents and term deposits**

#### *(a) Cash and cash equivalents*

Cash and cash equivalents comprise of cash in hand, current and call accounts with the banks and other institutions and term deposits held with banks. Term deposits with banks with original maturities less than three months are disclosed as cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at current and call accounts with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### *(b) Term deposits*

Term deposits comprise of fixed deposits held with the banks. Term deposits with banks with original maturities greater than twelve months are disclosed as non-current assets.

### **3.13 Advance received for new connections and security deposits**

#### *(a) Advances for new connections*

The Group receives amounts from customers for construction and installation of equipment. These amounts are classified as advances received for new connections until the construction or installation of the equipment is completed. On completion, these amounts are transferred from advances received for new connections to deferred revenue under liabilities. Management estimates the current portion of the advances for new connections based on anticipated refunds to contractual parties. The remaining amounts are classified as non-current liabilities.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

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

### **3.13 Advance received for new connections and security deposits (*continued*)**

#### *(b) Security deposits*

The Group receives security deposits against electricity and water connections from its customers. These deposits are refundable to the customers only at the time of disconnection. The Group classifies all amounts received as security deposits as current liabilities as these amounts are repayable to the customer on demand upon disconnection.

### **3.14 Deferred revenue**

Deferred revenue represents amounts transferred from advances for new connections upon completion of construction and installation of equipment. Deferred revenue is amortised and recognised in profit or loss on a straight-line basis over the estimated useful life of the related equipment. Deferred revenue also includes assets taken over or received free of cost by the Group.

### **3.15 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

### **3.16 Employee benefits**

#### **Short-term employee benefits**

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.

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liability in the consolidated statement of financial position.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.16 Employee benefits (*continued*)

#### Post-employment obligations

##### (a) Defined benefit plan

##### *Pension obligations for UAE nationals retired before 1 January 2003*

The Group operates a defined benefit pension plan for eligible UAE national employees retired before 1 January 2003. The cost of providing pensions is charged to profit or loss.

##### *Post-employment benefit obligations for eligible expatriates*

The Group operates a defined benefit payment plan for eligible expatriates and specific UAE national employees in accordance with the Dubai Government Human Resource Management Law No. (27) of 2006.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets, as applicable.

The net benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market for such bonds, the market rates on government bonds are used. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan, as applicable.

To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), as applicable, are recognised immediately in OCI.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

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

### **3.16 Employee benefits *(continued)***

#### **Post-employment obligations *(continued)***

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

##### *Pension obligations for UAE national from 1 January 2003*

Effective 1 January 2003, the Group joined the pension scheme operated by the Federal Pension General and Social Security Group which is a defined contribution plan. The Group's contributions for eligible active UAE national employees are calculated as a percentage of the employees' salaries and charged to profit or loss, in accordance with the provisions of Federal Law No. (7) of 1999 on Pension and Social Security. The Group has no legal or constructive obligation to pay any further contributions.

Obligations for contributions to defined contribution plans are expenses as the related service is provided. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in future payments is available.

### **3.17 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting year. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method. Trade and other payables are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

### **3.18 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

### **3.19 Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

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

### **3.20 Capital contribution**

Amounts contributed to the Authority by the Government of Dubai to finance the activities of the Authority are classified as equity. There is no contractual obligation for the Authority to pay these funds back to the Government of Dubai. Increase in the capital contribution is generally additional contributions either monetary or non-monetary. Non-monetary contributions are measured at fair value.

Land received for free is initially measured at a fair value. The valuation is based on valuation received from Land Department of the Government of Dubai. The fair value measurement is categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Refer note 7 (b).

### **3.21 Statutory reserve**

In accordance with Article 241 of the UAE Federal Commercial Companies Law, a minimum of 10% of the net profit of the Authority and the subsidiaries that fall under the definition of UAE Federal Commercial Companies Law, are allocated each year to a non-distributable statutory reserve. Such allocations may cease when the statutory reserve equals half of the nominal value of the paid-up share capital. This reserve is not available for distribution except as stipulated by law. Refer note 20 (c).

### **3.22 Revenue from contracts with customers**

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.22 Revenue from contracts with customers (*continued*)

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

- (a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- (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 Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue comprises the fair value of consideration received or receivable for the sales of goods and services in the ordinary course of Group's activities and is shown net of discounts and allowances.

The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below:

#### (a) *Supply of electricity and water*

Revenue from the supply of electricity and water is recognised on the basis of electricity and water supplied during the period on an accrual basis with reference to meter readings. A management estimate is included for the value of units supplied to customers between the date of their last meter reading and the accounting period end. The estimate is calculated using historical consumption patterns and is included in trade and other receivables as accrued revenue.

#### (b) *District cooling services*

Demand and consumption charges revenue comprises of available capacity and variable output provided to customers and is recognized when services are provided.

Other revenue comprises services that are recognized as and when services are rendered.

#### (c) *Meter rental*

Meter rental income is recognised on a time proportion basis over the period during which the meter is provided to the customer.

#### (d) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest rate method.

#### (e) *Dividends*

Dividends are recognised as other income when the right to receive payment is established.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.22 Revenue from contracts with customers (*continued*)

#### (f) *Amortisation of deferred revenue*

Deferred revenue is amortised and recognised as income on a straight-line basis over the estimated useful life of the related asset. Refer note 3.14.

#### (g) *Other services*

Revenue from other services include handling charges, reconnection and disconnection charges, which are recognised in the accounting period in which the services are rendered.

### 3.23 Foreign currency translations

#### (a) *Functional and presentation currency*

These consolidated financial statements are presented in UAE Dirhams (AED), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated. Subsidiaries and joint ventures determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency.

#### (b) *Transactions and balances*

Transactions in foreign currencies are translated into the respective functional currency of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

### 3.24 Regulatory deferral account

The Group has been allowed by the Dubai Supreme Council of Energy ("the regulator") to bill the increase in fuel prices considering 2010 as the base year. Regulatory deferral account balance arises on account of amounts billed to and collected from customers as fuel surcharge in excess/short of amounts to be billed to customers. The deferral account is deferred and adjusted against the next change in tariff approved by the regulator. Regulatory deferral account is not described as a liability/asset for the purposes of the Group's consolidated financial statements and is disclosed as a separate line item in the consolidated statement of financial position.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

### 3.26 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. Refer note 13 for application of UAE Tax law related to current and deferred tax.

#### *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax may also include any tax arising from dividends.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Material accounting policies (*continued*)

### 3.26 Income tax (*continued*)

#### *Deferred tax (continued)*

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction
    - (i) affects neither accounting nor taxable profit or loss and
    - (ii) does not give rise to equal taxable and deductible temporary differences
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when;

- there is a legally enforceable right to set off current tax asset against current tax liabilities,
- and when the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either;
  - the same taxable entity, or
  - different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 4 Financial risk management

### 4.1 Financial risk factors

#### *Risk management framework*

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The sub-committees of the Board of Directors are responsible for developing and monitoring the Group's risk management policies.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 4 Financial risk management (*continued*)

### 4.1 Financial risk factors (*continued*)

#### *Risk management framework (continued)*

The Board of the Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products offered. The Group, through its management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

The Group has exposure to the following risks arising from financial instruments:

- (i) credit risk
- (ii) liquidity risk
- (iii) market risk

#### (i) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, other financial assets at amortised cost, due from related parties, and term deposits.

The carrying amounts of financial assets represent the maximum credit exposure. Credit impairment reversal on financial assets recognised in profit or loss were as follows:

|  | 2025<br>AED'000  | 2024<br>AED'000 |
|--|------------------|-----------------|
| Impairment reversal on trade receivables (refer note 17)                                 | (94,937)         | (97,936)        |
| Impairment (reversal)/loss on other financial assets at amortised cost (refer note 15.2) | (14,077)         | 3,865           |
| Impairment loss on term deposits (refer note 18)   | 3,286            | 874             |
|  | <u>(105,728)</u> | <u>(93,197)</u> |

#### (a) *Trade receivables*

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated statement of financial position are net of provision for impairment of receivables.

The Group has a wide customer base in the Emirate of Dubai and services commercial, industrial and governmental organisations as well as residential customers including UAE nationals and expatriates. Carrying amount of trade receivables represent the maximum exposure to credit risk at the end of each reporting period presented.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 4 Financial risk management (*continued*)

### 4.1 Financial risk factors (*continued*)

(i) Credit risk (*continued*)

(a) Trade receivables (*continued*)

The Group manages credit risk through ongoing monitoring of outstanding customer balances and, where appropriate, mitigates exposure by disconnecting services or requesting additional security deposits.

Due to large and diversified customer base, concentration of credit risk on few customers is limited.

#### *Expected credit loss assessment for customers*

The Group uses an allowance matrix to measure the ECLs of receivables from customers. Loss rates are calculated using “roll rate” method based on the profitability of a receivable progressing through successive stages of delinquency to write off. Roll rates are calculated separately to exposures in different segments based on common credit risks characteristics.

The Group considers the credit risk on the outstanding balances from government customers to be low at the reporting date, as these financial assets have low risk of default, the counterparties have strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparties to fulfil its contractual cash flow obligations.

To measure the expected credit losses, trade receivables and accrued revenue have been grouped together based on its shared credit risk characteristics and the days past due. Accrued revenue has substantially the same risk characteristics as the trade receivables and therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accrued revenue.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and accrued revenue from individual customers for 2025 and 2024:

| As at 31 December 2025      | Expected loss rate | Gross carrying amount<br>AED'000 | Loss allowance<br>AED'000 |
|-----------------------------|--------------------|----------------------------------|---------------------------|
| Current                     | 0.86%              | 2,843,043                        | 24,320                    |
| More than 30 days past due  | 3.16%              | 202,610                          | 6,400                     |
| More than 60 days past due  | 10.59%             | 124,101                          | 13,145                    |
| More than 120 days past due | 19.56%             | 142,838                          | 27,936                    |
| More than 360 days past due | 59.09%             | 590,977                          | 349,198                   |
|                             |                    | <u>3,903,569</u>                 | <u>420,999</u>            |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 4 Financial risk management *(continued)*

### 4.1 Financial risk factors *(continued)*

#### (i) Credit risk *(continued)*

##### (a) Trade receivables *(continued)*

| As at 31 December 2024      | Expected<br>loss rate | Gross carrying<br>amount<br>AED'000 | Loss<br>allowance<br>AED'000 |
|-----------------------------|-----------------------|-------------------------------------|------------------------------|
| Current                     | 1.14%                 | 2,466,752                           | 28,242                       |
| More than 30 days past due  | 3.79%                 | 197,452                             | 7,492                        |
| More than 60 days past due  | 9.45%                 | 138,385                             | 13,079                       |
| More than 120 days past due | 23.83%                | 145,153                             | 34,583                       |
| More than 360 days past due | 64.03%                | 675,566                             | 432,540                      |
|                             |                       | <u>3,623,308</u>                    | <u>515,936</u>               |

##### (b) Other financial assets

With respect to credit risk arising from the other financial assets at amortised cost of the Group, which comprise other financial assets at amortised cost and due from related parties, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Other financial assets at amortised cost include investments in UAE National Bonds and other receivables are held with reputed counter parties which management do not expect any loss from their non-performance. The Group uses the general approach to estimate the expected credit losses of government, semi-government entities and financial assets at amortized cost. The expected credit loss is calculated over the 12-month period or Lifetime ECL depending on the change in credit risk associated with financial assets.

Balances due from related parties are held with reputed counter parties and management do not expect any loss from their non-performance. The Group uses the general approach to estimate the expected credit losses of government, semi-government entities and financial assets at amortized cost. The expected credit loss is calculated over the 12-month period or Lifetime ECL depending on the change in credit risk associated with financial assets.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 4 Financial risk management *(continued)*

### 4.1 Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(c) Cash and cash equivalents

The Group held cash and cash equivalents of AED 8,391 million as at 31 December 2025 (2024: AED 6,105 million) (refer note 19). The cash and cash equivalents are held with banks and financial institution counterparties and related parties having credit rating as detailed below:

| <i>Credit ratings</i> | <i>Source</i> | <b>2025</b><br><b>AED'000</b> | 2024<br>AED'000         |
|-----------------------|---------------|-------------------------------|-------------------------|
| AA-                   | Fitch         | <b>37,072</b>                 | 3,534                   |
| A+                    | Fitch         | <b>5,863,424</b>              | 4,814,379               |
| A                     | Fitch         | <b>2,203,192</b>              | 1,132,316               |
| A-                    | Fitch         | <b>186,232</b>                | 11,775                  |
| BBB+                  | Fitch         | <b>100,860</b>                | 2,687                   |
| BB                    | Fitch         | -                             | 138,069                 |
| Baa1                  | Moody's       | -                             | 1,706                   |
| Baa3                  | Moody's       | -                             | 165                     |
| Caa3                  | Moody's       | <b>70</b>                     | 67                      |
|                       |               | <b><u>8,390,850</u></b>       | <b><u>6,104,698</u></b> |

The Group limits its credit risks with regard to deposits with banks by dealing only with reputable banks.

(d) Term deposits

The Group held term deposits of AED 8,052 million as at 31 December 2025 (2024: AED 3,596 million) (refer note 18). The term deposits are held with banks and financial institutions having credit rating as detailed below:

| <i>Credit ratings</i> | <i>Source</i> | <b>2025</b><br><b>AED'000</b> | 2024<br>AED'000         |
|-----------------------|---------------|-------------------------------|-------------------------|
| A+                    | Fitch         | <b>4,458,919</b>              | 2,965,260               |
| A                     | Fitch         | <b>1,836,150</b>              | 300,000                 |
| A-                    | Fitch         | <b>949,104</b>                | -                       |
| Baa1                  | Moody's       | -                             | 100,000                 |
| BBB+                  | Fitch         | <b>807,704</b>                | 230,264                 |
|                       |               | <b><u>8,051,877</u></b>       | <b><u>3,595,524</u></b> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 4 Financial risk management (*continued*)

### 4.1 Financial risk factors (*continued*)

(i) Credit risk (*continued*)

(e) UAE National Bonds and Sukuk Bonds

The Group held UAE National Bonds and Sukuk Bonds of AED 2,018 million as at 31 December 2025 (2024: AED 1,583 million) (refer note 15.2). The UAE National Bonds and Sukuk Bonds are held with financial institutions having credit rating as detailed below:

| Credit ratings | Source | 2025<br>AED'000  | 2024<br>AED'000  |
|----------------|--------|------------------|------------------|
| A+             | Fitch  | 166,140          | 91,973           |
| A              | Fitch  | 50,218           | 50,169           |
| A-             | Fitch  | 427,297          | 203,769          |
| AA-            | Fitch  | 1,001,081        | 906,490          |
| BBB            | Fitch  | 373,304          | 330,611          |
|                |        | <u>2,018,040</u> | <u>1,583,012</u> |

(f) Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated AA- to AA+ (2024: AA- to AA+) based on Fitch ratings. All other financial assets are unrated.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group monitors its risk of shortage of funds using cash flow budgeting in which it considers both the cash outflows as well as their sources of funding.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 4 Financial risk management *(continued)*

### 4.1 Financial risk factors *(continued)*

#### (ii) Liquidity risk *(continued)*

|   | Less than 1<br>year<br>AED'000 | 1 to 2<br>years<br>AED'000 | Over 2<br>years<br>AED'000 | Total<br>AED'000  | Carrying<br>amount<br>AED'000 |
|---|--------------------------------|----------------------------|----------------------------|-------------------|-------------------------------|
| <b>Non-derivative financial liabilities</b>         |                                |                            |                            |                   |                               |
| <b>31 December 2025</b>                             |                                |                            |                            |                   |                               |
| Secured borrowings<br>(refer note 21)               | 6,537,064                      | 1,943,262                  | 35,861,323                 | 44,341,649        | 31,778,236                    |
| Unsecured borrowings<br>(refer note 21)             | 1,142,084                      | 246,774                    | 6,044,572                  | 7,433,430         | 6,798,039                     |
| Lease liabilities (refer<br>note 23)                | 18,498                         | 17,210                     | 19,797                     | 55,505            | 54,081                        |
| Other long-term<br>liabilities * (refer note<br>24) | -                              | 237,360                    | 309,733                    | 547,093           | 511,392                       |
| Trade and other<br>payables * (refer note<br>25)    | <u>15,571,010</u>              | <u>-</u>                   | <u>-</u>                   | <u>15,571,010</u> | <u>15,571,010</u>             |
|   | <u>23,268,656</u>              | <u>2,444,606</u>           | <u>42,235,425</u>          | <u>67,948,687</u> | <u>54,712,758</u>             |
|   | Less than 1<br>year<br>AED'000 | 1 to 2<br>years<br>AED'000 | Over 2 years<br>AED'000    | Total<br>AED'000  | Carrying<br>amount<br>AED'000 |
| <b>Non-derivative financial liabilities</b>         |                                |                            |                            |                   |                               |
| <b>31 December 2024</b>                             |                                |                            |                            |                   |                               |
| Secured borrowings<br>(refer note 21)               | 5,653,787                      | 2,299,106                  | 39,571,068                 | 47,523,961        | 27,530,226                    |
| Unsecured borrowings<br>(refer note 21)             | 3,068,591                      | 311,574                    | 6,668,536                  | 10,048,701        | 8,642,550                     |
| Lease liabilities (refer<br>note 23)                | 20,274                         | 11,682                     | 15,228                     | 47,184            | 43,929                        |
| Other long-term<br>liabilities * (refer note<br>24) | -                              | 338,854                    | 286,192                    | 625,046           | 575,306                       |
| Trade and other<br>payables * (refer note<br>25)    | <u>14,388,611</u>              | <u>-</u>                   | <u>-</u>                   | <u>14,388,611</u> | <u>14,388,611</u>             |
|   | <u>23,131,263</u>              | <u>2,961,216</u>           | <u>46,541,024</u>          | <u>72,633,503</u> | <u>51,180,622</u>             |

\* These do not include advances for new connections, corporate tax payable, deferred revenue, asset retirement obligations and retirement benefits obligations as these are non-financial liabilities.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 4 Financial risk management *(continued)*

### 4.1 Financial risk factors *(continued)*

#### (ii) Liquidity risk *(continued)*

|  | Less than<br>1 year<br>AED'000 | 1 to 2<br>years<br>AED'000 | Over 2<br>years<br>AED'000 | Total<br>AED'000 | Carrying<br>amount<br>AED'000 |
|--|--------------------------------|----------------------------|----------------------------|------------------|-------------------------------|
| <b>Derivative financial liabilities</b>              |                                |                            |                            |                  |                               |
| <b>31 December 2025</b>                              |                                |                            |                            |                  |                               |
| Interest rate swaps<br>used for hedging              | <u>34,823</u>                  | -                          | <u>23,807</u>              | <u>58,630</u>    | <u>58,630</u>                 |
|  | Less than 1<br>year<br>AED'000 | 1 to 2<br>years<br>AED'000 | Over 2 years<br>AED'000    | Total<br>AED'000 | Carrying<br>amount<br>AED'000 |
| Derivative financial liabilities<br>31 December 2024 |                                |                            |                            |                  |                               |
| Interest rate swaps used<br>for hedging              | <u>176</u>                     | -                          | <u>6,217</u>               | <u>6,393</u>     | <u>6,393</u>                  |

Refer notes 10 and 37.

#### (iii) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### (a) Foreign exchange risk

Currency risk arises on recognised assets or liabilities that are primarily denominated in a currency that is not the Group's functional currency. The Group has no significant exposure to this risk as the majority of its transactions are denominated in United Arab Emirates Dirham ("AED") and the United States Dollar ("USD"), a currency to which the AED is currently pegged. The Group also has certain transactions in other foreign currencies, mainly in Euros. However, the foreign currency exposure arising out of foreign currency denominated balances as at 31 December 2025 and 2024 are not material.

During the year, the Group entered into USD/AED forward contracts to hedge USD-denominated cash flows. As the AED is pegged to the USD, exchange rate volatility is historically insignificant and economic exposure is limited. Accordingly, fair value movements on the forward contracts during the reporting period were immaterial.

#### (b) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual instrument or its issuers or factors affecting all the instruments traded in the market. Hence, the Group has no exposure to price risk as there are no price sensitive financial instruments.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 4 Financial risk management *(continued)*

### 4.1 Financial risk factors *(continued)*

(iii) *Market risk (continued)*

(c) *Cash flow and fair value interest rate risk*

During the prior year, the Group signed agreements with lenders and adopted term SOFR for its financing. The variable rate borrowings of the Group are based on SOFR and EIBOR. The Group has entered into interest rate swaps to mitigate the risk of variable rate borrowings (refer note 10). The table below shows the exposure of the Group's variable and fixed rate borrowings:

|                               | 2025<br>AED'000     | 2024<br>AED'000     |
|-------------------------------|---------------------|---------------------|
| Variable rate borrowings      | 32,917,284          | 31,429,585          |
| Effect of interest rate swaps | <u>(26,873,888)</u> | <u>(24,905,758)</u> |
|                               | <u>6,043,396</u>    | <u>6,523,827</u>    |
| Fixed rate borrowings         | 5,658,991           | 4,743,191           |
| Effect of interest rate swaps | <u>26,873,888</u>   | <u>24,905,758</u>   |
|                               | <u>32,532,879</u>   | <u>29,648,949</u>   |
|                               | <u>38,576,275</u>   | <u>36,172,776</u>   |

#### *Cashflow sensitivity analysis for variable-rate borrowings*

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

|                                   | Profit or loss                |                               | Equity                        |                               |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                   | 100 bp<br>increase<br>AED'000 | 100 bp<br>decrease<br>AED'000 | 100 bp<br>increase<br>AED'000 | 100 bp<br>decrease<br>AED'000 |
| <b>31 December 2025</b>           |                               |                               |                               |                               |
| Variable rate borrowings          | (60,434)                      | 60,434                        | -                             | -                             |
| Interest rate swaps               | -                             | -                             | 268,739                       | (268,739)                     |
| <b>Cash flow sensitivity, net</b> | <u>(60,434)</u>               | <u>60,434</u>                 | <u>268,739</u>                | <u>(268,739)</u>              |
| <b>31 December 2024</b>           |                               |                               |                               |                               |
| Variable rate borrowings          | (65,238)                      | 65,238                        | -                             | -                             |
| Interest rate swaps               | -                             | -                             | 249,058                       | (249,058)                     |
| <b>Cash flow sensitivity, net</b> | <u>(65,238)</u>               | <u>65,238</u>                 | <u>249,058</u>                | <u>(249,058)</u>              |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 4 Financial risk management *(continued)*

### 4.1 Financial risk factors *(continued)*

(iii) Market risk *(continued)*

(c) Cash flow and fair value interest rate risk *(continued)*

*Fair value sensitivity analysis for fixed-rate borrowings*

The Group does not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased equity by AED 269 million (2024: AED 249 million). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

### 4.2 Capital risk management

The Group monitors and responds pragmatically to market conditions and business developments both locally and internationally, and ensures adequate funds are available to meet the needs of its businesses and support sound value enhancement objectives. The Group's strategic focus is the active management of the business portfolio in order to deal with its debt service obligations and to enhance the value of the Owner's equity.

### 4.3 Fair value estimation

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. These financial assets and liabilities are subsequently measured at amortised cost except the financial assets at fair value through other comprehensive income and derivative financial instruments.

Fair value of cash and cash equivalents, trade receivable, trade payable, borrowings, other current assets and liabilities are considered to approximate their carrying amount except financial assets at fair value through other comprehensive income and derivatives, which are the only financial instruments which are carried at fair value and fall into level 1 and level 2 of the fair value hierarchy respectively (refer notes 10 and 11).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 4 Financial risk management (*continued*)

### 4.3 Fair value estimation (*continued*)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 5 Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

### 5.1 Critical accounting estimates

#### (a) Revenue recognition – unread electricity and water meters

Revenue for electricity and water supply includes an assessment of electricity and water supplied to customers between the date of the last cyclical meter reading and the year-end (unread). Unread electricity and water supplied is estimated by using historical consumption patterns of respective customer categories. Management applies judgement to the measurement of the estimated electricity and water units supplied to customers and the valuation such units consumed. The application of a 5% increase to management estimate of total units for all customer categories, in isolation would result in the increase in revenue and profit by AED 65 million (2024: AED 64 million). The application of a 5% decrease to management estimate of total units for all customer categories, in isolation would result in the decrease in revenue and profit by AED 65 million (2024: AED 64 million).

#### (b) Expected credit loss (ECL) assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics and age of customer relationship.

The Group reviews its trade receivables to assess impairment on a regular basis. In determining whether impairment losses should be reported in profit or loss, the Group makes assessment for expected credit loss for trade receivables.

Exposure within each credit risk grade is based on customer segments and ECL rate is calculated for each segment based on actual credit loss experience over the past years. These rates are multiplied by macro-economic factors to reflect the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 5 Critical accounting estimates and judgements (*continued*)

### 5.1 Critical accounting estimates (*continued*)

#### (b) *Expected credit loss (ECL) assessment (continued)*

Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group's estimation process for the determination of provision for impairment loss on trade receivables based on the ECL model is disclosed in notes 3.7 and 4.1.

### 5.2 Critical accounting judgements

#### (a) *Component parts of property, plant and equipment*

The Group's assets, classified within property, plant and equipment, are depreciated on a straight-line basis over their useful lives. When determining the useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

#### (b) *Determination of control over certain subsidiaries*

The Group has entered into various agreements to establish Shuaa Energy 1 P.S.C, Hassyan Energy Phase 1 P.S.C, Shuaa Energy 2 P.S.C, Shuaa Energy 3 P.S.C, Noor Energy 1 P.S.C, Shuaa Energy 4 P.S.C, and Hassyan Water Company A P.S.C for construction of power plant and generation of electricity from renewable and non-renewable sources and desalination of water. To determine control over these entities, the Group considers the purpose and design of these entities along with the fact that whether it has the power to govern the financial and operational strategy of the respective entities and whether a significant portion of the entity's activities are carried on behalf of the Group.

Management has therefore concluded that the relevant activities of these entities are directed via contractual arrangements in the normal course of business as the Authority is the sole offtaker. Additionally, the management has control over relevant activities of these entities through right to appoint key management personnel and majority of board members. Consequently, the Group has consolidated the results of these entities in these consolidated financial statements. The Group will continue to evaluate these circumstances at each reporting date to determine whether this judgement continues to be valid. If the Group determines that it no longer has control over any of these entities, it will de-consolidate the entities and account for these entities using the equity method from the date that control is deemed to cease.

Further, during the prior years, EMPOWER entered into an agreement with Dubai Aviation and City Corporation ("DACC") to acquire 85% of DXB CoolCo. FZCO which confers the Group with an effective ownership percentage of 48% over DXB CoolCo. FZCO. The purpose of DXB CoolCo. FZCO is to provide district cooling services to Dubai Airports Corporation ("DAC"), fully managed by EMPOWER. Although certain foundation documents with respect to DXB CoolCo. FZCO provide the second shareholder (DACC) with certain decision-making rights, which are deemed to be protective rights given the strategic nature of the transaction and its importance to the Government of Dubai, the management assessed that based on provisions in the foundation documents, EMPOWER has adequate rights to make strategic, operational and financial decisions unilaterally. On that basis, the management concluded that EMPOWER, and thus by extension, the Group has control over DXB CoolCo. FZCO.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 6 Operating segments

### (i) Basis for segmentation

The chief operating decision-makers (CODM) have been identified as the Board of Directors of the Group that make all the strategic decisions related to the Group's activities. The Board of Directors reviews the Group's internal reporting in order to assess the performance and allocate its resources based on which the operating segments have been determined.

For the Board of Directors, the Group is currently organised into four major operating segments.

| <b>Reportable segments</b> | <b>Operations</b>  |
|----------------------------|--|
| DEWA                       | DEWA is engaged in the generation, transmission and distribution of electricity and water desalination, transmission and distribution to residential, commercial, industrial and government customers in the Emirate of Dubai.   |
| EMPOWER                    | EMPOWER and its subsidiaries are engaged in the provision of district cooling, maintenance of central cooling plants and manufacturing and sale of insulated pipes.  |
| IWPP                       | JEIHL and its subsidiaries are engaged in providing full range of services for the development, operation and maintenance of power and water plants under the independent water and power producer (IWPP) model.   |
| Others                     | The other operations of group include purification and sale of potable water, providing services including IT, and infrastructure, networking and computer system housing services, investing and managing commercial, industrial, retail trade and energy enterprises and implementing energy efficiency measures in buildings. |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 6 Operating segments *(continued)*

(ii) *Information about reportable segments and reconciliations of information on reportable segments to the amount reported in the consolidated financial statements*

Information related to each reportable segment is set out below. Segment profit or loss before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

a) *Segment wise statement of financial position*

|   | DEWA               | EMPOWER           | IWPP              | Others            | Eliminations        | Total              |
|---|--------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| <b>31 December 2025</b>   |                    |                   |                   |                   |                     |                    |
|   | AED'000            | AED'000           | AED'000           | AED'000           | AED'000             | AED'000            |
| <b>Segment assets</b>   |                    |                   |                   |                   |                     |                    |
| Non-current assets  | 140,190,372        | 9,038,193         | 38,408,263        | 6,292,917         | (22,479,122)        | 171,450,623        |
| Current assets  | 16,208,249         | 2,778,629         | 2,456,684         | 4,186,149         | (1,941,557)         | 23,688,154         |
| <b>Total assets</b>   | <b>156,398,621</b> | <b>11,816,822</b> | <b>40,864,947</b> | <b>10,479,066</b> | <b>(24,420,679)</b> | <b>195,138,777</b> |
| <b>Segment liabilities</b>  |                    |                   |                   |                   |                     |                    |
| Non-current liabilities   | 48,186,328         | 5,886,726         | 27,683,234        | 660,410           | (12,253,451)        | 70,163,247         |
| Current liabilities   | 16,825,059         | 2,432,785         | 2,692,753         | 6,544,569         | (1,987,784)         | 26,507,382         |
| Regulatory deferral<br>account credit balance                                       | 698,613            | -                 | -                 | -                 | -                   | 698,613            |
| <b>Total liabilities and<br/>regulatory deferral<br/>account credit<br/>balance</b> | <b>65,710,000</b>  | <b>8,319,511</b>  | <b>30,375,987</b> | <b>7,204,979</b>  | <b>(14,241,235)</b> | <b>97,369,242</b>  |
| <b>Net segment assets</b>   | <b>90,688,621</b>  | <b>3,497,311</b>  | <b>10,488,960</b> | <b>3,274,087</b>  | <b>(10,179,444)</b> | <b>97,769,535</b>  |
|   | DEWA               | EMPOWER           | IWPP              | Others            | Eliminations        | Total              |
| <b>31 December 2024</b>   |                    |                   |                   |                   |                     |                    |
|   | AED'000            | AED'000           | AED'000           | AED'000           | AED'000             | AED'000            |
| <b>Segment assets</b>   |                    |                   |                   |                   |                     |                    |
| Non-current assets  | 138,753,384        | 8,823,595         | 36,358,143        | 3,620,938         | (22,090,252)        | 165,465,808        |
| Current assets  | 11,214,394         | 2,359,451         | 3,735,863         | 5,030,268         | (3,050,476)         | 19,289,500         |
| <b>Total assets</b>   | <b>149,967,778</b> | <b>11,183,046</b> | <b>40,094,006</b> | <b>8,651,206</b>  | <b>(25,140,728)</b> | <b>184,755,308</b> |
| <b>Segment liabilities</b>  |                    |                   |                   |                   |                     |                    |
| Non-current liabilities   | 45,282,326         | 5,872,991         | 24,540,781        | 71,793            | (11,936,354)        | 63,831,537         |
| Current liabilities   | 16,088,191         | 1,936,720         | 5,658,609         | 5,617,697         | (3,732,640)         | 25,568,577         |
| Regulatory deferral<br>account credit balance                                       | 367,344            | -                 | -                 | -                 | -                   | 367,344            |
| <b>Total liabilities and<br/>regulatory deferral<br/>account credit balance</b>     | <b>61,737,861</b>  | <b>7,809,711</b>  | <b>30,199,390</b> | <b>5,689,490</b>  | <b>(15,668,994)</b> | <b>89,767,458</b>  |
| <b>Net segment assets</b>   | <b>88,229,917</b>  | <b>3,373,335</b>  | <b>9,894,616</b>  | <b>2,961,716</b>  | <b>(9,471,734)</b>  | <b>94,987,850</b>  |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 6 Operating segments *(continued)*

(ii) *Information about reportable segments and reconciliations of information on reportable segments to the amount reported in the consolidated financial statements (continued)*

b) *Segment wise statement of profit or loss and other comprehensive income*

|  | DEWA              | EMPOWER          | IWPP             | Others           | Eliminations       | Total             |
|--|-------------------|------------------|------------------|------------------|--------------------|-------------------|
| 31 December 2025   | AED'000           | AED'000          | AED'000          | AED'000          | AED'000            | AED'000           |
| Sale of electricity  | 21,992,873        | -                | 2,591,013        | -                | (3,813,395)        | 20,770,491        |
| Sale of water  | 6,344,669         | -                | -                | -                | (242,528)          | 6,102,141         |
| District cooling   | -                 | 3,402,090        | -                | -                | -                  | 3,402,090         |
| Others   | 1,618,748         | 75,521           | -                | 1,993,444        | (1,120,612)        | 2,567,101         |
| <b>Segment revenue</b>   | <b>29,956,290</b> | <b>3,477,611</b> | <b>2,591,013</b> | <b>1,993,444</b> | <b>(5,176,535)</b> | <b>32,841,823</b> |
| Cost of sales  | (18,988,257)      | (1,989,283)      | (1,507,626)      | (1,120,368)      | 3,828,824          | (19,776,710)      |
| <b>Gross profit</b>  | <b>10,968,033</b> | <b>1,488,328</b> | <b>1,083,387</b> | <b>873,076</b>   | <b>(1,347,711)</b> | <b>13,065,113</b> |
| Administrative expenses  | (3,058,305)       | (256,383)        | (158,208)        | (577,593)        | 729,466            | (3,321,023)       |
| Credit impairment reversal/<br>(losses)  | 80,922            | 16,137           | -                | (18,896)         | 27,565             | 105,728           |
| Other income   | 1,840,853         | 24,430           | 714,645          | 72,848           | (1,551,083)        | 1,101,693         |
| <b>Operating profit</b>  | <b>9,831,503</b>  | <b>1,272,512</b> | <b>1,639,824</b> | <b>349,435</b>   | <b>(2,141,763)</b> | <b>10,951,511</b> |
| Finance costs  | (310,078)         | (224,698)        | (1,826,056)      | (59,386)         | 581,145            | (1,839,073)       |
| Finance income   | 126,725           | 55,347           | 820,768          | 269,994          | (51,060)           | 1,221,774         |
| Finance (costs)/income –<br>net  | (183,353)         | (169,351)        | (1,005,288)      | 210,608          | 530,085            | (617,299)         |
| Net movement in regulatory<br>deferral account   | (331,269)         | -                | -                | -                | -                  | (331,269)         |
| <b>Profit for the year before<br/>tax</b>  | <b>9,316,881</b>  | <b>1,103,161</b> | <b>634,536</b>   | <b>560,043</b>   | <b>(1,611,678)</b> | <b>10,002,943</b> |
| Income tax expense   | (730,001)         | (99,226)         | (74,362)         | (42,797)         | (1,213)            | (947,599)         |
| <b>Profit for the year after<br/>tax</b>   | <b>8,586,880</b>  | <b>1,003,935</b> | <b>560,174</b>   | <b>517,246</b>   | <b>(1,612,891)</b> | <b>9,055,344</b>  |
| <b>Other comprehensive<br/>income</b>  |                   |                  |                  |                  |                    |                   |
| <i>Items that will not be<br/>reclassified to profit or loss</i>   |                   |                  |                  |                  |                    |                   |
| Remeasurements of<br>retirement benefit<br>obligations   | 49,934            | (5,518)          | -                | -                | -                  | 44,416            |
| <i>Items that may be<br/>reclassified to profit or loss</i>  |                   |                  |                  |                  |                    |                   |
| Cash flow hedges –<br>reclassified to profit or loss   | -                 | -                | (854,876)        | -                | -                  | (854,876)         |
| Cash flow hedges –<br>effective portion of changes<br>in fair value of derivative<br>financial instruments | (243)             | -                | (285,203)        | -                | -                  | (285,446)         |
| Debt instrument at FVOCI<br>– change in fair value   | -                 | 68               | -                | -                | -                  | 68                |
| Related tax  | (4,472)           | 491              | 53,325           | -                | -                  | 49,344            |
| Other comprehensive<br>income/(loss) for the year  | 45,219            | (4,959)          | (1,086,754)      | -                | -                  | (1,046,494)       |
| <b>Total comprehensive<br/>income/(loss) for the year</b>  | <b>8,632,099</b>  | <b>998,976</b>   | <b>(526,580)</b> | <b>517,246</b>   | <b>(1,612,891)</b> | <b>8,008,850</b>  |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 6 Operating segments *(continued)*

(ii) *Information about reportable segments and reconciliations of information on reportable segments to the amount reported in the consolidated financial statements (continued)*

b) *Segment wise statement of profit or loss and other comprehensive income (continued)*

|  | DEWA         | EMPOWER     | IWPP        | Others      | Eliminations | Total        |
|--|--------------|-------------|-------------|-------------|--------------|--------------|
| 31 December 2024   | AED'000      | AED'000     | AED'000     | AED'000     | AED'000      | AED'000      |
| Sale of electricity  | 20,864,450   | -           | 2,142,267   | -           | (3,338,343)  | 19,668,374   |
| Sale of water  | 5,952,667    | -           | -           | -           | (256,558)    | 5,696,109    |
| District cooling   | -            | 3,239,722   | -           | -           | -            | 3,239,722    |
| Others   | 1,931,018    | 79,918      | -           | 1,830,580   | (1,468,370)  | 2,373,146    |
| Segment revenue  | 28,748,135   | 3,319,640   | 2,142,267   | 1,830,580   | (5,063,271)  | 30,977,351   |
| Cost of sales  | (18,066,334) | (1,917,497) | (1,351,136) | (1,006,396) | 3,171,025    | (19,170,338) |
| Gross profit   | 10,681,801   | 1,402,143   | 791,131     | 824,184     | (1,892,246)  | 11,807,013   |
| Administrative expenses  | (3,119,679)  | (235,119)   | (92,857)    | (566,943)   | 845,356      | (3,169,242)  |
| Credit impairment reversal/<br>(losses)  | 79,336       | 17,482      | -           | (36,458)    | 32,837       | 93,197       |
| Other income   | 1,536,530    | 7,938       | 335,980     | 69,906      | (1,356,797)  | 593,557      |
| Operating profit   | 9,177,988    | 1,192,444   | 1,034,254   | 290,689     | (2,370,850)  | 9,324,525    |
| Finance costs  | (548,796)    | (248,139)   | (2,067,097) | (41,489)    | 771,666      | (2,133,855)  |
| Finance income   | 255,249      | 54,027      | 608,351     | 228,952     | (186,742)    | 959,837      |
| Finance (costs)/income –<br>net  | (293,547)    | (194,112)   | (1,458,746) | 187,463     | 584,924      | (1,174,018)  |
| Net movement in<br>regulatory deferral account   | (167,413)    | -           | -           | -           | -            | (167,413)    |
| Profit/(loss) for the year<br>before tax   | 8,717,028    | 998,332     | (424,492)   | 478,152     | (1,785,926)  | 7,983,094    |
| Income tax (expense)/<br>benefit   | (703,000)    | (90,097)    | 29,996      | (38,762)    | 52,958       | (748,905)    |
| Profit/(loss) for the year<br>after tax  | 8,014,028    | 908,235     | (394,496)   | 439,390     | (1,732,968)  | 7,234,189    |
| <i>Other comprehensive<br/>income</i>  |              |             |             |             |              |              |
| <i>Items that will not be<br/>reclassified to profit or loss</i>   |              |             |             |             |              |              |
| Remeasurements of<br>retirement benefit<br>obligations   | 14,620       | 3,427       | -           | -           | -            | 18,047       |
| <i>Items that may be<br/>reclassified to profit or loss</i>  |              |             |             |             |              |              |
| Cash flow hedges –<br>reclassified to profit or loss   | -            | -           | (711,454)   | -           | -            | (711,454)    |
| Cash flow hedges –<br>effective portion of changes<br>in fair value of derivative<br>financial instruments | -            | -           | 1,238,085   | -           | -            | 1,238,085    |
| Debt instrument at FVOCI<br>– change in fair value   | -            | 913         | -           | -           | -            | 913          |
| Related tax  | -            | (82)        | (102,154)   | -           | -            | (102,236)    |
| Other comprehensive<br>income for the year   | 14,620       | 4,258       | 424,477     | -           | -            | 443,355      |
| Total comprehensive<br>income/(loss) for the year  | 8,028,648    | 912,493     | 29,981      | 439,390     | (1,732,968)  | 7,677,544    |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 6 Operating segments *(continued)*

(ii) *Information about reportable segments and reconciliations of information on reportable segments to the amount reported in the consolidated financial statements (continued)*

c) *Other segment information*

|                                       | DEWA      | EMPOWER | IWPP      | Others  | Eliminations | Total      |
|---------------------------------------|-----------|---------|-----------|---------|--------------|------------|
|                                       | AED'000   | AED'000 | AED'000   | AED'000 | AED'000      | AED'000    |
| <b>31 December 2025</b>               |           |         |           |         |              |            |
| Capital expenditure                   | 7,203,870 | 612,850 | 3,877,457 | 601,181 | (195,025)    | 12,100,333 |
| Depreciation and amortisation expense | 5,552,818 | 376,034 | 675,340   | 150,448 | (45,514)     | 6,709,126  |
|                                       | DEWA      | EMPOWER | IWPP      | Others  | Eliminations | Total      |
|                                       | AED'000   | AED'000 | AED'000   | AED'000 | AED'000      | AED'000    |
| <b>31 December 2024</b>               |           |         |           |         |              |            |
| Capital expenditure                   | 5,564,046 | 435,999 | 5,381,336 | 416,317 | (627,648)    | 11,170,050 |
| Depreciation and amortisation expense | 5,088,797 | 354,489 | 598,955   | 562,660 | (36,969)     | 6,567,932  |

(iii) *Geographic information*

Majority of the Group's revenues, profits and assets relate to its operations in Dubai, UAE.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 7 Property, plant and equipment

|   | Land and buildings<br>AED'000 | Right-of-use<br>assets<br>AED'000 | Generation,<br>desalination and<br>district cooling<br>plants<br>AED'000 | Transmission and<br>distribution<br>networks<br>AED'000 | Other<br>equipment and<br>assets<br>AED'000 | Capital work in<br>progress<br>AED'000 | Total<br>AED'000   |
|---|-------------------------------|-----------------------------------|--|---|---|--|--------------------|
| <b>At 31 December 2024</b>                      |                               |                                   |  |   |   |  |                    |
| Opening net book amount                         | 39,243,696                    | 30,717                            | 51,197,249   | 51,368,584  | 775,501                                     | 13,301,402                             | 155,917,149        |
| Additions                                       | 1,341                         | 30,536                            | 196,385  | 290,074   | 44,472                                      | 10,600,029                             | 11,162,837         |
| Transfers                                       | 220,746                       | -                                 | 4,974,027  | 3,169,689   | 114,496                                     | (8,478,958)                            | -                  |
| Transfers to intangible assets (refer note 8)   | -                             | -                                 | -  | -   | -   | (55,902)                               | (55,902)           |
| Impairment charge                               | -                             | -                                 | -  | -   | -   | (919)                                  | (919)              |
| Transfer to investment property                 | -                             | -                                 | -  | -   | -   | (32,370)                               | (32,370)           |
| Modification of right-of-use assets             | -                             | (575)                             | -  | -   | -   | -                                      | (575)              |
| Write off (refer note (g) below)                | -                             | -                                 | (1,488,798)  | -   | -   | -                                      | (1,488,798)        |
| Disposals, net                                  | (758,653)                     | -                                 | (6,989)  | (3)   | (922)                                       | -                                      | (766,567)          |
| Depreciation                                    | (384,071)                     | (18,157)                          | (2,975,909)  | (2,816,601)   | (288,411)                                   | -                                      | (6,483,149)        |
| <b>Closing net book amount</b>                  | <b>38,323,059</b>             | <b>42,521</b>                     | <b>51,895,965</b>  | <b>52,011,743</b>                                       | <b>645,136</b>                              | <b>15,333,282</b>                      | <b>158,251,706</b> |
| <b>At 31 December 2024</b>                      |                               |                                   |  |   |   |  |                    |
| Cost  | 43,440,279                    | 116,412                           | 78,254,827   | 85,039,709  | 3,710,901                                   | 15,333,282                             | 225,895,410        |
| Accumulated depreciation                        | (5,117,220)                   | (73,891)                          | (26,358,862)   | (33,027,966)  | (3,065,765)                                 | -                                      | (67,643,704)       |
| <b>Net book amount</b>                          | <b>38,323,059</b>             | <b>42,521</b>                     | <b>51,895,965</b>  | <b>52,011,743</b>                                       | <b>645,136</b>                              | <b>15,333,282</b>                      | <b>158,251,706</b> |
| <b>At 31 December 2025</b>                      |                               |                                   |  |   |   |  |                    |
| Opening net book amount                         | <b>38,323,059</b>             | <b>42,521</b>                     | <b>51,895,965</b>  | <b>52,011,743</b>                                       | <b>645,136</b>                              | <b>15,333,282</b>                      | <b>158,251,706</b> |
| Additions                                       | <b>121,638</b>                | <b>32,722</b>                     | <b>86,383</b>  | <b>395,180</b>  | <b>116,801</b>                              | <b>11,078,221</b>                      | <b>11,830,945</b>  |
| Transfers                                       | <b>330,727</b>                | -                                 | <b>5,254,373</b>   | <b>3,011,949</b>  | <b>199,892</b>                              | <b>(8,796,941)</b>                     | -                  |
| Transfers to intangible assets (refer note 8)   | -                             | -                                 | -  | -   | <b>(73,248)</b>                             | <b>(79,932)</b>                        | <b>(153,180)</b>   |
| Transfer to investment property (refer note 12) | -                             | -                                 | -  | -   | -   | <b>(33,408)</b>                        | <b>(33,408)</b>    |
| Disposals, net                                  | -                             | -                                 | <b>(1,838)</b>   | <b>(1,659)</b>  | <b>(3,413)</b>                              | -                                      | <b>(6,910)</b>     |
| Depreciation                                    | <b>(389,034)</b>              | <b>(22,653)</b>                   | <b>(2,998,635)</b>   | <b>(2,926,447)</b>                                      | <b>(251,754)</b>                            | -                                      | <b>(6,588,523)</b> |
| <b>Closing net book amount</b>                  | <b>38,386,390</b>             | <b>52,590</b>                     | <b>54,236,248</b>  | <b>52,490,766</b>                                       | <b>633,414</b>                              | <b>17,501,222</b>                      | <b>163,300,630</b> |
| <b>At 31 December 2025</b>                      |                               |                                   |  |   |   |  |                    |
| Cost  | 43,892,562                    | 148,754                           | 83,297,492   | 88,445,089  | 3,828,874                                   | 17,501,222                             | 237,113,993        |
| Accumulated depreciation                        | (5,506,172)                   | (96,164)                          | (29,061,244)   | (35,954,323)  | (3,195,460)                                 | -                                      | (73,813,363)       |
| <b>Net book amount</b>                          | <b>38,386,390</b>             | <b>52,590</b>                     | <b>54,236,248</b>  | <b>52,490,766</b>                                       | <b>633,414</b>                              | <b>17,501,222</b>                      | <b>163,300,630</b> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

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

- (a) The Group has engaged in a joint operation pertaining to Emirates National Grid Corporation (“ENGC”). The Group’s share in the carrying amount of ENGC’s assets as at 31 December 2025 is AED 86 million (2024: AED 93 million) and is included under transmission and distribution networks.
- (b) During 2008, by way of a Decree issued by H.H. The Ruler of Dubai, all existing plots of land held by the Authority were transferred to the Authority. As a result, the Authority has capitalised the plots of land on the basis of valuations (i.e. valuation based on use limitations) obtained from the Land Department of the Government of Dubai, which is considered the deemed cost and has been treated as a capital contribution by the Government of Dubai.

As per communication from Department of Finance, Government of Dubai, effective 10 March 2022, the new land policy in respect of allotment and granting of lands by the Government of Dubai in the Emirate of Dubai by the Government of Dubai to the Authority will be in consideration for a rental value of AED 1 per plot per annum for 30 years. This policy shall apply to all future lands granted by the Government of Dubai that will be allotted to the Authority, but not on the existing lands that are currently being governed under the existing regime. The Department of Finance, Government of Dubai and the Authority shall coordinate to take all actions and procedures to procure the issuance of a decree that shall formalize the proposed policy for all future lands.

Land received for free from third party is initially measured at fair value. The valuation is based on valuation received from Land Department of the Government of Dubai, which is considered the deemed cost, and is not depreciated.

The movement represents the net impact of certain plots of land taken back or replaced by the Government of Dubai and also includes lands received from third-party developers.

- (c) The gross value of property, plant and equipment, pledged as collateral on borrowings, amounts to AED 37,623 million (2024: AED 34,604 million) (refer note 21).
- (d) Capital work in progress mainly comprises construction of additional electricity generation, water desalination facilities, transmission and distribution networks and district cooling facilities.
- (e) The capitalised borrowing costs related to construction of electricity and water plants and transmission substations amounted to AED 430 million (2024: AED 370 million), which was calculated using a capitalisation rate of 4.35% (2024: 4.88%) (refer note 32).
- (f) Right-of-use assets mainly represent vehicles and other equipment as of the reporting date.
- (g) In the prior years, a rainstorm and windstorm incident caused damage to certain IWPP companies, mainly the Solar Power Plants. Management had assessed the damages and its financial impact on the Group and accordingly written off the damaged assets. The restoration of assets was recorded in capital work in progress. The damages incurred were covered mainly by insurance companies of IWPP companies. Further, the IWPP companies were also entitled to business interruption claims which was presented in profit or loss.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

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

(h) Depreciation is allocated as detailed below:

|   | 2025<br>AED'000  | 2024<br>AED'000  |
|---|------------------|------------------|
| Cost of sales   |                  |                  |
| - Generation and desalination expenditure (refer note 29.1)   | 3,135,490        | 3,103,920        |
| - Transmission and distribution expenditure (refer note 29.2) | 3,223,213        | 3,084,144        |
| Administrative expenses (refer note 30)                       | 229,820          | 295,085          |
|   | <u>6,588,523</u> | <u>6,483,149</u> |

## 8 Intangible assets

|  | Computer<br>software<br>AED'000 | Others<br>AED'000 | Total<br>AED'000 |
|--|---------------------------------|-------------------|------------------|
| At 31 December 2024  |                                 |                   |                  |
| Opening net book amount                                    | 122,385                         | 339,982           | 462,367          |
| Additions  | 7,213                           | -                 | 7,213            |
| Transfer from property, plant and equipment (refer note 7) | 55,902                          | -                 | 55,902           |
| Amortisation (refer notes 29.1 & 30)                       | (72,626)                        | (12,157)          | (84,783)         |
| Closing net book amount                                    | <u>112,874</u>                  | <u>327,825</u>    | <u>440,699</u>   |
| At 31 December 2024  |                                 |                   |                  |
| Cost   | 689,596                         | 364,696           | 1,054,292        |
| Accumulated amortisation                                   | (576,722)                       | (36,871)          | (613,593)        |
| Net book amount  | <u>112,874</u>                  | <u>327,825</u>    | <u>440,699</u>   |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 8 Intangible assets (*continued*)

|   | Computer<br>software<br>AED'000 | Others<br>AED'000 | Total<br>AED'000 |
|---|---------------------------------|-------------------|------------------|
| <b>At 31 December 2025</b>                                    |                                 |                   |                  |
| Opening net book amount                                       | 112,874                         | 327,825           | 440,699          |
| Additions   | 13,602                          | 230,099           | 243,701          |
| Transfer from property, plant and<br>equipment (refer note 7) | 153,180                         | -                 | 153,180          |
| Amortisation (refer notes 29.1 &<br>30)                       | (97,529)                        | (16,757)          | (114,286)        |
| <b>Closing net book amount</b>                                | <u>182,127</u>                  | <u>541,167</u>    | <u>723,294</u>   |
| <b>At 31 December 2025</b>                                    |                                 |                   |                  |
| Cost  | 856,378                         | 594,795           | 1,451,173        |
| Accumulated amortisation                                      | (674,251)                       | (53,628)          | (727,879)        |
| <b>Net book amount</b>  | <u>182,127</u>                  | <u>541,167</u>    | <u>723,294</u>   |

- (a) Intangible assets of EMPOWER, with a carrying value of AED 316 million, represent rights to charge users that have been acquired and recognised at fair value as of the acquisition date. These assets have a useful life of 30 years.
- (b) During the current year, additions of AED 230 million in 'Others' represents a performance-based right to share in benefits arising from the agreement with the Operations and Maintenance (O&M) contractor. This right has been recognized as an intangible asset, as it constitutes an identifiable non-monetary asset without physical substance arising from a contractual arrangement. This transaction represents a non-cash investing activity and has been excluded from the consolidated statement of cash flows.
- (c) During the current year, amortisation expense of AED 114 million (2024: AED 85 million) is included in cost of sales and administrative expenses in profit or loss (refer notes 29.1 and 30).

## 9 Interests in other entities

### 9.1 Material subsidiaries

The Group's material subsidiaries that have non-controlling interests (NCI) are EMPOWER and Jumeirah Energy International Holdings LLC ("JEIHL"). The Group does not have any other non-material subsidiaries that have non-controlling interests.

JEIHL holds investments in Shuaa Energy 1 P.S.C, Shuaa Energy 2 P.S.C, Shuaa Energy 3 P.S.C, Shuaa Energy 4 P.S.C, Noor Energy 1 P.S.C, Hassyan Energy Phase 1 P.S.C, and Hassyan Water Company A P.S.C, through its 100% owned subsidiaries. Refer note 1.

EMPOWER holds investments in Empower Insulated Pipe Systems L.L.C., Palm District Cooling LLC, Palm Utilities LLC, Empower FM LLC, Empower Engineering & Consultancy LLC, Empower Snow LLC, and DXB CoolCo. FZCO. Refer note 1.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 9 Interests in other entities *(continued)*

### 9.2 Non-controlling interests

Proportion of ownership interests held by non-controlling interests is as follows:

|  | 2025<br>% | 2024<br>% |
|--|-----------|-----------|
| <b>JEIHL</b>   |           |           |
| Shuaa Energy 1 P.S.C   | 49        | 49        |
| Shuaa Energy 2 P.S.C   | 40        | 40        |
| Shuaa Energy 3 P.S.C   | 40        | 40        |
| Shuaa Energy 4 P.S.C   | 40        | 40        |
| Noor Energy 1 P.S.C  | 49        | 49        |
| Hassyan Energy Phase 1 P.S.C                                   | 49        | 49        |
| Hassyan Water Company A P.S.C                                  | 40        | 40        |
| <b>EMPOWER</b>   |           |           |
| Emirates Central Cooling Systems Corporation PJSC<br>(EMPOWER) | 44        | 44        |
| Empower FM LLC   | 44        | 44        |
| Empower Engineering & Consultancy LLC                          | 44        | 44        |
| Palm Utilities LLC   | 44        | 44        |
| Palm District Cooling LLC (PDC)                                | 44        | 44        |
| Empower Insulated Pipe Systems L.L.C.                          | 44        | 44        |
| Empower Snow LLC   | 44        | 44        |
| DXB CoolCo. FZCO   | 48        | 48        |

The summarised financial information for JEIHL and EMPOWER group before inter-company eliminations is as follows:

### Summarised statements of financial position

|                                | JEIHL             |                    | EMPOWER          |                  |
|--------------------------------|-------------------|--------------------|------------------|------------------|
|                                | 2025<br>AED'000   | 2024<br>AED'000    | 2025<br>AED'000  | 2024<br>AED'000  |
| <b>Non-current</b>             |                   |                    |                  |                  |
| Assets                         | 38,408,263        | 36,358,143         | 9,038,193        | 8,823,595        |
| Liabilities                    | (27,683,234)      | (24,540,781)       | (5,886,726)      | (5,872,991)      |
|                                | <u>10,725,029</u> | <u>11,817,362</u>  | <u>3,151,467</u> | <u>2,950,604</u> |
| <b>Current</b>                 |                   |                    |                  |                  |
| Assets                         | 2,456,684         | 3,735,863          | 2,778,629        | 2,359,451        |
| Liabilities                    | (2,692,753)       | (5,658,609)        | (2,432,785)      | (1,936,720)      |
|                                | <u>(236,069)</u>  | <u>(1,922,746)</u> | <u>345,844</u>   | <u>422,731</u>   |
| Net assets (100%)              | 10,488,960        | 9,894,616          | 3,497,311        | 3,373,335        |
| Net assets attributable to NCI | <u>5,279,213</u>  | <u>4,218,720</u>   | <u>1,473,806</u> | <u>1,419,897</u> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 9 Interests in other entities *(continued)*

### 9.2 Non-controlling interests *(continued)*

#### Summarised statements of profit or loss and other comprehensive income

|   | JEIHL            |                 | EMPOWER          |                 |
|---|------------------|-----------------|------------------|-----------------|
|   | 2025<br>AED'000  | 2024<br>AED'000 | 2025<br>AED'000  | 2024<br>AED'000 |
| Revenue   | <b>2,591,013</b> | 2,142,267       | <b>3,477,611</b> | 3,319,640       |
| Profit/(loss) for the year after tax  | <b>560,174</b>   | (394,496)       | <b>1,003,935</b> | 908,235         |
| Remeasurements of retirement benefit obligations  | -                | -               | <b>(5,518)</b>   | 3,427           |
| Debt instrument at FVOCI – change in fair value   | -                | -               | <b>68</b>        | 913             |
| Cash flow hedges – reclassified to profit or loss   | <b>(854,876)</b> | (711,454)       | -                | -               |
| Cash flow hedges – effective portion of changes in fair value of derivative financial instruments | <b>(285,203)</b> | 1,238,085       | -                | -               |
| Related tax   | <b>53,325</b>    | (102,154)       | <b>491</b>       | (82)            |
| Total comprehensive (loss)/income   | <b>(526,580)</b> | 29,981          | <b>998,976</b>   | 912,493         |
| Profit/(loss) allocated to NCI  | <b>267,367</b>   | (192,217)       | <b>441,090</b>   | 399,442         |
| Total comprehensive (loss)/income allocated to NCI  | <b>(249,207)</b> | 719             | <b>438,908</b>   | 401,316         |
| Dividends paid to non-controlling interests   | <b>(775,422)</b> | (11,236)        | <b>(385,000)</b> | (374,000)       |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 9 Interests in other entities *(continued)*

### 9.2 Non-controlling interests *(continued)*

#### Summarised statement of cash flows

|  | JEIHL              |                    | EMPOWER            |                  |
|--|--------------------|--------------------|--------------------|------------------|
|  | 2025<br>AED'000    | 2024<br>AED'000    | 2025<br>AED'000    | 2024<br>AED'000  |
| Net cash inflow from operating activities                    | <u>3,751,730</u>   | <u>1,249,525</u>   | <u>1,862,042</u>   | <u>1,824,402</u> |
| Net cash outflow from investing activities                   | <u>(2,892,645)</u> | <u>(3,922,636)</u> | <u>(432,127)</u>   | <u>(272,121)</u> |
| Net cash (outflow)/ inflow from financing activities         | <u>(463,313)</u>   | <u>2,081,601</u>   | <u>(1,110,797)</u> | <u>(154,434)</u> |
| <b>Net increase/ (decrease) in cash and cash equivalents</b> | <u>395,772</u>     | <u>(591,510)</u>   | <u>319,118</u>     | <u>1,397,847</u> |
| Cash and cash equivalents, as at 1 January                   | <u>597,631</u>     | <u>1,189,141</u>   | <u>1,936,627</u>   | <u>538,780</u>   |
| <b>Cash and cash equivalents, as at 31 December</b>          | <u>993,403</u>     | <u>597,631</u>     | <u>2,255,745</u>   | <u>1,936,627</u> |

### 9.3 Investments accounted for using the equity method

The entities listed below have share capital solely consisting of ordinary shares, which are held by the Group.

| Name of the entity                 | Country of incorporation | Effective % of holding |           | Carrying value  |                 |
|------------------------------------|--------------------------|------------------------|-----------|-----------------|-----------------|
|                                    |                          | 2025<br>%              | 2024<br>% | 2025<br>AED'000 | 2024<br>AED'000 |
| Utility Management Company (L.L.C) | UAE                      | -                      | 50        | -               | 490             |
| Ethihad Smart Energy Solutions LLC | UAE                      | -                      | 50        | -               | 150             |
|                                    |                          |                        |           | <u>-</u>        | <u>640</u>      |

During the current year, the entities listed above were liquidated. All joint ventures were accounted for using the equity method of accounting and are immaterial to the Group individually.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 10 Derivative financial instruments

The Group is exposed to interest rate movements on various borrowings maturing between 2026 and 2027. Certain subsidiaries have entered into a series of interest rate swaps for the duration of the borrowings to mitigate the risk of variation in future interest rates. These interest rate swaps were designated as cash flow hedges and were assessed to be highly effective. Unrealised loss of AED 285 million (2024: gains of AED 1,238 million) relating to these hedging instruments is included in other comprehensive income. Cash flow hedges reclassified to profit or loss during the year amounted to AED 855 million (2024: AED 711 million).

The tables below show a summary of the hedged items, the hedging instruments and their fair values. The notional amounts indicate the amounts outstanding at the year-end.

| Description of the hedged item           | Hedging instrument | Notional amount<br>AED'000 | Positive fair value<br>AED'000 | Negative fair value<br>AED'000 |
|--|--------------------|----------------------------|--------------------------------|--------------------------------|
| <b>2025</b>                              |                    |                            |                                |                                |
| Interest payments on floating rate loans | Interest rate swap | 26,873,888                 | 1,015,178                      | 58,387                         |
| Foreign currency exchange rate           | Currency swap      | 5,509,500                  | -                              | 243                            |
| <b>2024</b>                              |                    |                            |                                |                                |
| Interest payments on floating rate loans | Interest rate swap | 24,905,758                 | 2,097,312                      | 6,393                          |

The following table presents the Group's derivative assets and liabilities that are measured at fair value:

|  | Level 1<br>AED'000 | Level 2<br>AED'000 | Level 3<br>AED'000 | Total<br>AED'000 |
|--|--------------------|--------------------|--------------------|------------------|
| <b>31 December 2025</b>                                |                    |                    |                    |                  |
| <b>Assets measured at fair value</b>                   |                    |                    |                    |                  |
| Derivative financial instruments (non-current portion) | -                  | 889,821            | -                  | 889,821          |
| Derivative financial instruments (current portion)     | -                  | 125,357            | -                  | 125,357          |
| <b>Liabilities measured at fair value</b>              |                    |                    |                    |                  |
| Derivative financial instruments (non-current portion) | -                  | 23,807             | -                  | 23,807           |
| Derivative financial instruments (current portion)     | -                  | 34,823             | -                  | 34,823           |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 10 Derivative financial instruments *(continued)*

| 31 December 2024  | Level 1<br>AED'000 | Level 2<br>AED'000 | Level 3<br>AED'000 | Total<br>AED'000 |
|---|--------------------|--------------------|--------------------|------------------|
| <b>Assets measured at fair value</b>                      |                    |                    |                    |                  |
| Derivative financial instruments<br>(non-current portion) | -                  | 1,719,527          | -                  | 1,719,527        |
| Derivative financial instruments<br>(current portion)     | -                  | 377,785            | -                  | 377,785          |
| <b>Liabilities measured at fair value</b>                 |                    |                    |                    |                  |
| Derivative financial instruments<br>(non-current portion) | -                  | 6,217              | -                  | 6,217            |
| Derivative financial instruments<br>(current portion)     | -                  | 176                | -                  | 176              |

Interest rate swaps were measured primarily using valuations provided by the financial institutions based on the observable spot exchange rates and the yield curves of the respective swap contracts and were categorised in Level 2 hierarchy.

Fair value of cash and cash equivalents, trade receivables, trade payables, other current assets and liabilities are considered to approximate their carrying amount except derivatives, which are carried at fair value and fall into Level 2 of the fair value hierarchy.

## 11 Financial assets at fair value through other comprehensive income

|                                       | 2025<br>AED'000 | 2024<br>AED'000 |
|---------------------------------------|-----------------|-----------------|
| At the beginning of the year          | 55,709          | 54,153          |
| Interest accrued                      | 644             | 643             |
| Interest received                     | (643)           | -               |
| Fair value adjustment during the year | 68              | 913             |
| At the end of the year                | <u>55,778</u>   | <u>55,709</u>   |

Financial assets at fair value through other comprehensive income pertains to an investment in Tier 1 Capital Certificates ("the Bonds") issued at their par value. The Bonds are listed perpetual instruments and carry non-cumulative interest at a rate of 6% per annum payable every six months at the discretion of the issuer. The Group has classified them as financial assets at fair value through other comprehensive income under IFRS 9 as the Bonds are not held for trading. These assets are categorized in Level 1 of the fair value hierarchy.

During the current year, gain recognised in other comprehensive income amounted to AED 0.01 million (2024: AED 0.9 million). In addition, interest income arising from these investments, recognised in profit or loss, amounted to AED 3 million (2024: AED 3 million).

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 12 Investment property

|                     | 2025<br>AED'000 | 2024<br>AED'000 |
|---------------------|-----------------|-----------------|
| Investment property | <u>170,793</u>  | <u>118,015</u>  |

*The movement in investment property is as follows:*

|   | 2025<br>AED'000 | 2024<br>AED'000 |
|---|-----------------|-----------------|
| At the beginning of the year                          | 118,015         | 85,645          |
| Transfer from capital work in progress (refer note 7) | 33,408          | 32,370          |
| Addition during the year                              | 25,687          | -               |
| Depreciation (refer note 30)                          | <u>(6,317)</u>  | <u>-</u>        |
| At the end of the year                                | <u>170,793</u>  | <u>118,015</u>  |

The Group's subsidiary started construction of its head quarter project in 2021. The project consists of two towers (residential tower and office tower) with common area and retail outlets. The Group intends to occupy office tower for its own use and is classified as property, plant and equipment (refer note 7) which is expected to be completed by second quarter of 2026. The residential tower is complete and the management has leased it.

During the year ended 31 December 2025, management revisited its plan of occupation of office tower and concluded to lease three floors for commercial use. As a result, the carrying amount of these floors and related areas were transferred to investment property from property, plant and equipment (refer note 7).

The investment property includes land amounting to AED 2.5 million (2024: AED 2.5 million).

The investment property is carried at cost and its fair value approximates to AED 239 million (2024: AED 180 million). It is valued by qualified independent property valuation firms based on income method and the significant input is rent per square feet. The fair value stated is determined using valuation methods with parameters not based exclusively on observable market data (Level 3). The investment property is subsequently measured at cost.

During the current year, rental income recognised in profit or loss amounted to AED 16 million (2024: AED nil).

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 13 Income tax

### a) Amounts recognised in profit or loss

The Group's applicable tax rate is the income tax rate of 9% for the United Arab Emirates.

|   | 2025<br>AED'000 | 2024<br>AED'000 |
|---|-----------------|-----------------|
| <b>Current tax expense</b>                        |                 |                 |
| Current year                                      | 936,632         | 853,509         |
| <b>Deferred tax</b>                               |                 |                 |
| Origination and reversal of temporary differences | 10,967          | (104,604)       |
| <b>Total tax expense</b>                          | <u>947,599</u>  | <u>748,905</u>  |

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

The Cabinet of Ministers Decision No. 116/2022 effective from January 2023, has confirmed the threshold of income over which the 9% tax rate would apply, and the Law is considered to be substantively enacted. A rate of 9% applies to taxable income exceeding AED 375,000. A rate of 0% applies to taxable income not exceeding AED 375,000. Further, a rate of 0% shall apply to the Qualifying Free Zone Person subject to satisfaction of prescribed conditions under the CT Law.

The Group is subject to the provisions of the CT Law with effect from 1 January 2024, and current taxes have been accounted for as appropriate in the consolidated financial statements for the year ending 31 December 2025.

On 24 November 2023, the Ministry of Finance ('MoF') published Federal Decree-Law No (60) of 2023, amending certain provisions of the CT Law to facilitate the introduction of domestic minimum tax under the Organization for Economic Cooperation and Development Global Minimum Tax Rules.

To align with these global tax reforms, United Arab Emirates enacted a Domestic Minimum Top-up Tax ('DMTT') legislation, which became effective from the accounting period beginning on or after 1 January 2025. The Group has assessed the applicability of DMTT legislation and concluded that it does not fall within the scope of the legislation.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 13 Income tax (*continued*)

### b) Amounts recognised in other comprehensive income:

|   | 2025             |               |                  | 2024             |                  |                  |
|---|------------------|---------------|------------------|------------------|------------------|------------------|
|   | Before tax       | Tax expense   | Net of tax       | Before tax       | Tax expense      | Net of tax       |
| <b>Items that will not be reclassified to profit or loss</b>                                      |                  |               |                  |                  |                  |                  |
| Remeasurements of retirement benefit obligations  | 44,416           | (3,997)       | 40,419           | 18,047           | -                | 18,047           |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                       |                  |               |                  |                  |                  |                  |
| Debt instrument at FVOCI – change in fair value   | 68               | (6)           | 62               | 913              | (82)             | 831              |
| Cash flow hedges – effective portion of changes in fair value of derivative financial instruments | (285,446)        | 53,347        | (232,099)        | 1,238,085        | (102,154)        | 1,135,931        |
|   | <u>(240,962)</u> | <u>49,344</u> | <u>(191,618)</u> | <u>1,257,045</u> | <u>(102,236)</u> | <u>1,154,809</u> |

### c) Reconciliation of effective tax rate

|  | 2025              |              | 2024             |              |
|--|-------------------|--------------|------------------|--------------|
|  | AED'000           | %            | AED'000          | %            |
| Profit before tax  | <u>10,002,943</u> | -            | <u>7,983,094</u> | -            |
| Tax using the domestic tax rate (9%)   | 900,265           | 9.00%        | 718,478          | 9.00%        |
| Deferred tax not recognised on losses of a subsidiary                                | 6,846             | 0.07%        | 7,838            | 0.10%        |
| Reversal of deferred tax asset recognised in prior year                              | 8,728             | 0.09%        | -                | -            |
| Permanent difference on account of expenses disallowed                               | 37,359            | 0.37%        | 29,050           | 0.36%        |
| Profit not subject to tax  | (4,520)           | (0.05%)      | -                | -            |
| Recognition of tax not recognised on deductible temporary differences in prior years | -                 | -            | (7,559)          | (0.09%)      |
| Others   | (1,079)           | (0.01%)      | 1,098            | 0.01%        |
| <b>Total</b>   | <u>947,599</u>    | <u>9.47%</u> | <u>748,905</u>   | <u>9.38%</u> |

The Group's effective tax rate for the year ended 31 December 2025 was 9.47% (31 December 2024: 9.38%).

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 13 Income tax *(continued)*

### d) Consolidated statement of financial position

|  | 2025<br>AED'000        | 2024<br>AED'000         |
|--|------------------------|-------------------------|
| Income tax liability at the beginning of the year                  | 853,509                | -                       |
| Charge for the year  | 940,629                | 853,509                 |
| Paid during the year   | <u>(818,089)</u>       | <u>-</u>                |
| <b>Income tax liability at the end of the year (refer note 25)</b> | <b><u>976,049</u></b>  | <b><u>853,509</u></b>   |
|  | <b>Net</b>             |                         |
|  | 2025<br>AED'000        | 2024<br>AED'000         |
| Net deferred tax assets at the beginning of the year               | 94,270                 | 91,902                  |
| Benefit for the year   | 42,372                 | 2,368                   |
| <b>Net deferred tax assets at the end of the year</b>              | <b><u>136,642</u></b>  | <b><u>94,270</u></b>    |
| <b>Disclosed as:</b>   |                        |                         |
| <b>Deferred tax assets</b>   | <b><u>197,743</u></b>  | <b><u>207,401</u></b>   |
| <b>Deferred tax liabilities</b>                                    | <b><u>(61,101)</u></b> | <b><u>(113,131)</u></b> |

#### *Deferred taxes analysed by type of temporary difference*

Differences between IFRS Accounting Standards and statutory taxation regulations in the United Arab Emirates give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences were not material to the consolidated financial statements.

During the current year, further deferred income tax credit/assets and deferred tax expense/liabilities were recognised, which mainly relate to:

- Deferred tax asset of AED 1 million *(2024: AED 53 million)* has been reversed relating to tax impact on adjustments being made in the consolidated financial statements, which resulted from temporary differences in the carrying amount of property, plant and equipment compared with tax base of subsidiaries, not part of the same tax group. This has been recognised in profit or loss in the consolidated financial statements.
- Deferred tax asset of AED 9 million has been reversed in one of the subsidiaries'. The deferred tax asset has been reversed in standalone books of the subsidiary as there is no reasonable expectation of realisation that future taxable income would be sufficient to allow the benefit of the loss to be realised. This has been recognised in profit or loss in the consolidated financial statements. During year ended 31 December 2024, deferred tax asset of AED 53 million was created pertaining to tax impact on losses of certain subsidiaries.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 13 Income tax *(continued)*

*Deferred taxes analysed by type of temporary difference (continued)*

- Deferred tax credit of AED 53 million relating to changes in fair value of derivative financial instruments has been recognised in other comprehensive income in the consolidated financial statements. During the year ended 31 December 2024, deferred tax liabilities of AED 102 million was recognised in other comprehensive income in the consolidated financial statements.

### 14 Other assets

|                           | 2025<br>AED'000    | 2024<br>AED'000    |
|---------------------------|--------------------|--------------------|
| Advances to suppliers     | 1,246,050          | 1,560,063          |
| Prepayments               | 188,433            | 127,469            |
|                           | <u>1,434,483</u>   | <u>1,687,532</u>   |
| Less: non-current portion | <u>(1,008,200)</u> | <u>(1,283,505)</u> |
| Current portion           | <u>426,283</u>     | <u>404,027</u>     |

### 15 Financial assets

#### 15.1 *Financial assets at fair value through profit or loss*

|                                  | 2025<br>AED'000  | 2024<br>AED'000  |
|----------------------------------|------------------|------------------|
| Investment in equity instruments | 377,177          | 206,017          |
| Investment in debt instruments   | 45,461           | 25,466           |
|                                  | <u>422,638</u>   | <u>231,483</u>   |
| Less: non-current portion        | <u>(377,177)</u> | <u>(206,017)</u> |
| Current portion                  | <u>45,461</u>    | <u>25,466</u>    |

#### 15.2 *Other financial assets at amortised cost*

|                                    | 2025<br>AED'000    | 2024<br>AED'000    |
|------------------------------------|--------------------|--------------------|
| UAE National Bonds and Sukuk Bonds | 2,018,040          | 1,583,012          |
| Investment in debt instruments     | 1,240,133          | 1,296,834          |
| Other receivables                  | 3,288,992          | 4,569,949          |
| Less: provision for impairment     | <u>(129,469)</u>   | <u>(143,546)</u>   |
|                                    | <u>6,417,696</u>   | <u>7,306,249</u>   |
| Less: non-current portion          | <u>(3,211,690)</u> | <u>(3,179,039)</u> |
| Current portion                    | <u>3,206,006</u>   | <u>4,127,210</u>   |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 15 Financial assets *(continued)*

Other financial assets at amortised cost include investments in UAE National Bonds and Sukuk Bonds amounting to AED 2,018 million (31 December 2024: AED 1,583 million), which have a maturity of 12 months from the date of purchase. UAE National Bonds and Sukuk Bonds carry an interest rate ranging from 4.1% to 5.5% per annum (2024: 4.7% to 6% per annum).

As at 31 December 2025, investment in debt instruments and other receivables amounting to AED 4,529 million (31 December 2024: AED 5,867 million) are not impaired except for an amount of AED 129 million (2024: AED 144 million). The carrying amount of the Group's other receivables is primarily denominated in AED and approximates its fair value.

Other receivables mainly include financial assets under IFRIC 12, housing and sewerage fee receivable on behalf of a related party and interest receivable on bank deposits. The financial assets at fair value through profit or loss are categorized in Level 3 of the fair value hierarchy.

Included in the financial assets is a balance of AED 1,013 million (2024: AED 1,028 million) which represents receivable in relation to Dubai Aviation City Corporation DACC (grantor) under IFRIC 12 as a result of acquisition of DXB CoolCo. FZCO in prior years. The financial asset was initially recognised at fair value and subsequently measured at amortised cost.

## 16 Inventories

|                               | 2025<br>AED'000         | 2024<br>AED'000         |
|-------------------------------|-------------------------|-------------------------|
| Consumables and others        | 821,175                 | 834,708                 |
| Less: provision for inventory | <u>(264,704)</u>        | <u>(239,133)</u>        |
|                               | 556,471                 | 595,575                 |
| Fuel                          | 930,744                 | 964,115                 |
|                               | <u><u>1,487,215</u></u> | <u><u>1,559,690</u></u> |

Movements in the provision for inventory were as follows:

|                     | 2025<br>AED'000       | 2024<br>AED'000       |
|---------------------|-----------------------|-----------------------|
| At 1 January        | 239,133               | 228,424               |
| Charge for the year | <u>25,571</u>         | <u>10,709</u>         |
| At 31 December      | <u><u>264,704</u></u> | <u><u>239,133</u></u> |

During the current year, provision for inventory amounting to AED 26 million (2024: AED 11 million) is included in cost of sales and administrative expenses in profit or loss.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 17 Trade receivables

|   | 2025<br>AED'000         | 2024<br>AED'000         |
|---|-------------------------|-------------------------|
| Trade receivables                             | 2,608,881               | 2,341,826               |
| Accrued revenue                               | 1,294,688               | 1,281,482               |
| Less: provision for impairment of receivables | <u>(420,999)</u>        | <u>(515,936)</u>        |
| Trade receivables and accrued revenue – net   | 3,482,570               | 3,107,372               |
| Less: non-current portion                     | <u>(53,641)</u>         | <u>(3,550)</u>          |
| Current portion                               | <u><b>3,428,929</b></u> | <u><b>3,103,822</b></u> |

The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures these receivables subsequently at amortised cost using the effective interest rate method. Information about methods and assumptions used in determining the impairment loss has been explained in note 3.7.

The Group considers the credit risk on the outstanding balances from government customers to be low at the reporting date, as these financial assets have low risk of default, the counterparties have strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparties to fulfil its contractual cash flow obligations.

### *Impairment of trade receivables:*

The movement in the provision for impairment of trade receivables is as follows:

|                           | 2025<br>AED'000       | 2024<br>AED'000       |
|---------------------------|-----------------------|-----------------------|
| At 1 January              | 515,936               | 614,312               |
| Reversal during the year  | (94,937)              | (97,936)              |
| Write off during the year | -                     | (440)                 |
| At 31 December            | <u><b>420,999</b></u> | <u><b>515,936</b></u> |

The carrying amount of the Group's trade receivables is primarily denominated in AED and approximates its fair value.

The Group primarily supplies electricity and water and cooling services to a diversified customer base and the standard credit period applied to all customers for electricity and water is 14 days and cooling services is 21 days, from the date of invoice.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 18 Term deposits

|   | 2025<br>AED'000    | 2024<br>AED'000  |
|---|--------------------|------------------|
| Term deposits with original maturities exceeding three months | 8,051,877          | 3,595,524        |
| Less: provision for impairment on term deposits               | <u>(12,533)</u>    | <u>(9,247)</u>   |
|   | 8,039,344          | 3,586,277        |
| Less: non-current portion                                     | <u>(1,461,856)</u> | -                |
| Current portion   | <u>6,577,488</u>   | <u>3,586,277</u> |

Term deposits amounting to AED 8,052 million (2024: AED 3,596 million) carries an interest ranging from 1.75% to 4.90% per annum (2024: 1.75% to 5.85% per annum). Term deposits up to AED 3,132 million (2024: AED 2,960 million) have been kept as lien against borrowings by one of the subsidiaries (refer note 21).

During the current year, provision for impairment on term deposits of AED 3 million (2024: AED 1 million) was recognised in profit or loss (refer note 4.1(i)).

## 19 Cash and cash equivalents

|  | 2025<br>AED'000  | 2024<br>AED'000  |
|--|------------------|------------------|
| Current and call accounts                                    | 5,359,041        | 4,562,831        |
| Term deposits with original maturities of up to three months | 3,031,809        | 1,541,867        |
| Cash on hand   | <u>565</u>       | <u>525</u>       |
|  | <u>8,391,415</u> | <u>6,105,223</u> |

Cash and cash equivalents include AED 1,158 million (2024: AED 1,193 million) in foreign currencies. The majority of these foreign currency balances are denominated in USD. These balances are held for settlement of existing and anticipated liabilities denominated in foreign currencies. Cash and cash equivalents also include AED 2,290 million (2024: AED 1,717 million) of cash collected by local banks and government collection agencies on behalf of the Group. Term deposits amounting to AED 3,032 million (2024: AED 1,542 million) carries an interest ranging from 3.40% to 4.80% per annum (2024: 3.50% to 5.50% per annum).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

|   | 2025<br>AED'000  | 2024<br>AED'000  |
|---|------------------|------------------|
| Cash and cash equivalents   | 8,391,415        | 6,105,223        |
| Bank overdrafts (refer note 21)   | <u>(904,182)</u> | <u>(731,594)</u> |
| Cash and cash equivalents for the purpose of consolidated statement of cash flows | <u>7,487,233</u> | <u>5,373,629</u> |

Cash and cash equivalents are subject to the impairment requirements of IFRS 9 and the identified impairment loss was immaterial.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 20 Equity

#### a) *Share capital*

In prior years, an amount of AED 500 million had been transferred to share capital account from the capital contribution account. The Board of Directors of the Authority had authorised the breakup of the share capital into 50 billion shares of AED 0.01 each. All shares of the Authority shall rank equally with one another in all aspects. Hence, the share capital of the Authority consists of authorised and paid-up capital of AED 500 million as of 31 December 2025.

#### b) *Capital contribution*

This account represents amounts contributed by the Government of Dubai (both in kind and cash) as an Owner of the Group since the incorporation of the Group.

#### c) *Statutory reserve*

As required by applicable law and Articles of Association of the Authority and certain subsidiaries, 10% of the net profit for each period has been transferred to a statutory reserve. Such transfers to reserves may cease when the statutory reserve equals to half of the share capitals. The reserve is not available for distribution except as stipulated by the law. The statutory reserve of the Authority has already reached the 50% threshold and hence no further transfers were made to statutory reserves.

#### d) *Hedging reserve*

The hedging reserve primarily represents the fair value of derivatives which are part of effective cash flow hedging relationships at year end. As the derivatives are held for hedging purposes as defined by IFRS 9, their fair value movements are retained in other comprehensive income instead of being charged to profit or loss during the year. The fair value movements will be adjusted in other comprehensive income in the same period as the corresponding hedged transaction.

### 21 Borrowings

|                                 | 2025<br>AED'000   | 2024<br>AED'000   |
|---------------------------------|-------------------|-------------------|
| <b>Non-current</b>              |                   |                   |
| Others (refer (i) below)        | <u>31,921,882</u> | <u>28,828,863</u> |
| <b>Current</b>                  |                   |                   |
| Bank overdrafts (refer note 19) | 904,182           | 731,594           |
| Others (refer (i) below)        | <u>5,750,211</u>  | <u>6,612,319</u>  |
|                                 | <u>6,654,393</u>  | <u>7,343,913</u>  |
|                                 | <u>38,576,275</u> | <u>36,172,776</u> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 21 Borrowings *(continued)*

Borrowings are denominated in the following currencies:

|            | 2025<br>AED'000   | 2024<br>AED'000   |
|------------|-------------------|-------------------|
| US Dollars | 27,667,146        | 26,811,238        |
| UAE Dirham | 10,909,129        | 9,361,538         |
|            | <u>38,576,275</u> | <u>36,172,776</u> |

The movement in bank borrowings during the year is as follows:

|   | 2025<br>AED'000   | 2024<br>AED'000   |
|---|-------------------|-------------------|
| At 1 January                                    | 36,172,776        | 38,887,566        |
| Drawdown during the year – long term facilities | 19,603,965        | 7,502,808         |
| Drawdown during the year – bank overdrafts      | 172,588           | 89,740            |
| Interest expense during the year                | 1,822,091         | 2,128,854         |
| Interest capitalised during the year            | 430,331           | 370,015           |
| Interest paid during the year                   | (2,251,719)       | (2,498,869)       |
| Principal repayment during the year             | (16,836,486)      | (8,858,382)       |
| Conversion of loan to equity                    | (585,893)         | (1,370,592)       |
| Arrangement fees charged to profit or loss      | 256,401           | 59,890            |
| Unamortized arrangement fees                    | (207,779)         | (138,254)         |
| At 31 December                                  | <u>38,576,275</u> | <u>36,172,776</u> |

The movement in deferred borrowings cost during the year is as follows:

|  | 2025<br>AED'000 | 2024<br>AED'000 |
|--|-----------------|-----------------|
| At January                                 | 748,705         | 670,341         |
| Arrangement fees charged to profit or loss | (256,401)       | (59,890)        |
| Unamortized arrangement fees               | 207,779         | 138,254         |
| At 31 December                             | <u>700,083</u>  | <u>748,705</u>  |

The Group has secured borrowings amounting to AED 31,778 million (2024: AED 27,530 million) and unsecured borrowings amounting to AED 6,798 million (2024: AED 8,643 million).

Borrowings are secured by pledge of assets (refer note 7 (c)), term deposits under lien (refer note 18), and guarantees issued.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

*for the year ended 31 December 2025*

### **21 Borrowings** (*continued*)

#### (i) Others

Shuaa Energy 1 P.S.C had an interest free equity bridge loan. The equity bridge loan amounting to AED 73 million was converted to subordinated loan by the shareholder, ACWA Power Solar Limited, on 29 March 2018. As of 31 December 2024, an amount of AED 36 million was outstanding, out of which AED 10 million was repaid during the year. On 31 December 2025, the outstanding principal amounting to AED 26 million was converted into non-reciprocal capital contribution. This transaction represents a non-cash financing activity and has been excluded from the consolidated statement of cash flows.

Shuaa Energy 1 P.S.C issued AED 239 million commission rate senior notes on 25 November 2024, which was fully purchased by the Hong Kong Mortgage Corporation Limited (Note Purchaser). The Notes are due on 30 September 2034 and is payable in quarterly instalments which commenced in December 2024. An amount of AED 219 million (*2024: AED 237 million*) is outstanding as at 31 December 2025.

Shuaa Energy 1 P.S.C entered into a commercial facility agreement with Abu Dhabi Commercial Bank PJSC on 25 November 2024 for a facility amount of AED 551 million and had fully drawn the amount during the prior year. The facility is repayable in quarterly instalments which commenced in December 2024. An amount of AED 541 million (*2024: AED 547 million*) is outstanding as at 31 December 2025.

Shuaa Energy 1 P.S.C entered into a working Capital Facility agreement with Abu Dhabi Commercial Bank PJSC on 25th of November 2024 for a revolving loan facility with the amount of AED 18 million and has drawn the amount of AED 11 million by 31st of December 2025.

Shuaa Energy 1 P.S.C had a commercial facility from a syndicate of banks amounting to AED 470 million. During the previous year, Shuaa Energy 1 P.S.C repaid the entire amount of loan as part of a refinancing arrangement.

Shuaa Energy 1 P.S.C had an Istisna-Ijara facility amounting to AED 379 million. During the previous year, Shuaa Energy 1 P.S.C repaid the entire amount of loan as part of a refinancing arrangement.

Shuaa Energy 2 P.S.C has a conventional facility amounting to AED 1,701 million (*2024: AED 1,776 million*) from a syndicate of banks. The rate of interest is the percentage rate per annum which is the aggregate of the applicable margin and the Secured Overnight Financing Rate (“SOFR”). It also has an Islamic facility from a syndicate of banks amounting to AED 446 million (*2024: AED 465 million*) carrying an interest rate, which is the aggregate of the applicable margin and the Secured Overnight Financing Rate (“SOFR”). The maturity date of the conventional and Islamic borrowings is 31 March 2045.

Shuaa Energy 2 P.S.C has a financing agreement of AED 44 million (*2024: AED 44 million*) with a bank. The rate of interest is the percentage rate per annum which is the aggregate of the applicable margin and the Secured Overnight Financing Rate (SOFR).

Shuaa Energy 2 P.S.C borrowings are subject to the covenant that the Debt Service Cover ratio for the respective calculation period must be at least 1.05:1.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

*for the year ended 31 December 2025*

### **21 Borrowings** (*continued*)

#### (i) Others (*continued*)

Shuaa Energy 3 P.S.C has commercial facilities amounting to AED 1,385 million (*2024: AED 1,451 million*) from various banks. The rate of interest is the percentage rate per annum which is the aggregate of the applicable margin and the Secured Overnight Financing Rate (“SOFR”). Repayment of the loans commenced in September 2023 and is scheduled until March 2047.

Shuaa Energy 3 P.S.C has equity bridge loans of AED 147 million (*2024: AED 147 million*) carrying an interest rate of SOFR plus applicable margin per annum. The final maturity date is the date falling one hundred and twenty (120) months after the date of Financial Close.

Shuaa Energy 3 P.S.C has a working capital financing agreement of AED 37 million (*2024: AED 37 million*) with a bank carrying an interest rate, which is the aggregate of the applicable margin and the Secured Overnight Financing Rate (“SOFR”).

Hassyan Energy Phase 1 P.S.C had an outstanding commercial facility of AED 7,612 million and a mezzanine facility of AED 433 million as of 31 December 2024. During the current year, Hassyan Energy Phase 1 P.S.C has repaid the entire outstanding loan amount as part of a refinancing arrangement.

Pursuant to refinancing, Hassyan Energy Phase 1 P.S.C entered into a commercial facility agreement with a bank as the Facility Agent on the 24 November 2025 for a facility amounting to AED 6,611 million and has fully drawn the amounts during the current year. The facility is repayable in quarterly instalments beginning from February 2026 and ending on October 2048. The balance outstanding as at year end is AED 6,611 million.

Pursuant to refinancing, Hassyan Energy Phase 1 P.S.C entered into an Islamic facility agreement with a bank as the Facility Agent on the 24 November 2025 for a facility amounting to AED 2,387 million and has fully drawn the amounts during the current year. The facility is repayable in quarterly instalments beginning from February 2026 and ending on October 2048. The balance outstanding at year end is AED 2,387 million.

Hassyan Energy Phase 1 P.S.C has a short-term financing facility of AED 110 million (*2024: AED 430 million*) with a commercial bank.

Hassyan Energy Phase 1 P.S.C had an interest-free subordinated advance from its minority shareholder. As of 31 December 2024, an amount of AED 560 million was outstanding. During the current year, pursuant to an amendment to the existing agreement with the minority shareholder, the advances were converted into non-reciprocal capital contribution as it is repayable at the discretion of Hassyan Energy Phase 1 P.S.C. This transaction represents a non-cash financing activity and has been excluded from the consolidated statement of cash flows.

Hassyan Energy Phase 1 P.S.C borrowings are subject to the covenant that the Debt Service Cover ratio for the respective calculation period must be at least 1.05:1.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 21 Borrowings (*continued*)

#### (i) Others (*continued*)

Noor Energy 1 P.S.C had an equity bridge loan amounting to AED 1,427 million as of 31 December 2024 which was settled in January 2025 based on subordinated advance agreement with the minority shareholder whereby the same amount was advanced and is now repayable at the option of Noor Energy 1 P.S.C. Hence, this advance is now accounted as non-reciprocal capital contribution.

Noor Energy 1 P.S.C has a commercial facility from a syndicate of banks, under which the outstanding principal amounted to AED 8,566 million as of 31 December 2025 (*2024: AED 9,099 million*). The facility carries an effective interest rate of 6.43% per annum during the current year (*2024: 7.73% per annum*). Repayment of the loan commenced on 31 July 2023 and is scheduled to continue until 22 December 2045.

Noor Energy 1 P.S.C has a mezzanine facility of AED 682 million (*2024: AED 682 million*) from various banks, which is fully drawn down. Loan repayment will commence on 31 March 2046 and end on 31 December 2047. The effective interest rate for the year was 8.03% per annum (*2024: 8.93% per annum*).

Noor Energy 1 P.S.C has a short-term financing agreement with a commercial bank, under which the outstanding principal amounted to AED 294 million as of 31 December 2025 (*2024: AED 147 million*). The amount borrowed is repayable within one hundred and eighty (180) business days from the utilisation date.

EMPOWER has a loan amounting to AED 5,503 million (*2024: AED 5,500 million*) carrying an interest rate which is the aggregate of the applicable margin and EIBOR. On 25 February 2025, EMPOWER exchanged certain borrowing facilities with one of its existing lenders which resulted in the changes to the terms of the facilities such as extension of the maturity date from 2027 to 2028, reduction in interest margin and change in the nature of the facilities from term loans to revolving facilities. EMPOWER's management has considered the qualitative changes and concluded that those changes are substantial, and as such the exchange of the loan with the existing lender results in a new loan with substantially different terms compared to the original loan. Therefore, the arrangement was accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in profit or loss, together with the related costs/fees incurred. Further, during the year ended 31 December 2024, EMPOWER had exchanged certain borrowing facilities with one of its existing lenders. For further information, please refer to note 21 in the Group's annual consolidated financial statements for the year ended 31 December 2024. EMPOWER has financial bank covenants to maintain net debt to tangible net worth and net debt to EBIDTA.

Mai Dubai LLC has a bank overdraft amounting to AED 496 million (*2024: AED 517 million*) carrying an interest rate of 0.5% per annum.

Data Hub Integrated Solutions LLC (MORO) has a bank overdraft amounting to AED Nil (*2024: AED 1 million*). The prior year overdraft balance carried an interest rate of EIBOR + 0.70% per annum.

Ethad Clean Energy Development Company LLC has a bank overdraft amounting to AED 408 million (*2024: AED 214 million*) carrying an interest rate of EIBOR + 0.70% per annum.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 21 Borrowings (*continued*)

#### (i) Others (*continued*)

Dubai Green Fund Investments LLC has a loan amounting to AED 4,502 million (*2024: AED 3,132 million*) carrying an interest rate of 0.9% per annum. This borrowing has been secured by lien over deposits with the bank to extent of AED 3,132 million (refer note 18).

Shuaa Energy 4 P.S.C has a loan amounting to AED 2,537 million (*2024: AED 1,509 million*) from a syndicate of banks. The rate of interest is the percentage rate per annum which is the aggregate of the applicable margin and the Secured Overnight Financing Rate (“SOFR”). The loan is repayable in quarterly variable instalments commencing from 31 August 2027 till 28 February 2057.

Hassyan Water Company A P.S.C. has a commercial facility of AED 2,234 million (*2024: AED 2,234 million*) from various banks. Drawdowns can be made from the facility as and when necessary. The loan is repayable commencing from 30 November 2027 and ending on 31 August 2056. The effective interest rate for the period was 5.72% per annum (*2024: 5.56% per annum*). The utilized portion of the facility amounted to AED 1,770 million (*2024: AED 544 million*).

Hassyan Water Company A P.S.C. also has a Istisna-Ijara facility of AED 179 million from a commercial bank. Drawdowns can be made from the facility as and when necessary. The loan is repayable commencing from 30 November 2027 and ending on 31 August 2056. The effective interest rate for the period was 5.72% per annum (*2024: 5.56% per annum*). The utilized portion of the facility amounted to AED 142 million (*2024: AED 142 million*).

Hassyan Water Company A P.S.C. also has a Murabaha facility of AED 275 million from a commercial bank. Drawdowns can be made from the facility as and when necessary. The loan is repayable commencing from 30 November 2027 and ending on 30 November 2053. The effective interest rate for the period was 5.27% per annum (*2024: 5.11% per annum*). The utilized portion of the facility amounted to AED 218 million.

Hassyan Water Company A P.S.C. had a working capital facility from a commercial bank, under which outstanding principal amounted to AED 17 million as of 31 December 2024. The amount was fully repaid during the year. The effective interest rate for the year was 5.64% per annum (*2024: 6.33% per annum*).

Hassyan Water Company A P.S.C. has equity bridge loan with EIG, with the total facility amounts to AED 119 million. The final maturity date is set at 2 years after the Scheduled Project Commercial Operation Date which is 15 February 2027. Equity bridge loan bears an interest rate of 0.75% per annum plus daily non-cumulative compounded reference rate on the respective day. The effective interest rate for the year was 5.15% per annum (*2024: 4.85% per annum*). The facility was fully drawn during the prior year.

Hassyan Water Company A P.S.C. has equity bridge loan with ACWA with the total facility amounts to AED 124 million. The final maturity date is the date falling sixty-six (66) months after the CP confirmation date. CP confirmation date is the date on which the Investment Agent gives such confirmation. The equity bridge loan bears an interest rate of 0.75% per annum plus compounded reference rate per annum. The effective interest rate for the year was 5.13% per annum (*2024: 4.85% per annum*). The facility was fully drawn during the prior year.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 21 Borrowings (*continued*)

The fair values of other loans are not materially different to their carrying amounts since the interest payable on these borrowings is close to current market rates.

The Group has complied with the financial and non-financial covenants of its borrowing facilities during the 2025 and 2024 reporting periods except as disclosed below.

As at 31 December 2024, the financial covenant (Debt Service Cover ratio) of Shuaa Energy 2 P.S.C for conventional and Islamic facility had not been met due to damage to solar plant that occurred as a result of a weather incident in August 2023. Shuaa Energy 2 P.S.C had obtained a waiver from its financiers before the end of the previous year whereby they agreed to provide a waiver of the financial covenant and hence the relevant portion of facility was classified as non-current as of 31 December 2024. As at 31 December 2025, this financial covenant was met.

The Group takes proactive measures to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial obligations. The Group has positive operating cash flows amounting to AED 21,850 million for the year ended 31 December 2025 (2024: AED 17,435 million). Further, as at 31 December 2025, the Group has cash and cash equivalents of AED 7,487 million (2024: AED 5,374 million), short-term deposits of AED 6,577 million (2024: AED 3,586 million), and undrawn facilities of AED 2,703 million (2024: AED 5,455 million) to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group monitors the sufficiency of funds using cash flow budgeting in which it considers the cash outflows (including impact of capital commitments), the funds that would be generated from the operations and other available sources of funding.

### 22 Retirement benefits obligations

|  | 2025<br>AED'000    | 2024<br>AED'000    |
|--|--------------------|--------------------|
| Provision for employees' end of service benefits (refer note 22.1) | 1,110,333          | 1,058,403          |
| Provision for pension (refer notes 22.2.1 & 22.2.2)                | 66,909             | 57,497             |
|  | <u>1,177,242</u>   | <u>1,115,900</u>   |
| Less: non-current portion  | <u>(1,162,622)</u> | <u>(1,109,622)</u> |
| Current portion (refer note 25)                                    | <u>14,620</u>      | <u>6,278</u>       |

The charge for the year grouped within the employee benefit expense in profit or loss includes current service cost and interest cost. Actuarial profit during the year is recognised in other comprehensive income.

In 2025 and 2024, an actuarial valuation was performed using the projected unit credit method to ascertain the present value of the obligation relating to the end of service benefits payable to expatriate employees in accordance with the Dubai Government Human Resources Management Law No. 27 of 2006. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving service. The obligation for end of service benefits is not funded.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 22 Retirement benefits obligations *(continued)*

### 22.1 Provision for employees' end of service benefits *(continued)*

The principal actuarial assumptions used were as follows:

- Expected salary increase of 3.67% per annum *(2024: 4.83% per annum)*;
- Discount rate used to determine the present value of the obligation was 4.67% per annum *(2024: 5.83% per annum)*; and
- The average rate of mortality and withdrawal is not significantly different from the trends noted at the valuation date. The mortality rates are based on Employers Groups reinsurance rates. Withdrawal rates assumed the age-wise withdrawal rates that incorporates the experience of DEWA in terms of the overall withdrawals during the last three years.

The rate used for discounting the employees' end of service benefits should be based on market yields on high quality corporate bonds. In countries where there is no deep market for such bonds, the market yields on government bonds should be used. In the UAE, there is no deep market for corporate bonds and no market for government bonds and, therefore, the discount rate has been estimated using the High Quality Market (HQM) yield rate at the appropriate duration as a proxy with adjustment for country risk premium.

As a result, the Group has recognised re-measurement gains of AED 44 million *(2024: AED 18 million)* in other comprehensive income.

#### *Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the obligation for end of service benefits as the amounts shown below:

|   | 2025                |                     | 2024                |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | AED'000<br>Increase | AED'000<br>Decrease | AED'000<br>Increase | AED'000<br>Decrease |
| Salary growth (+/- 0.5%)                          | <u>1,052,267</u>    | <u>944,669</u>      | <u>1,018,486</u>    | <u>911,186</u>      |
| Discount rate (+/- 0.5%)                          | <u>949,470</u>      | <u>1,047,397</u>    | <u>915,835</u>      | <u>1,013,770</u>    |
| Life expectancy (increase/<br>decrease by 1 year) | <u>996,588</u>      | <u>996,459</u>      | <u>964,596</u>      | <u>964,403</u>      |

Although the analysis does not take account of the full distribution of cash flows expected under the benefit, it does provide an approximation of the sensitivity of the assumptions shown.

The charge for the year included within employee benefit expense in profit or loss includes current service cost and interest cost. Actuarial gain during the year is recognised in other comprehensive income.

The expected gratuity expense for the next one year commencing 1 January 2026 works out to AED 113 million *(2024: AED 134 million)*. These amounts are the sum of current service cost and net interest cost/(income).

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 22 Retirement benefits obligations *(continued)*

### 22.1 Provision for employees' end of service benefits *(continued)*

Movements in the provision for end of service benefits are analysed below:

|                               | 2025<br>AED'000  | 2024<br>AED'000  |
|-------------------------------|------------------|------------------|
| At 1 January                  | 1,058,403        | 965,340          |
| Charge for the year           | 163,243          | 149,487          |
| Re-measurement gains          | (44,416)         | (18,047)         |
| Payments made during the year | (66,897)         | (38,377)         |
| At 31 December                | <u>1,110,333</u> | <u>1,058,403</u> |

The provision made during the year for end of service benefits and recognised in profit or loss is analysed as follows:

|                      | 2025<br>AED'000 | 2024<br>AED'000 |
|----------------------|-----------------|-----------------|
| Current service cost | 118,936         | 94,407          |
| Interest cost        | 44,307          | 55,080          |
|                      | <u>163,243</u>  | <u>149,487</u>  |

*Component of defined benefit costs (re-measurement) recognised in other comprehensive income*

|  | 2025<br>AED'000 | 2024<br>AED'000 |
|--|-----------------|-----------------|
| Gain due to change in experience adjustments | <u>49,934</u>   | <u>14,620</u>   |

During the current year, other re-measurement loss pertaining to a subsidiary amounted to AED 6 million *(2024: gain of AED 3 million)*.

*Maturity profile*

|                   | 2025<br>AED'000  | 2024<br>AED'000  |
|-------------------|------------------|------------------|
| 0 to 1 year       | 110,530          | 102,305          |
| 1 to 5 years      | 203,359          | 218,141          |
| 5 years and above | 1,839,162        | 1,909,743        |
|                   | <u>2,153,051</u> | <u>2,230,189</u> |

The employee profile of the Group is as detailed below:

|                              | 2025         | 2024  |
|------------------------------|--------------|-------|
| Average age (years)          | <u>43.50</u> | 42.97 |
| Average past service (years) | <u>14.2</u>  | 14    |
| Average entry age (years)    | <u>28.71</u> | 28.76 |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 22 Retirement benefits obligations *(continued)*

#### 22.2 Provision for pension

##### 22.2.1 Provision for pensions (for eligible UAE national employees who retired before 1 January 2003)

In 2025 and 2024, an actuarial valuation was performed using assumptions based on market expectations, at the reporting date, for the period over which the obligations are to be settled for eligible UAE national employees who retired before 1 January 2003. The obligation for end of service benefits is not funded. The principal actuarial assumptions used were as follows:

- Discount rate used to determine the present value of the obligation was 4.52% per annum (2024: 5.76% per annum);
- The average rate of mortality and withdrawal is not significantly different from the trends noted at the valuation date. The mortality rates are based on reinsurance rates; and
- Administrative expenses would be borne by the Authority and accordingly no allowance for these have been considered for the valuation.

The rate used to discount post-employment benefit obligations should be determined by reference to market yields on high quality corporate bonds. In countries where there is no deep market for such bonds, the market yields on government bonds should be used. In the UAE, there is no deep market for corporate bonds and no market for government bonds and, therefore, the discount rate has been estimated using the High Quality Market (HQM) yield curve at the appropriate duration rate as a proxy with adjustment for country risk premium.

The movements in the provision for pensions are analysed below:

|                               | 2025<br>AED'000 | 2024<br>AED'000 |
|-------------------------------|-----------------|-----------------|
| At 1 January                  | 51,220          | 54,900          |
| Charge for the year           | 5,769           | -               |
| Payments made during the year | (4,700)         | (3,680)         |
| At 31 December                | <u>52,289</u>   | <u>51,220</u>   |

##### 22.2.2 Provision for pensions (for eligible UAE national employees from 1 January 2003)

Effective 1 January 2003, the Group joined a defined contribution plan operated by the Federal Pension General and Social Security Group for its active eligible UAE national employees in accordance with the provision of Federal Law No. (7) of 1999 relating to Pension and Social Security Law. The movements in the provision for pensions are analysed below:

|                               | 2025<br>AED'000 | 2024<br>AED'000 |
|-------------------------------|-----------------|-----------------|
| At 1 January                  | 6,278           | 10,299          |
| Charge for the year           | 131,889         | 130,961         |
| Payments made during the year | (123,547)       | (134,982)       |
| At 31 December                | <u>14,620</u>   | <u>6,278</u>    |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 23 Lease liabilities

|                               | 2025<br>AED'000      | 2024<br>AED'000      |
|-------------------------------|----------------------|----------------------|
| At 1 January                  | 43,929               | 32,247               |
| Additions during the year     | 32,722               | 30,536               |
| Interest on lease liabilities | 2,507                | -                    |
| Modification                  | -                    | (664)                |
| Payment of lease liabilities  | <u>(25,077)</u>      | <u>(18,190)</u>      |
| At 31 December                | 54,081               | 43,929               |
| Less: non-current portion     | <u>(35,623)</u>      | <u>(25,332)</u>      |
| Current portion               | <u><u>18,458</u></u> | <u><u>18,597</u></u> |

Lease liabilities are related to right-of-use assets recognised as per IFRS 16 (refer note 7 (f)).

Maturity analysis of lease liabilities (undiscounted):

|                    | 2025<br>AED'000      | 2024<br>AED'000      |
|--------------------|----------------------|----------------------|
| Less than one year | 18,498               | 20,274               |
| More than one year | <u>37,007</u>        | <u>26,910</u>        |
|                    | <u><u>55,505</u></u> | <u><u>47,184</u></u> |

## 24 Other long-term liabilities

|                                      | 2025<br>AED'000          | 2024<br>AED'000          |
|--------------------------------------|--------------------------|--------------------------|
| Deferred revenue (refer note 25 (a)) | 26,718,403               | 26,384,519               |
| Advances for new connections         | 9,341,940                | 6,487,065                |
| Retention payables                   | 511,392                  | 575,306                  |
| Asset retirement obligations         | <u>386,477</u>           | <u>301,482</u>           |
|                                      | <u><u>36,958,212</u></u> | <u><u>33,748,372</u></u> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 25 Trade and other payables

|  | 2025<br>AED'000   | 2024<br>AED'000   |
|--|-------------------|-------------------|
| Consumers' security deposits                   | 5,536,740         | 5,074,227         |
| Capital projects payables                      | 2,190,344         | 2,005,271         |
| Trade payables                                 | 2,709,586         | 2,659,742         |
| Retention payable                              | 1,561,708         | 1,351,027         |
| Deferred revenue (refer note (a) below)        | 2,046,064         | 1,751,263         |
| Advances for new connections                   | 1,191,965         | 1,206,230         |
| Accrual for staff benefits                     | 342,008           | 255,824           |
| Corporate tax payable (refer note 13)          | 976,049           | 853,509           |
| Retirement benefit obligations (refer note 22) | 14,620            | 6,278             |
| Other payables                                 | 3,230,624         | 3,042,520         |
|  | <b>19,799,708</b> | <b>18,205,891</b> |

Other payables mainly include employee-related liabilities, indirect tax payable, housing and sewerage fee payable to a related party, and other financial liabilities.

(a) Movements in the deferred revenue are analysed below:

|   | 2025<br>AED'000     | 2024<br>AED'000     |
|---|---------------------|---------------------|
| At 1 January                              | 28,135,782          | 27,313,946          |
| Addition during the year                  | 2,027,738           | 1,985,934           |
| Revenue recognised during the year        | <b>(1,399,053)</b>  | <b>(1,164,098)</b>  |
| At 31 December                            | 28,764,467          | 28,135,782          |
| Less: non-current portion (refer note 24) | <b>(26,718,403)</b> | <b>(26,384,519)</b> |
| Current portion                           | <b>2,046,064</b>    | <b>1,751,263</b>    |

## 26 Regulatory deferral account credit balance

The prices that can be charged to customers for electricity and water by the Group are subject to oversight and/or approval by the Supreme Council of Energy. Hence the Group is subject to rate regulation. The Supreme Council of Energy through its notification issued in 2010 had allowed the Group to recover the additional costs it incurs due to the escalation in fuel prices considering 2010 as the base year from its customers. The Supreme Council of Energy is also controlled by the Government of Dubai, and it is a related party of the Group.

The Group has recorded AED 699 million as at 31 December 2025 (31 December 2024: AED 367 million) in excess of the actual increase in fuel costs incurred since 2010 to date as regulatory deferral account credit balance.

On the transition date, the Group has elected to apply the requirements of IFRS 14 – 'Regulatory Deferral Accounts' and will continue to apply its current accounting policy for recognition, measurement and derecognition of this regulatory deferral account balance.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 26 Regulatory deferral account credit balance *(continued)*

|                                   | 2025<br>AED'000 | 2024<br>AED'000 |
|-----------------------------------|-----------------|-----------------|
| At 1 January                      | 367,344         | 199,931         |
| Excess collection during the year | 331,269         | 167,413         |
| At 31 December                    | <u>698,613</u>  | <u>367,344</u>  |

### 27 Related party transactions and balances

The Group transacts with the Government of Dubai, subsidiaries, joint ventures and entities controlled, jointly controlled or significantly influenced by the Government of Dubai within the scope of its ordinary business activities. Since the Group is majority owned by the Government of Dubai post its listing of shares on Dubai Financial Market (DFM), these entities are jointly referred to as 'government related entities'.

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.

Key management personnel and entities controlled by them are also related to the Group. Key management personnel of the Group comprise the directors and executive vice presidents (EVPs) of the Authority and employees of the Authority who are acting as directors of the subsidiaries.

#### Related party transactions

The material transactions and balances with related parties are disclosed below, except as disclosed in notes 7, 9, 10, 12, 13, 15, 17, 18, 19, 20, 21, 23, 24, 26, 28, 29, 30, 31, 32, 34 and 38 in these consolidated financial statements.

#### (a) *Sale of electricity and water*

The Group deals with various government entities in Dubai. Quantities of electricity and water sold to UAE nationals are at subsidised rates. The Group calculates differential between the value of these quantities supplied at subsidised rates and the approved rates, which is settled by the Department of Finance (DoF), Government of Dubai.

During the current year, the Group has collected AED 2,155 million (2024: AED 2,234 million) from the Department of Finance (DoF), Government of Dubai, mainly in respect of UAE nationals.

During the current year, the Group has earned AED 57 million (2024: AED 57 million) in respect of handling charges on collections made on behalf of a related party (refer note 28).

During the current and prior years, revenue from other Government entities constitutes a small portion of the total revenue of the Group.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

for the year ended 31 December 2025

### 27 Related party transactions and balances *(continued)*

#### Related party transactions *(continued)*

##### *(b) Purchase of goods and services*

The Group purchases fuel from entities owned by the Government of Dubai. During the current year, the Group purchased fuel amounting to AED 7,822 million (2024: AED 7,766 million) from various entities.

During the current year, the Group purchased water amounting to AED 5 million (2024: AED 9 million) from an entity under common control.

##### *(c) Transactions with banks owned by the Government of Dubai*

The Group transacts with various banks and financial institutions which are wholly or partially controlled by the Government of Dubai. All of the Group's transactions with such banks are on approved commercial terms. A portion of the cash and cash equivalents as disclosed in note 19 was included in deposit held with such banks.

|  | 2025<br>AED'000  | 2024<br>AED'000  |
|--|------------------|------------------|
| Repayment of borrowings                      | <u>6,750,000</u> | <u>8,150,000</u> |
| Proceeds from borrowings                     | <u>8,125,003</u> | <u>5,050,000</u> |
| Term deposit – matured                       | <u>2,957,207</u> | <u>4,859,941</u> |
| Term deposits – placed                       | <u>3,132,596</u> | <u>5,360,666</u> |
| UAE National Bonds and Sukuk Bonds – placed  | <u>816,202</u>   | <u>1,526,636</u> |
| UAE National Bonds and Sukuk Bonds – matured | <u>761,601</u>   | <u>1,207,955</u> |

##### *(d) Dividends declared and paid to Dubai Investment Fund (DIF), Government of Dubai*

During the current year, the Authority declared and paid a dividend amounting to AED 6,200 million (2024: AED 6,200 million) (refer note 38). Out of this dividend, 82% pertains to DIF, Government of Dubai.

##### *(e) Compensation to key management personnel*

|   | 2025<br>AED'000 | 2024<br>AED'000 |
|---|-----------------|-----------------|
| Salaries and short-term employee benefits | 145,897         | 130,723         |
| Post-employment benefits                  | <u>3,418</u>    | <u>3,421</u>    |
|   | <u>149,315</u>  | <u>134,144</u>  |

##### *(f) Key management remuneration*

|                                  | 2025<br>AED'000 | 2024<br>AED'000 |
|----------------------------------|-----------------|-----------------|
| Board of directors' remuneration | <u>39,500</u>   | <u>39,500</u>   |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 27 Related party transactions and balances *(continued)*

### Related party balances

|                              | 2025<br>AED'000   | 2024<br>AED'000  |
|------------------------------|-------------------|------------------|
| <b>Liabilities</b>           |                   |                  |
| Borrowings – Others          | 10,004,947        | 8,629,944        |
| Borrowings – Bank overdrafts | 904,182           | 731,594          |
|                              | <u>10,909,129</u> | <u>9,361,538</u> |

## 28 Revenue

|   | 2025<br>AED'000   | 2024<br>AED'000   |
|---|-------------------|-------------------|
| <b>Revenue from contract with customers</b> |                   |                   |
| Sale of electricity                         | 20,770,491        | 19,668,374        |
| Sale of water                               | 6,102,141         | 5,696,109         |
| District cooling                            | 3,402,090         | 3,239,722         |
| Others                                      | 2,567,101         | 2,373,146         |
|   | <u>32,841,823</u> | <u>30,977,351</u> |

Others include:

- Handling fees amounting to AED 57 million (2024: AED 57 million) represent amounts earned from a related party for providing collection services.
- Amortisation of deferred revenue amounts to AED 1,399 million (2024: AED 1,164 million).

Net movement in regulatory deferral account has been shown as a separate line item on the face of profit or loss.

### 28.1 Disaggregation of revenue

|   | Electricity       |                   | Water            |                  | District cooling |                  | Others           |                  | Total             |                   |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Timing of revenue recognition                         | 2025<br>AED'000   | 2024<br>AED'000   | 2025<br>AED'000  | 2024<br>AED'000  | 2025<br>AED'000  | 2024<br>AED'000  | 2025<br>AED'000  | 2024<br>AED'000  | 2025<br>AED'000   | 2024<br>AED'000   |
| Products and services transferred -at a point in time | 20,770,491        | 19,668,374        | 6,102,141        | 5,696,109        | 3,402,090        | 3,239,722        | 1,168,048        | 1,209,048        | 31,442,770        | 29,813,253        |
| -over time  | -                 | -                 | -                | -                | -                | -                | 1,399,053        | 1,164,098        | 1,399,053         | 1,164,098         |
|   | <u>20,770,491</u> | <u>19,668,374</u> | <u>6,102,141</u> | <u>5,696,109</u> | <u>3,402,090</u> | <u>3,239,722</u> | <u>2,567,101</u> | <u>2,373,146</u> | <u>32,841,823</u> | <u>30,977,351</u> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 29 Cost of sales

|  | 2025<br>AED'000   | 2024<br>AED'000   |
|--|-------------------|-------------------|
| Generation, desalination and other direct expenditures (refer note 29.1) | 13,110,119        | 12,982,223        |
| Transmission and distribution expenditures (refer note 29.2)             | 5,263,205         | 5,006,581         |
| Purchase of gas, power and water   | 1,403,386         | 1,181,534         |
|  | <u>19,776,710</u> | <u>19,170,338</u> |

### 29.1 Generation, desalination and other direct expenditures

|   | 2025<br>AED'000   | 2024<br>AED'000   |
|---|-------------------|-------------------|
| Fuel costs                                | 7,150,392         | 7,110,214         |
| Depreciation (refer note 7)               | 3,135,490         | 3,103,920         |
| Employee benefit expenses (refer note 34) | 639,053           | 599,760           |
| Repairs and maintenance                   | 477,125           | 416,457           |
| Amortisation                              | 12,157            | 12,157            |
| Others                                    | 1,695,902         | 1,739,715         |
|   | <u>13,110,119</u> | <u>12,982,223</u> |

### 29.2 Transmission and distribution expenditures

|   | 2025<br>AED'000  | 2024<br>AED'000  |
|---|------------------|------------------|
| Depreciation (refer note 7)               | 3,223,213        | 3,084,144        |
| Employee benefit expenses (refer note 34) | 1,734,760        | 1,668,468        |
| Repairs and maintenance                   | 218,649          | 189,727          |
| Others                                    | 86,583           | 64,242           |
|   | <u>5,263,205</u> | <u>5,006,581</u> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 30 Administrative expenses

|   | 2025<br>AED'000  | 2024<br>AED'000  |
|---|------------------|------------------|
| Employee benefit expenses (refer note 34)           | 1,882,042        | 1,832,502        |
| Repairs and maintenance                             | 304,953          | 254,170          |
| Depreciation (refer note 7)                         | 229,820          | 295,085          |
| Depreciation on investment property (refer note 12) | 6,317            | -                |
| Amortisation  | 102,129          | 72,626           |
| Insurance   | 140,877          | 98,474           |
| Others *  | 654,885          | 616,385          |
|   | <u>3,321,023</u> | <u>3,169,242</u> |

\* Others include an amount of AED 22 million (2024: AED 27 million) paid as social contribution.

## 31 Other income

|   | 2025<br>AED'000  | 2024<br>AED'000 |
|---|------------------|-----------------|
| Liquidated damages (refer note (i))               | 632,225          | -               |
| Insurance claims (refer note 7 (g))               | 130,945          | 353,313         |
| Sale of scrap                                     | 89,735           | 64,693          |
| Liabilities written back                          | -                | 23,072          |
| Gain on disposal of property, plant and equipment | 1,817            | 4,683           |
| Miscellaneous income                              | 246,971          | 147,796         |
|   | <u>1,101,693</u> | <u>593,557</u>  |

(i) During the current year, three IWPP subsidiaries of the Group recognised liquidated damages from their respective Engineering, Procurement and Construction (EPC) contractors against the project delays.

## 32 Finance (costs)/income – net

|   | 2025<br>AED'000    | 2024<br>AED'000    |
|---|--------------------|--------------------|
| <i>Finance costs</i>  |                    |                    |
| Interest on bank and other borrowings   | (1,996,021)        | (2,438,979)        |
| Amortisation of borrowing costs   | (256,401)          | (59,890)           |
| Amortisation of financial liabilities   | (2,376)            | (4,769)            |
| Interest on lease liabilities   | (2,507)            | (232)              |
| Cash flow hedges – ineffective portion of changes in fair value of derivative financial instruments | (12,099)           | -                  |
|   | <u>(2,269,404)</u> | <u>(2,503,870)</u> |
| Amounts capitalised (refer note 7 (e))  | 430,331            | 370,015            |
|   | <u>(1,839,073)</u> | <u>(2,133,855)</u> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 32 Finance (costs)/income – net *(continued)*

|   | 2025<br>AED'000  | 2024<br>AED'000    |
|---|------------------|--------------------|
| <i>Finance income</i>   |                  |                    |
| Income from investments in term deposits and bonds  | 395,878          | 347,370            |
| Cash flow hedges – reclassified to profit or loss *   | 803,062          | 605,600            |
| Interest earned on financial assets   | 4,783            | 4,116              |
| Cash flow hedges – ineffective portion of changes in fair value of derivative financial instruments | 18,051           | 2,751              |
|   | <u>1,221,774</u> | <u>959,837</u>     |
| Finance costs – net   | <u>(617,299)</u> | <u>(1,174,018)</u> |

\* Includes income earned of AED 460 million on refinancing in Hassyan Energy Phase 1 P.S.C as explained in note 21.

## 33 Earnings per share/diluted share

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to the shareholders of the Authority by the weighted average number of ordinary shares outstanding during the year.

|  | 2025<br>AED'000   | 2024<br>AED'000   |
|--|-------------------|-------------------|
| <b>Earnings</b>  |                   |                   |
| Profit for the year, attributable to the Owners – after net movement in regulatory deferral account and tax        | 8,346,887         | 7,012,660         |
| Net movement in regulatory deferral account  | <u>331,269</u>    | <u>167,413</u>    |
| Profit for the year, attributable to the Owners – before net movement in regulatory deferral account and after tax | <u>8,678,156</u>  | <u>7,180,073</u>  |
|  | 2025              | 2024              |
| <b>Number of shares in thousands</b>   |                   |                   |
| Number of ordinary shares for basic and diluted earnings per share at 31 December                                  | <u>50,000,000</u> | <u>50,000,000</u> |
|  | 2025              | 2024              |
| <b>Earnings per share</b>  |                   |                   |
| Basic and diluted earnings per share (AED) – before net movement of regulatory deferral account and after tax      | <u>0.174</u>      | <u>0.144</u>      |
| Basic and diluted earnings per share (AED) – after net movement of regulatory deferral account and tax             | <u>0.167</u>      | <u>0.140</u>      |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 34 Employee benefit expenses

|  | 2025<br>AED'000  | 2024<br>AED'000  |
|--|------------------|------------------|
| Salaries                                       | 2,807,561        | 2,702,545        |
| Bonus  | 473,257          | 385,748          |
| Retirement benefit obligations (refer note 22) | 300,901          | 280,448          |
| Other benefits                                 | 674,136          | 731,989          |
|  | <u>4,255,855</u> | <u>4,100,730</u> |

Employee benefit expenses are allocated as detailed below:

|  | 2025<br>AED'000  | 2024<br>AED'000  |
|--|------------------|------------------|
| Cost of sales  |                  |                  |
| - Generation, desalination and other expenditures<br>(refer note 29.1) | 639,053          | 599,760          |
| - Transmission and distribution expenditures<br>(refer note 29.2)      | 1,734,760        | 1,668,468        |
| Administrative expenses (refer note 30)                                | 1,882,042        | 1,832,502        |
|  | <u>4,255,855</u> | <u>4,100,730</u> |

## 35 Earnings before interest, taxes, depreciation, and amortization (EBITDA)

|   | 2025<br>AED'000   | 2024<br>AED'000   |
|---|-------------------|-------------------|
| Profit for the year after net movement in regulatory deferral<br>account and tax        | 9,055,344         | 7,234,189         |
| Income tax expense  | 947,599           | 748,905           |
| Profit for the year after net movement in regulatory deferral<br>account and before tax | 10,002,943        | 7,983,094         |
| <i>Adjustments for:</i>   |                   |                   |
| Finance costs – net (refer note 32)   | 617,299           | 1,174,018         |
| Depreciation (refer notes 7 & 12)   | 6,594,840         | 6,483,149         |
| Amortisation (refer note 8)   | 114,286           | 84,783            |
| EBITDA  | <u>17,329,368</u> | <u>15,725,044</u> |

# Dubai Electricity and Water Authority PJSC and its subsidiaries

Notes to the consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 36 Contingencies and commitments

|  | 2025<br>AED'000   | 2024<br>AED'000   |
|--|-------------------|-------------------|
| Future commitments including capital expenditure | <u>11,883,815</u> | <u>14,597,324</u> |
| Bank guarantees and letter of credits            | <u>253,669</u>    | <u>234,774</u>    |

## 37 Financial instruments by category

### Financial assets

|  | 2025<br>AED'000  | 2024<br>AED'000  |
|--|------------------|------------------|
| <b>At fair value through profit or loss</b>                                    |                  |                  |
| Derivative financial instruments (refer note 10)                               | 1,015,178        | 2,097,312        |
| Financial assets measured at fair value through profit or loss (refer note 15) | <u>422,638</u>   | <u>231,483</u>   |
|  | <u>1,437,816</u> | <u>2,328,795</u> |

### At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (refer note 11)

|               |               |
|---------------|---------------|
| <u>55,778</u> | <u>55,709</u> |
|---------------|---------------|

### At amortised cost

|  |                   |                   |
|--|-------------------|-------------------|
| Other financial assets at amortised cost (refer note 15) | 6,417,696         | 7,306,249         |
| Cash at bank (refer note 19)                             | 8,390,850         | 6,104,698         |
| Term deposits (refer note 18)                            | 8,039,344         | 3,586,277         |
| Trade receivables (refer note 17)                        | <u>3,482,570</u>  | <u>3,107,372</u>  |
|  | <u>26,330,460</u> | <u>20,104,596</u> |

Fair value of financial assets at amortised cost are considered to approximates their carrying amount.

### Financial liabilities

|  | 2025<br>AED'000   | 2024<br>AED'000   |
|--|-------------------|-------------------|
| <b>At fair value through profit or loss</b>      |                   |                   |
| Derivative financial instruments (refer note 10) | <u>58,630</u>     | <u>6,393</u>      |
| <b>At amortised cost</b>                         |                   |                   |
| Borrowings (refer note 21)                       | 38,576,275        | 36,172,776        |
| Trade and other payables * (refer note 25)       | 15,571,010        | 14,388,611        |
| Other long-term liabilities * (refer note 24)    | 511,392           | 575,306           |
| Lease liabilities (refer note 23)                | <u>54,081</u>     | <u>43,929</u>     |
|  | <u>54,712,758</u> | <u>51,180,622</u> |

\* These do not include advances for new connections, corporate tax payable, deferred revenue, asset retirement obligation and retirement benefit obligations as these are non-financial liabilities.

# Dubai Electricity and Water Authority PJSC and its subsidiaries

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

*for the year ended 31 December 2025*

### **38 Dividends**

During the current year, the Authority declared and paid dividends amounting to AED 6,200 million (2024: AED 6,200 million).

During the current year, EMPOWER declared and paid dividends amounting to AED 875 million (2024: AED 850 million). An amount of AED 385 million (2024: AED 374 million) was paid to the non-controlling interest as dividend.

In addition to above, Shuaa Energy 1 P.S.C declared and paid dividends amounting to AED 9 million (2024: AED 18 million), out of which AED 4.3 million (31 December 2024: AED 8 million) was paid to the non-controlling interest. Shuaa Energy 3 P.S.C declared and paid dividends amounting to AED 6.2 million (2024: AED 7 million), out of which AED 2.6 million (2024: AED 3 million) was paid to the non-controlling interest. Hassyan Energy 1 P.S.C declared and paid dividends of AED 1,568 million (2024: AED Nil), out of which an amount of AED 768.5 million (31 December 2024: AED Nil) was paid to the non-controlling interest.

### **39 Comparative figures**

The previous year figures have been regrouped/reclassified wherever necessary, in order to conform to the current year presentation. The regrouping/reclassification does not affect the previously reported total equity, net profit after tax and other comprehensive income.

### **40 Subsequent events**

On 10 February 2026, the Group completed the acquisition of 2.4 billion shares (representing 24%) in Emirates Central Cooling Systems Corporation PJSC (“EMPOWER”) from minority shareholder, Emirates Power Investment LLC, a company ultimately owned by Dubai Holding LLC, for a total consideration of AED 5,184 million (purchase price of AED 2.16 per share). Following the transaction, the Group’s ownership interest in EMPOWER increased from 56% to 80%. EMPOWER will continue to operate as an independent public joint-stock company listed on the Dubai Financial Market, with no change to its principal activities or operations. The Group is in the process of performing the initial accounting for the business combination as at the date of authorisation of these consolidated financial statements.

Subsequent to the year end, the Board of Directors of the Authority recommended a dividend amounting to AED 3,100 million in respect of the year ended 31 December 2025, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Authority. The aggregate amount of the proposed dividend expected to be paid in April 2026 out of retained earnings at 31 December 2025, but not recognised as liability at the year-end.