Integrated Report 2021

15 Years

Emirates Integrated Telecommunications Company PJSC

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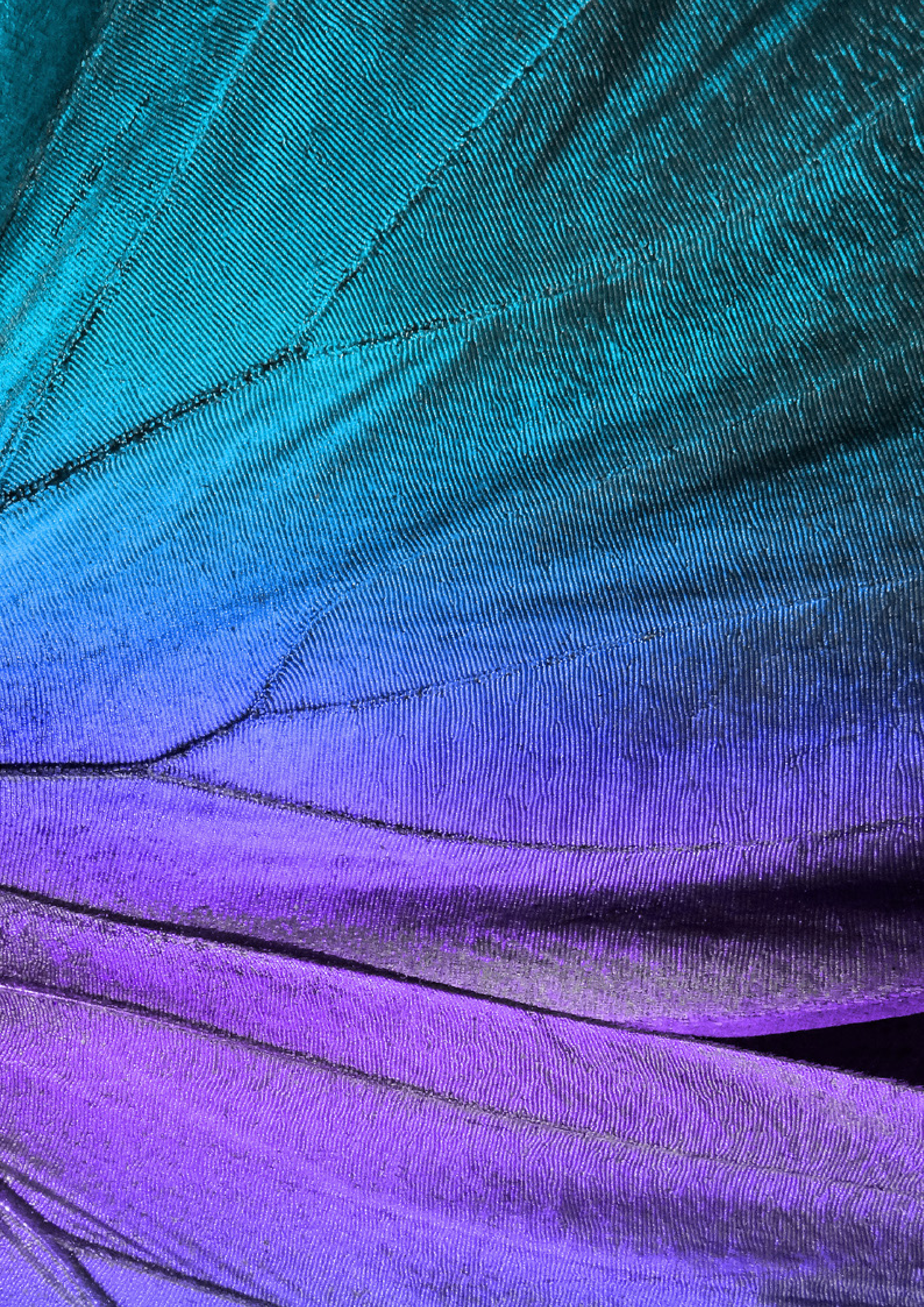


Chairman's Statement

Dear Shareholder,

On behalf of the Board of Directors (the "Board") of Emirates Integrated Telecommunications Company (the "Company"), it is my privilege to present the Company's annual report, which covers the achievements and financial results of 2021. I would like to take this opportunity to pay tribute to my predecessor H.E. Mohamed Al Hussaini, now Minister of State for Financial Affairs. During his 3-year tenure, H.E. Mohamed Al Hussaini successfully steered the Company through a transformational period. His leadership, his extensive business and financial experience have been highly valuable to the Company.

2021: A Year of Recovery

As much as 2020 was a challenging and tumultuous year, 2021 was one of recovery, reforms and transformation.

The United Arab Emirates ("UAE") responded to the pandemic with speed and resolve. The government initiated and executed a rapid and massive vaccination programme. As a result, mobility restrictions were gradually eased. This allowed the economy to rebound sharply and more importantly, return to growth.

In 2021, the UAE also introduced sweeping reforms to drive greater social, legal and economic liberalisation. These measures were designed to position the country as a vital hub for investment, innovation, mobility and sustainability. They included in particular relaxing foreign ownership restriction on UAE companies, providing long-term residency options and implementing several corporate law reforms.

During 2021, the UAE capitalised on people's desire to travel by easing travel restrictions. This culminated with Expo 2020 which opened its doors to visitors on 1 October and contributed to the dynamism of the economy in Q4.

All of these measures and events sealed the country's position as a prime international hub.

Telecom Industry: Back to Growth

The pandemic highlighted the importance of communication infrastructure. As people switched to remote working and learning, a fast reliable broadband connection became one of the most essential needs. This helped improve the adoption of fixed broadband services and accelerated their growth.

The UAE reaffirmed its position as a global hub as mobility restrictions subsided and tourism activity increased. Telecom revenues recovered and more so in the fourth quarter with the start of Expo 2020.

Company Progress: Growth, Investment and Transformation

Two years ago, we reset EITC on a path to transformation. In 2020, we started a multi-year large-scale programme to modernise our IT by retiring legacy platform and driving digitalisation. In 2021 we accelerated this program. In 2019, we initiated a very ambitious 5G deployment plan to be at the forefront of technological evolution. In 2021 we reached a 5G coverage of 91%.

In 2021, we have been very active in the market. We launched new products and services to provide our clients with greater choices. We improved our offer providing higher speeds and greater data allowances and we continued serving our clients with the highest level of engagement and dedication. We have also accelerated our digitalization efforts in several areas. This focus propelled our mobile app to the top rank on the App Store in terms of ratings. 87% of our postpaid customers interacting with us digitally. 85% of service transactions are now handled digitally. Furthermore, we have successfully leveraged the increasing appetite for digital sales channels and multiplied digital sales of mobile services by 4. We will accelerate this journey to deliver more market leading innovations and further simplify our customers' lives.

We repositioned the Company for growth through a disciplined execution of our strategy, a transformation programme as well as a dynamic and innovative commercial approach.

Company Financials and Capital Structure

2021 marked an important milestone in the evolution of our capital. On 20 January the Board decided to release foreign ownership constraints on institutional and retail investors. This decision was implemented on 23 February with foreign ownership limit set at 49% of the capital of the Company. This enhanced the liquidity of our shares and led to a higher investor appetite which was reflected in the evolution of our share price.

In 2021 we achieved a total revenues of AED 11.7 billion, a growth of 5.4%. Our net profit amounted to AED 1.1 billion and our investment reached a record level of AED 2.6 billion reflecting our confidence in the long term prospects of the Company. Our cash flow generation remains solid and our balance sheet strong.

I am pleased to announce that, on the basis of our financial results, the Board is recommending a dividend, for the year 2021, of 21 fils per share, out of which 10 fils per share were already paid in August 2021 as an interim dividend. This corresponds to a distribution of 96% of net profit after appropriation for statutory reserves.

Management Appointments

The Board was delighted to confirm Fahad Hassawi and Karim Benkirane respectively as Chief Executive Officer and Chief Commercial Officer. We were also pleased to welcome two new members to the Executive Committee. Ibrahim Nassir joined on 2 November 2021 as Chief Human Resources Officer. Martin Tarr joined the company on 1 August 2021 and was appointed Acting Chief ICT Officer effective on 1 October.

Board Changes

During the year, HE Sara Musallam was appointed Vice Chairperson. Khaled Balama and Mohamed Al Suwaidi stepped down from their board position on 25 March 2021. The Board is sincerely grateful for their unwavering support throughout these years.

We welcomed three new directors. Hassa Balouma and Atish Gude both joined on 25 March 2021 as the Emirates Investment Authority's representatives. Abdulla Belhoul joined on 6 October 2021 as a representative of Emirates Communications and Technologies Company LLC.

It gives me great pleasure to announce that we are the first telecom operator in the Gulf to achieve 20% female representation at board level.

Environment Sustainability and Governance ("ESG")

Investors are increasingly factoring environmental, social and governance matters in their investment process. They look at a company's value creation potential as much as how that is achieved. We remain committed to meeting environmental and social goals while creating value for our shareholders. We also seek to adhere to the highest governance standards. As a company, our purpose is to build a sustainable and responsible environment by connecting and enhancing lives.

Our sustainability strategy rests on 3 pillars. The first is about making people and society happier. Here, we focus on employee engagement and our corporate social responsibility. The second pillar of our strategy is to operate ethically and responsibly to reduce our environmental footprint and safeguard data. Thirdly, our customers remain at the heart of our strategy and actions.

As we expand our infrastructure, energy consumption is bound to increase and so our environmental impact. We will continue to invest in a range of energy-efficient solutions such as hybrid generators on BTS or equipping our sites with solar panels.

Looking Ahead

I am extremely proud of our success and our team's dedication to keep customers and the UAE connected. To our shareholders, I wish to thank you for your ongoing support. We will continue our path of innovation and investments to make more possible for all of our stakeholders.

Malek Al Malek

Corporate Governance Report

Corporate Governance Report of Emirates Integrated Telecommunications Company PJSC ("EITC" or the "Company") for the financial year ended on 31 December 2021

1. Statement of procedures taken to complete the corporate governance system, during the year 2021, and method of implementing thereof:

EITC is highly committed to maximizing stakeholders value while ensuring compliance with the provisions of all applicable laws and regulations including the laws and regulations prescribed by the Dubai Financial Market (the "**DFM**") and the Securities & Commodities Authority of the UAE (the "**SCA**"). This can be evidenced from EITC's corporate governance procedures which are strongly based on the below stated principles of the corporate governance as prescribed in the Chairman of SCA Board of Directors' Decision No. (3/Chairman) of 2020 concerning approval of joint stock companies' governance guide ("**SCA Corporate Governance Procedures**"):

- **Accountability** towards all shareholders and stakeholders, and direction to the board of directors to develop strategy, perform supervision and guide and control the administration of a company;
- **Equity** by protection of shareholder rights and ensure fair treatment to all shareholders including minority shareholders;
- **Transparency and disclosure** through accurate and timely disclosures on all material matters;
- **Responsibility** to recognize the rights of all stakeholders in accordance with the applicable laws and regulations, and encourage cooperation between a company and its stakeholders

This Corporate Governance Report of EITC for the year ended on 31st December 2021 is prepared and presented by the Board to the Company's shareholders in accordance with the SCA Corporate Governance Procedures:

During the year 2021, although some signs of recovery from the COVID-19 pandemic were seen, EITC continuously adhered to provide the required technological and telecommunication needs of its stakeholders in a more advanced, flexible and innovative manner showing more resilience and commitment towards the society. The excellent relationship management with the stakeholders played a crucial role for the integration of all components related to the overall governance of EITC while ensuring ongoing effectiveness of internal controls in processes and operational effectiveness (in accordance with the applicable laws and regulations).

The board of directors of EITC (the "**Board**") is formed in accordance with EITC's Articles of Association and applicable laws/ regulations and based on which the corporate governance manual of EITC dictates the procedures to be followed in connection with the overall governance of the Board. Each of the members of the Board strives to ensure at all times ethical and professional conduct in their behavior as well as performance of their duties and obligations, including, strict compliance with the provisions related to declaration of interest/ conflict, maintaining confidentiality and disclosure in relation to related party transactions.

Following the amendment to the UAE Commercial Companies Law announced by the UAE leadership in late 2020 which permitted the non-UAE nationals to hold 100% ownership in certain sectors, the Board reviewed and revised the restrictions for ownership of shares of the Company and, effective 23rd February 2021, the ownership limit for non-UAE nationals (whether individuals or legal entities) was increased to maximum of 49% of EITC's total share capital; and for the UAE nationals (whether individuals or legal entities), it was increased to maximum of 100% of EITC's total share capital. The restrictions for the local and international telecommunication companies to own shares in EITC still remains.

The integrated report of EITC for the year ended on 31st December 2020 was prepared and disclosed to the shareholders in accordance with SCA Corporate Governance Procedures. The Board invited the shareholders for the annual general meeting on 25th March 2021 (the "**AGM**") which was duly conducted remotely in accordance with the directives provided by the SCA. At the AGM, the Board was reconstituted for the 6th term (from March 2021 to March 2024) following the relevant process for appointment/ election in accordance with EITC's Articles of Association.. Two (2) representatives from Afridi & Angell were also appointed by the shareholders in accordance with Article 40 (4) of the SCA Corporate Governance Procedures. The shareholders also approved the remuneration policy for the Board and the payment of AED 0.28 per share as the total dividend amount for the year 2020. The detailed results of the AGM along with the relevant supporting documents can be accessed on https://www.du.ae/about-us/investor-relations

Subsequent to the re-constitution of the Board on 25th March 2021, the Board elected Mr. Mohamed Hadi Al Hussaini as the Chair, Ms. Sara Awadh Musallam as the Vice Chair and re-appointed Mr. Ahmad Abdulkarim Julfar as the Managing Director of EITC to continue providing strategic guidance and mentoring to EITC's Chief Executive Officer (the "**CEO**") in accordance with EITC's Articles of Association. Each of the Committees of the Board (namely, the Audit Committee, the Nomination and Remuneration Committee and the Investment Committee) were also reconstituted on 25th March 2021. In accordance with the SCA Corporate Governance Procedures, the Board continued with the support of two (2) permanent committees, the Audit Committee and the Nomination and Remuneration Committee in addition to the Investment Committee (non-permanent committee) which supports the Board for the Company's investment strategy in relation to its core and non-core business. The Audit Committee continued to be assigned with the responsibility to monitor risks and related matters as the members of the Audit Committee had sufficient level of knowledge to manage the risks related to the Company's activities. During the year 2021, the Board and Committee meetings were held considering the relevant regulatory and strategic timelines and the agenda were adequately comprised of several strategic, financial, operational and governance matters which were extensively considered by the Board and/or its Committees. All relevant information, details and documents were made available to the Board for effective decision making in the best interests of EITC. Overall, the procedures of the Board and its various Committees were implemented in accordance with SCA Corporate Governance Procedures and were reviewed on a periodic basis.

The Board participated in several briefing sessions and workshops on the key market trends presented by leading consultants and management personnel from the telecom industry including briefing by Hawkamah Institute of Corporate Governance on the overall global governance trends and the Board's role in ensuring resilience and managing risk and crisis, decision taking while dealing with conflicts and related parties transactions and adequately managing the human element and stakeholder expectations. The Board considered the recommendations received from external consultant, GCC Board Directors Institute on the board evaluation exercise conducted in 2020 and ensured that the recommendations were implemented to the extent possible. The annual Board evaluation for the year 2021 was also performed through the external consultant, GCC Board Directors Institute and the recommendations that will be received from them will be considered by the Board.

The financial authority policy of EITC which is a main governance document highlighting the operational process and the governance requirements related to the operational and capital expenditure, procurement, credit limit, disposals/write off, commission schemes, contracts approval and execution, purchase orders, legal matters and settlements was reviewed by the Board and revised to make it more simple and for increasing the threshold for the management on certain matters while ensuring full controls are in place. With an endeavor to promote safe, ethical and compliant conduct of all its business activities, the Board had reviewed EITC's whistleblowing policy including the whistleblowing mechanism that is put in place for the employees.

The Board also played a vital role in managing the organizational health and employee morale by continuously monitoring several corporate and human resources related policies and procedures including the code of conduct for the employees as well as for the suppliers and the contractors. Training programs were initiated for the employees to continuously keep them aware of their duties and obligations under these policies and procedures including the insiders and share dealing and code of conduct. The Board ensured provision of a work environment for every employee to be treated with dignity, respect and afforded equal treatment irrespective of the gender and nationality. To fulfil this vision of EITC's leadership, the Gender Balance Council of EITC continued taking extensive efforts to enhance measures for promoting gender equality and diversity of expertise within the organization. The year 2022 was started with the implementation of the revised working hours/ weekdays policy (as well as the flexible working policy) considering the changes in the weekdays announced by the UAE government effective 1 January 2022. The revised policy was extensively considered by the Nomination and Remuneration Committee to ensure business as usual with resilience.

While the Board appreciated and acknowledged the efforts of the management and employees for their tremendous efforts throughout the challenging year 2021, the management and employees were constantly reminded to aspire much higher on the overall implementation and efficiency with the goal to deliver sustainable stakeholder value over the longer term.

2. Statement of ownership and transactions of board members', their spouses and children in EITC's shares during 2021

The Board members are updated on a regular basis regarding their duties and obligations in relation to ownership/ trading in the shares of EITC.

EITC's Insiders and share dealing policy requires the Board members to make necessary declarations and obtain relevant approvals in accordance with the applicable SCA regulations.

The below table contains details of the shares held in EITC by the Board members (including their spouse and children) as on 31 December 2021:

No.	Name	Position / Kinship	Total sale during 2021	Total purchase during 2021	Owned shares as on 31 Dec. 2021
1	Malek Sultan Al Malek	Board member	0	0	562
2	Ahmad Abdulkarim Julfar	Spouse	0	0	3,000
3	Ziad Abdulla Galadari	Board member	0	0	119,350
		Spouse	0	0	94,000
4	Abdulla Khalifa Belhoul	Board member	0	0	642
5	Mohamed Hamad AlShehi	Spouse	0		247
6	Hassa Abdulrazzaq Balouma	Board member	0	0	562

3. Board of directors

3.1 Board Composition:

The Board is composed of members who collectively have an appropriate balance of skills, knowledge, competencies, experience and expertise in several sectors including telecommunications and technology.

The Board was reconstituted on 25th March 2021 due to the end of its 5th term. At the AGM held on 25th March 2021, the shareholders had ratified the appointment of the directors appointed by the founding shareholders and had also elected 2 directors to represent the public shareholders. Following the reconstitution of the Board for the 6th term, the Board elected Mr. Mohamed Hadi AlHussaini as the Chairman, Ms. Sara Awadh Musallam as the Vice Chair and Mr. Ahmad Abdulkarim Julfar as the Managing Director.

Subsequently, effective 6th October 2021, the following changes occurred in the Board:

1. Mr. Mohamed Hadi AlHussaini resigned as a director of EITC;
2. Mr. Abdulla Khalifa Belhoul was appointed as a director of EITC;
3. Mr. Malek Sultan Al Malek was elected as the new Chairman of EITC.

The Board is currently composed of ten (10) directors, out of which eight (8) are independent non-executive, one (1) is non-executive and one (1) is executive and their details as on 31st December 2021 are as follows:

Mr. Malek Sultan Al Malek

Chairman
Independent Non-Executive

First Appointment	Representing
21 March 2018	Emirates Communications and Technologies Company LLC

Mr. Malek Sultan Al Malek is one of the leading business figures in the UAE. He has reputable experience in various arenas, including technology, information and education. He is currently the Group Chief Executive Officer of TECOM Group/ Dubai Holding Asset Management, one of Dubai's leading holding companies, strategic partner and contributor to achieving the ambitious visions of Dubai economy. He is also the Director General of Dubai Development Authority.

Mr. Malek also holds the following positions in several leading entities in the UAE:

- Chairman of Dubai Institute of Design and Innovation
- Board Member of Mohammed Bin Rashid Library
- Board Member of Higher Colleges of Technology
- Board Member of Dubai Creek Harbour LLC
- Board Member of Dubai Waste Management Company
- Council Member of Dubai Freezone Council
- Council Member of Dubai Urban Planning Executive Council (Supreme Committee)
- Council Member of Dubai Media Council

Mr. Malek holds a Bachelor's degree in Business Management from the UAE's Higher Colleges of Technology.

H.E. Sara Awadh Musallam

Vice Chairperson
Independent Non-Executive

First Appointment	Representing
15 April 2020	Emirates Investment Authority

Ms. Sara Awadh Musallam has broad experience in various sectors and has made major contributions to key vital government sectors in her previous roles as the Director of Private Schools and Quality Assurance at Abu Dhabi Department of Education and Knowledge, and as the Vice President of Aerospace, Renewables and ICT Platform at Mubadala Investment Company. Her vast experience has gone beyond the public sector as she also worked as a Business Analyst at BP International for several years.

Ms. Sara is currently the Chairperson of Abu Dhabi Department of Education and Knowledge and holds the following positions in several other leading entities in the UAE:

- Member of Abu Dhabi Executive Council
- Member of Life Quality and Wellbeing Committee of Abu Dhabi Executive Committee
- Board member of Al Yah Satellite Communication Company (YahSat)
- Member of UAE Cabinet's Education and Human Resources Council
- Member of the Board of Trustees of Khalifa Award for Education
- Member of the Board of Trustees of Abu Dhabi Early Childhood Authority
- Member of Initiatives Committee of Mubadarat
- Member of Abu Dhabi's Advanced Technology Research Council
- Member of the UAE's National Emergency, Crisis and Disasters Management Authority
- Member of the Board of Trustees of Mohamed bin Zayed University for Humanities
- Member of the Board of Trustees of MODON

She holds a Master's degree in Business Administration from the American University of Sharjah and holds a Bachelor's degree in Applied Sciences in Business Administration as well as Higher Diploma in Financial and banking services from the UAE's Higher Colleges of Technology of Abu Dhabi. She is also a Chartered Financial Analyst (CFA).

Mr. Ahmad Abdulkarim Julfar

Board Member
Managing Director, Executive

First Appointment	Representing
21 March 2018	Public Shareholders (until 25 March 2021) Emirates Investment Authority (from 25 March 2021)

Mr. Ahmad Julfar has a vast experience in diverse sectors including telecommunications, economy, banking and community development taking charge of several prominent leadership positions in the UAE.

He holds the position of Director General at the Community Development Authority, which is dedicated to creating a leading social sector in the UAE to reinforce sustainable developments.

Mr. Ahmad also holds the following positions in several other leading entities in the UAE:

- Chairman of Knowledge Fund, Government of Dubai
- Board Member of Commercial Bank of Dubai PJSC
- Board Member of Smart Stream Technologies
- Advisory Council Member of Dubai Chamber of Digital Economy

Mr. Ahmad holds a Bachelor's degree in Civil Engineering and Computer Science from Gonzaga University in Washington, USA, and took part in the Leaders Program of Sheikh Mohammed Bin Rashid Al Maktoum.

Mr. Khaled Abdulla Al Qubaisi

Board Member
Independent Non-Executive

First Appointment	Representing
19 April 2018	Emirates Investment Authority (until 25 March 2021) Public shareholders (effective 25 March 2021)

Mr. Khaled Abdulla AlQubaisi is the Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala. In this role, he has oversight over a portfolio of both physical and digital assets around the globe, which includes properties, real estate, and the consolidation of Mubadala's international infrastructure that offer long-term stable returns across business cycles. He is a member of the Investment Committee at Mubadala, which is mandated to develop the organization's investment policies and guidelines, and to review all proposed projects and investments to ensure they are aligned with Mubadala's business objectives. Before joining Mubadala, Mr. Khaled was the Chief Investment Officer at International Capital, where he oversaw a diverse investment portfolio, and the execution of large-scale, multi-billion Dirham real estate projects. He was also previously the Head of Corporate Finance & Business Development at the National Bank of Abu Dhabi, where he focused on developing the Bank's investment banking capabilities.

Mr. Khaled holds the position of Chief Executive Officer, Real Estate and Infrastructure Investments at Mubadala Investment Company PJSC. He also holds the following positions in several leading organizations/ companies in the UAE:

- Chairman of National Central Cooling Company PJSC (Tabreed)
- Chairman of Finance House PJSC
- Vice Chairman of Abu Dhabi Motor Sports Management LLC
- Board Member of Abu Dhabi Global Market (ADGM)
- Board Member of Abu Dhabi Future Energy Company PJSC (Masdar)
- Board Member of Insurance House PJSC
- Board Member of Emirates Nuclear Energy Corporation (ENEC)

Mr. Khaled has been awarded the CFA in 2003. He holds a Master's degree in Project Management (MSPM) from George Washington University, and a Bachelor's degree in finance and operations management from Boston University.

Mr. Ziad Abdulla Galadari

Board Member
Non-Executive

First Appointment	Representing
14 March 2007	Public Shareholders

Mr. Ziad Abdulla Galadari is the Founder and Chairman of Galadari Advocates & Legal Consultants and has vast experience in the field of Law and Legal consultancy. In addition to his legal and investment expertise, he has made remarkable contributions enabling Dubai for hosting international events and global conferences.

Mr. Ziad is the Chairman of Galadari Investments Group and serves on the Board of the following leading entities in the UAE:

- Board Member of Dubai World Trade Centre
- Board Member of Dana Gas PJSC

Mr. Ziad has a Bachelor's degree in Law (LLB) from the United Arab Emirates University (UAEU).

Mr. Abdulla Khalifa Belhoul

Board Member
Independent Non-Executive

First Appointment	Representing
6 October 2021	Emirates Communications and Technologies Company LLC

Mr. Abdulla Khalifa Belhoul is the Chief Commercial Officer of Dubai Holding Asset Management and is responsible for leading commercially the core portfolio of 10 business districts, 20 retail destinations and 15 residential communities. He was appointed CEO of Dubai Industrial City in 2010 and then Chief Commercial Officer of Dubai Holding Asset Management in 2020. Between 2007 and 2010, Mr. Abdulla held various leadership positions in Dubai Holding, overseeing the building and construction of key projects that make up today's Dubai skyline. Prior to that between 2002 and 2007, Mr. Abdulla held various managerial positions at Dubai World Trade Centre and the Dubai Department of Civil Aviation's Engineering, creating value through both revenue optimisation and value re-engineering for internal and external stakeholders. Previously Mr. Abdulla served on the Board of Directors of Empower District Cooling and Dubai Creek Harbour.

Mr. Abdulla also currently serves on the Board of the following leading entities in the UAE:

- Board Member of Axiom Telecom
- Board Member of Dubai Hills Estate LLC

Mr. Abdulla holds an MBA from the Higher Colleges of Technology and a Bachelor's Degree in Engineering Management. He has also completed several executive and board level programs, including the INSEAD Executive Development Programme.

Mr. Mohamed Hamad AlShehi

Board Member
Independent Non-Executive

First Appointment	Representing
21 March 2018	Emirates Investment Authority

Mr. Mohamed Hamad AlShehi has broad experience in various sectors including finance, banking, real estate and insurance, leading several executive positions within the Government of Dubai as well as the private sector. He also has vast experience in finance and information and communications technology (ICT), where he has held many executive roles throughout his professional career and served as a board member of several internationally recognized organizations.

Mr. Mohamed holds the position of The Deputy Director General at the Department of Finance, Government of Dubai and is the Secretary to the Supreme Fiscal Committee. He also holds the following positions in several leading entities in the UAE:

- Chairman of Emirates NBD Capital P.S.C.
- Chairman of NAS Neuron Health Services LLC
- Board Member of Emirates NBD Bank PJSC
- Board Member of Emirates NBD Capital Ltd
- Board Member of Emirates NBD Asset Management Limited
- Board Member of Emirates Islamic Bank PJSC
- Board Member of Dubai Real Estate Corporation
- Board Member of Independent Health Information Technology Services LLC (inHealth)
- Governor of GCC Board Directors Institute

Mr. Mohamed has Executive Master's degree in Business Administration from Zayed University, and a Bachelor's in Accounting from the United Arab Emirates University (UAEU).

Mr. Wesam Alabbas Lootah

Board Member
Independent Non-Executive

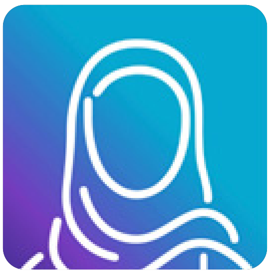
First Appointment	Representing
15 April 2020	Emirates Investment Authority

Mr. Wesam Alabbas Lootah is a digital transformation leader with more than 20 years of strategic leadership that drastically shaped Dubai into the Smart city it is today. He built his extensive leadership portfolio and experience through various executive roles in institutions affiliated with the Dubai Government, the World Trade Center and Emaar. He is the Chief Executive Officer of the Smart Dubai Government Establishment, the technology arm of Smart Dubai Department. Since becoming CEO in 2015, in record time he has managed to transform technology from being the backbone of Smart Dubai initiative to become a true enabler of digital transformation, with a focus on humanizing technology to influence life's experiences. He pioneered Smart Dubai strategy and plans related to Artificial Intelligence (AI), and has the distinction of launching the first AI Lab in the Middle East and North Africa region, in addition to launching hundreds of initiatives and numerous smart services.

Mr. Wesam also holds the following positions in several leading entities in the UAE:

- Chairman of Board of Directors of Dubai Cooperative Society
- Vice Chairman of Board of Directors of Dubai Financial Market PJSC
- Advisory council member of Dubai Chamber of Digital Economy

Mr. Wesam holds a master's degree in Computer Science and Engineering from Pennsylvania State University, USA and a bachelor's degree from Ohio State University. He is also an author with published research in the field of Computer Security and is a renowned speaker on smart cities and digital transformation at top events.



Ms. Hassa Abdulrazzaq Balouma

Board Member
Independent Non-Executive

First Appointment	Representing
25 March 2021	Emirates Investment Authority

Ms. Hassa Abdulrazzaq Balouma is an Investment Director at Emirates Investment Authority ("EIA"). She is responsible for business turnaround and transformation of a number of complex strategic holdings of the Government of UAE. Prior to that she was in the Private Asset Department at EIA the department is responsible for making indirect investments in various illiquid strategies like private equity. She was the Project Manager for setting up the first currency printing facility in the Gulf region for EIA "Oumolat" which was successfully launched in 2016. She had also previously served on the Board of Arab Mining Company (ARMICO).

Ms. Hassa is a member of the advisory board of a Secondary Private Equity Fund and also holds the following positions in several leading entities in the UAE:

- Chairperson of the Board of Oumolat
- Vice chairperson on the Board of Emirates Transport
- Member of the Board of Directors of Emirates Post Group

Ms. Hassa holds Bachelor Degree BA in Accounting & Finance and a Master's degree MSc in Investments, from the University of Aberdeen in Scotland.

Mr. Atish Shashinath Gude

Board Member
Independent Non-Executive

First Appointment	Representing
25 March 2021	Emirates Investment Authority

Mr. Atish Shashinath Gude has been a Senior Advisor for many years to select companies in the communications and technology sectors. Until recently, Atish was the Chief Strategy Officer at NetApp Inc. where he was responsible for Corporate Strategy, Corporate Development, Advanced Technology and Incubation. His responsibilities included overall corporate strategy development and cascading and integrating that strategy across business units, functional areas and major products. He was responsible for execution of corporate strategies including acquisitions, divestitures, JVs, partnerships, incubation initiatives and strategic and venture investments.

Previously, Mr. Atish was the Senior Vice President of Corporate Strategy for Verizon Communications. In this capacity he had responsibility for the formulation and execution of Verizon's strategic plan addressing new markets, solution areas and services that capitalize on Verizon's assets, capabilities and brand across all lines of business. He has also held various senior positions in corporate strategy in leading companies including Verisign, Clearwire Communications, Sprint-Nextel and Nextel Communications. He also worked with Deloitte Consulting leading numerous consulting engagements to a diverse set of clients in healthcare, financial services, manufacturing and retail as well as telecommunications.

Mr. Atish has an MBA from the University of Chicago with an emphasis in General Management and Finance and a BS in Computer Engineering from Syracuse University.

3.2 Female Representation on the Board:

At the last annual general assembly held on 25th March 2021, the shareholders appointed two (2) females on the Board and therefore currently **20% of the total Board members is represented by females.**

3.3 Remuneration and Allowances of the Board Members:

1. Total remuneration paid to the Board for 2020

At the last annual general assembly held on 25th March 2021, the shareholders approved the policy for payment of remuneration to the Board and accordingly also approved payment of AED 9,608,320 as the Board remuneration for the fiscal year ended on 31 December 2020. This sum was distributed to all members of the Board as remuneration for services rendered by them in the year 2020.

2. Proposed total remuneration to be paid to the Board for 2021

In accordance with the policy approved by the shareholders for the payment of remuneration to the Board, the aggregate Board remuneration submitted for approval by the shareholders at the General Assembly in 2022 is AED 9,998,138. This amount will be distributed to the members of the Board as remuneration for 2021 and it also includes the attendance fees to be paid to the Board members for attending Committee meetings as detailed in paragraph below.

3. Proposed attendance fees to be paid to the members of the Board Committees for the year 2021

Name	Attendance Fees for the members of the Committees meetings			
	Committee Name	Number of meetings attended	Attendance fee @ AED 21,000 per meeting	Total Attendance Fee for the year 2021 (AED)
Mohamed Hadi AlHussaini	Investment Committee (until 6th October 2021)	10	210,000	210,000
Malek Sultan Al Malek	Audit Committee (until 6th October 2021)	4	84,000	273,000
	Nomination and Remuneration Committee (until 6th October 2021)	6	126,000	
	Investment Committee (from 18th October 2021)	3	63,000	
Khaled Mohamed Balama	Nomination & Remuneration Committee (until 25 March 2021)	2	42,000	42,000
Sara Awadh Musallam	Audit Committee	6	126,000	126,000
Ahmad Abdulkarim Julfar	Investment Committee	13	273,000	273,000
Khaled Abdulla AlQubaisi	Investment Committee (until 25 March 2021)	2	42,000	189,000
	Nomination & Remuneration Committee (from 25 March 2021)	7	147,000	
Ziad Abdulla Galadari	Audit Committee	6	126,000	126,000
Abdulla Khalifa Belhoul	Audit Committee (from 18 October 2021)	1	21,000	105,000
	Nomination and Remuneration Committee (from 18 October 2021)	4	84,000	
Mohamed Hamad AlShehi	Audit Committee	6	126,000	315,000
	Nomination & Remuneration Committee	9	189,000	
Wesam Alabbas Lootah	Investment Committee	13	273,000	273,000
Hassa Abdulrazzaq Balouma	Nomination & Remuneration Committee (from 25 March 2021)	8	168,000	168,000
Atish Shashinath Gude	Investment Committee (from 25 March 2021)	10	210,000	210,000
Mohamed Saif AlSuwaidi	Nomination & Remuneration Committee (until 25 March 2021)	2	42,000	42,000

3.4 Additional allowances, salaries or fees received by the Board members other than the allowances for attending the committees:

During the year 2021, Mr. Ahmad Abdulkarim Julfar was paid an additional compensation of AED 90,000 per month in consideration of the extra time and attention devoted by him in his role as the Managing Director of EITC (in accordance with the remuneration approved by the Board).

Additionally, Mr. Atish Shashinath Gude (a non-UAE national) received USD 48,485.64 in 2021 as reimbursement for the travel and hotel accommodation costs for attending Board and Committee meetings in accordance with the Board Travel Policy approved by the shareholders.

3.5 Board meetings held in the year 2021:

During the year 2021, a total of nine (9) Board meetings of EITC were held.

The Board meetings are strictly conducted in accordance with SCA's regulations, EITC's Articles of Association and the corporate governance procedures approved by the Board in this relation. In continuation of the COVID-19 safety measures followed by EITC throughout the year 2021, the Board members were provided the option to attend the meetings electronically. Some of the matters considered extensively by the Board in 2021 were strategy, operations, transformation program, sustainability, people management, subsidiary governance, succession planning, risk management, employee morale, governance, structure and industry trends.

The invitation and the agenda are sent to the members at least a week ahead of the meeting date, and details of issues and decisions made during the meeting are recorded as minutes, taking into account any member's opinions or dissenting views that are expressed during the meeting. Any related party transactions or conflicts of interest are declared at the beginning of each meeting, recorded in the minutes of the meeting and approved by the members present, thus ensuring that the respective member connected to that resolution abstains from voting.

No.	Date of the Board meeting	Number of attendees	Attendance by proxy	Absentees
1	20 January 2021	10	None	None
2	8 February 2021	10	None	None
3	25 March 2021	9	None	Atish Shashinath Gude
4	26 April 2021	9	None	Malek Sultan Al Malek
5	7 June 2021*	10	None	None
6	26 July 2021	10	None	None
7	27 September 2021*	9	None	Mohamed Hadi AlHussaini
8	18 October 2021	10	None	None
9	9 December 2021*	10	None	None

*Board meetings held to consider ongoing operational matters

3.6 Number of the Board resolutions passed during 2021 along with the dates of passing these resolutions:

In accordance with the applicable provisions from SCA Corporate Governance Procedures, five (5) resolutions were passed by circulation by the Board (which were mostly for considering urgent operational matters) and these resolutions were recorded in the minutes of the subsequent meeting of the Board.

No.	Absentees
Board Resolution No. 1/2021 passed by circulation	23 March 2021
Board Resolution No. 2/2021 passed by circulation	26 April 2021
Board Resolution No. 3/2021 passed by circulation	1 July 2021
Board Resolution No. 4/2021 passed by circulation	17 August 2021
Board Resolution No. 5/2021 passed by circulation	6 October 2021

3.7 Delegation of authorization by the Board during the year 2021:

Pursuant to the authorities delegated to the Board in the Articles of Association of EITC and the governing regulations, the Board is responsible for carrying out its duties but may delegate them to one of its Committees or to the management, in writing. In the case of delegation, they have clear instructions on how the delegation can be authorized and the relevant limitations. The Board has agreed matters reserved for the Board and its Committees within the Governance Manual and during the year 2021, the Board did not delegate any of its reserved matters to the management.

3.8 Transactions with Related Parties:

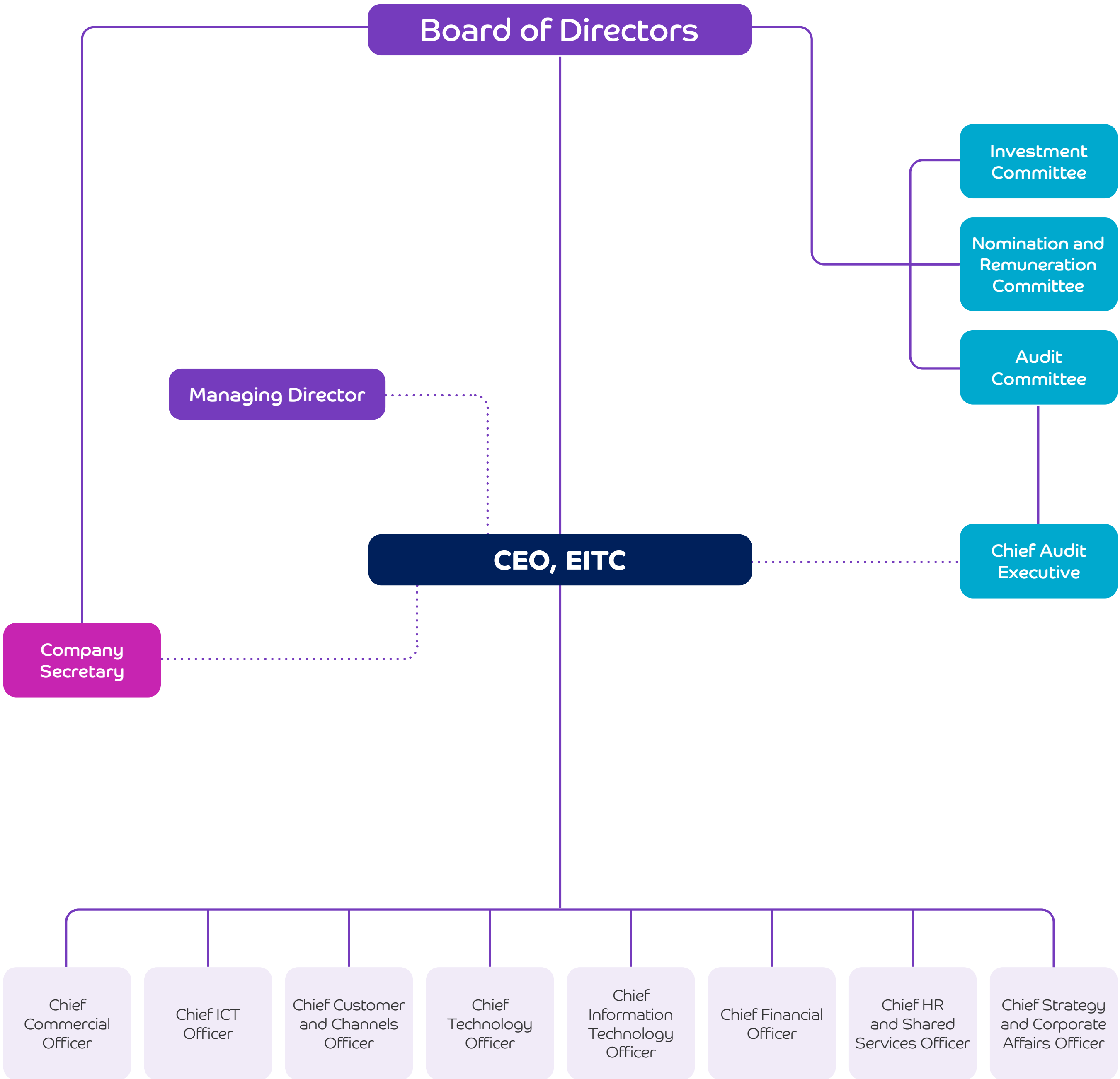
No transactions were entered with any related party during the year 2021 (in accordance with the UAE Companies Law or SCA Corporate Governance Procedures).

EITC's related party transaction policy is reviewed by the Board on a periodic basis to ensure compliance with the applicable governing laws and regulations.

3.9 Organizational Structure:

During the end of the year 2021, the operating model of EITC was reviewed as part of the annual review and adjusted to mitigate any gaps identified since the last review done in 2020.

The organizational structure of EITC as on 31 December 2021 is as follows:



3.10 Statement of Management's Remuneration:

The management's remuneration for the year ended on 31st December 2021 is reflected in the below table and the calculation is based on yearly total salaries and other cash benefits (that is, education allowance, travel allowance, additional performance based variable pay for the Chief Commercial Officer upon confirmation in June 2021, and ex-Chief Human Resources Officer three months' notice):

Position	Date of Joining	Total Salaries and other allowances paid in 2021 (AED)	Any other Cash/ in-kind benefits for 2021 (AED)	Total PBVP paid for 2021	LTI paid for 2021 (AED)
Chief Executive Officer*	23-Apr-06	2,900,560	225,500	TBA	
Chief Human Resources Officer **	13-May-18	377,898.04	574,488.51	TBA	
Chief Human Resources Officer – Acting***	04-Dec-06	732,576.11	49,137	TBA	
Chief Human Resources and Shared Services Officer****	02-Nov-21	334,333.34	1,600,000	TBA	
Chief Financial Officer	14-Jul-19	2,400,000	545,000	TBA	
Chief New Business & Innovations Officer/ICT Advisor *****	1-Jan-06	2,432,424	236,175	TBA	
ICT Advisor/Acting Chief ICT Officer ******	1-Aug-21	800,000	N/A	TBA	
Chief Strategy & Corporate Affairs Officer	4-Apr-10	1,010,800	125,500	TBA	
Chief Technology Officer	07-Sep-08	1,843,200	74,017.50	TBA	
Chief Customer Channels Officer	04-Mar-18	1,999,200	184,350	TBA	
Chief Information Officer	01-Apr-19	1,800,000	116,910	TBA	
Chief Commercial Officer*******	01-Aug-16	1,560,000	230,352.50	TBA	

***Chief Executive Officer – was acting until 6th June 2021 and was confirmed on 7th June 2021.**

**** Chief Human Resources Officer – Ehab Hassan – Last date of service was 14th March 2021; Cash benefits includes 3 months' notice, travel allowance & accrued annual leave.**

***** Chief Human Resources Officer – Acting – Ali Al Mansoori from 16th March till 2nd November 2021.**

****** Chief Human Resources and Shared Services Officer – Ibrahim Nassir date of joining is 2nd November 2021.**

******* Farid Faraidooni became ICT Advisor effective 1st October 2021**

******** Martin Tarr became Acting Chief ICT officer effective 1st October 2021**

********* Karim Benkirane was confirmed Chief Commercial Officer on 7th June 2021**

4. External auditor

4.1 Overview of the Company's auditor:

Deloitte & Touche (M.E) was appointed as the Company's external auditor for the fiscal year 2021. Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning among multiple industries.

4.2 Statement of fees and costs for the audit or services provided by the external auditors:

Name of the audit office and partner auditor	Deloitte & Touche (M.E.) Mr. Rama Padmanabha Acharya
Number of years he served as the Company's external auditor	3 years
Total audit fees for 2021 in (AED)	AED 1,478,000
Fees and costs of other services other than auditing the financial statements for 2021 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	Refer to paragraph 4.3 below
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	Refer to paragraph 4.3 below
Statement of other services that **an external auditor*** other than the company accounts auditor provided during 2021 (if any). In the absence of another external auditor, this matter is explicitly stated. ***External auditors - known audit firms in line with EITC choice of auditors**	Refer to paragraph 4.3 below

4.3 Statement of fees, costs and services provided by external auditor firms in 2021:

Audit/Consulting Firm	Details of service	Amount (AED)
Deloitte and Touche (M.E.)	Professional and advisory services – Consulting services.	54,812
Ernst and Young	Professional and advisory services –Consulting services.	10,893,005
PricewaterhouseCoopers	Professional and advisory services - Consulting services.	2,974,708
KPMG	Professional and advisory services - Consulting services.	120,000
Total		**14,042,525**

4.4 There are no qualified opinions made by EITC's External Auditor in the interim or annual financial statements for the year 2021.

5. Audit committee

5.1 H.E. Sara Awadh Musallam, Chair of the Audit Committee acknowledges her responsibility for the Audit Committee's system in the Company, review of its work mechanism and ensures its effectiveness.

5.2 The Audit Committee is a permanent committee formed by the Board to monitor the Company's financial position, review and recommend changes to the Company's financial and control systems, maintain appropriate relationship with the Company's external auditors and perform other functions as required by SCA Corporate Governance Procedures.

5.3 The composition of the Audit Committee is reviewed by the Board on a regular basis to ensure that the Audit Committee is composed of members having adequate knowledge and expertise in financial, accounting, legal, compliance and regulatory matters. Mr. Abdulla Khalifa Belhoul was appointed as a member of the Audit Committee effective 18th October 2021 to replace Mr. Malek Sultan Al Malek who had resigned as a member of Audit Committee effective 6th October 2021. The current members of the Audit Committee are:

- H.E. Sara Awadh Musallam (Chair)
- Mr. Ziad Abdulla Galadari
- Mr. Mohamed Hamad AlShehi
- Mr. Abdulla Khalifa Belhoul

5.4 The Audit Committee is provided with sufficient resources to enable it to perform its duties and is assigned to perform the following:

- Review and make recommendations on the Company's overall corporate governance arrangements
- Recommendation for selection and appointment of external auditors including review of terms of engagement, mission and action plan and the scope of external audit plan
- Monitor the performance, independence and objectivity of the external auditor including discussing with the external auditor regarding the nature, scope and efficiency of the audit in accordance with the applicable accounting standards
- Ensure the integrity of financial and non-financial operations in line with financial and accounting policies and procedures as well as monitor the integrity of the annual and interim financial statements of EITC
- Consider any significant and unusual matters that are or shall be mentioned in auditors' reports and accounts, and give due consideration to any issues raised by the management including ensuring timely response of the Board to inquiries for illustration and substantial matters
- Develop and review of the policies/ procedures including financial, accounting and risk and compliance

- Review and assess the internal control and risk management systems in the Company including the external auditor's assessment of the internal control system and procedures.

- Review the observations/ reports received from State Audit (including the response prepared by the management) and monitor the actions taken by the management to resolve issues/ observations arising from these reports

- Monitor overall effectiveness of the Internal Audit department including ensuring availability of resources required, review of internal control reports and review and approve of internal audit plan, budget and internal control charter

- Monitor overall effectiveness of the Risk and Compliance functions by reviewing risk appetite, maintenance of a sound risk and compliance management culture, review and approve the management risk and compliance committee charter, review of the quality of risk mitigation and implementation of effective controls within the Company

- Review the changes made since the last review on the nature and extent of the key risks and EITC's ability to adapt to the changes in its operations and external environment

- Implement procedures that are sufficient for conducting independent and fair investigations concerning violations/ issues related to whistle-blowing and fraud

- Setting rules that enable the Company's employees to confidentially report any potential violations in financial reports, internal control, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations

- Review related party transactions with the Company, ensuring that no conflicts of interest exist, and submit recommendations on such transaction to the Board before concluding the relevant contracts

- Review and recommend changes to the Corporate Governance Manual (including terms of reference for the Board and its committees) and the Company's code of conduct

- Monitor the tasks performed by the Insiders Committee

- Ensure the Company's compliance with all applicable laws and regulations

5.5 The Audit Committee updates the Board on its activities as it deems appropriate and recommends relevant matters for Board approval. On an annual basis, the Audit Committee also reviews its terms of reference and submits its recommendations to the Board.

5.6 During the year 2021, six (6) meetings of the Audit Committee were held as mentioned below at which all the members were present:

<table>
<tr><th>Meeting Number</th><th>Date of Meeting</th><th>Main Purpose of the Meeting</th><th>Members Present</th></tr>
<tr><td>Audit Committee Meeting No. 1/ 2021</td><td>7 February 2021</td><td>Review of annual financials for the year 2020, audit, internal control and governance related matters</td><td rowspan="4">Sara Awadh Musallam, Ziad Abdulla Galadari, Mohamed Hamad AlShehi and Malek Sultan Al Malek</td></tr>
<tr><td>Audit Committee Meeting No. 2/ 2021</td><td>21 March 2021</td><td>Review of internal control, risk and compliance matters</td></tr>
<tr><td>Audit Committee Meeting No. 3/ 2021</td><td>25 April 2021</td><td>Review Q1 2021 financials and governance related matters</td></tr>
<tr><td>Audit Committee Meeting No. 4/ 2021</td><td>25 July 2021</td><td>Review Q2 2021 financials, audit, internal control and governance related matters</td></tr>
<tr><td>Audit Committee Meeting No. 5/ 2021</td><td>17 October 2021</td><td>Review Q3 2021 financials, audit, internal control and governance related matters</td><td>Sara Awadh Musallam, Ziad Abdulla Galadari and Mohamed Hamad AlShehi</td></tr>
<tr><td>Audit Committee Meeting No. 6/ 2021</td><td>1 November 2021</td><td>Review audit, internal control and governance related matters</td><td>Sara Awadh Musallam, Ziad Abdulla Galadari, Mohamed Hamad AlShehi and Abdulla Khalifa Belhoul</td></tr>
</table>

6. Nomination and remuneration committee

6.1 Mr. Khaled Abdulla AlQubaisi, Chairman of the Nomination and Remuneration Committee acknowledges his responsibility for the Nomination and Remuneration Committee's system in the Company, review of its work mechanism and ensures its effectiveness.

6.2 The Nomination and Remuneration Committee is a permanent committee formed by EITC's Board with the responsibilities to set and review policies related to appointment, remuneration, benefits, incentives, bonus and remuneration of the Board members and the employees of the Company in accordance with the applicable laws and regulations.

6.3 The composition of the Nomination and Remuneration Committee is reviewed by the Board on a periodic basis. Mr. Khaled Abdulla AlQubaisi and Ms. Hassa Abdulrazzaq Balouma were appointed as members of the Nomination and Remuneration Committee effective 25th March 2021 to replace Mr. Khaled Mohamed Balama and Mr. Mohamed Saif AlSuwaidi. Mr. Khaled Abdulla AlQubaisi was also appointed as the Chair of the Nomination and Remuneration Committee. Subsequently, effective 18th October 2021, Mr. Abdulla Khalifa Belhoul was appointed as a member of the Nomination and Remuneration Committee to replace Mr. Malek Sultan Al Malek who had resigned effective 6th October 2021. The current members of the Nomination and Remuneration Committee are:

- Khaled Abdulla AlQubaisi (Chair)
- Mohamed Hamad AlShehi
- Hassa Abdulrazzaq Balouma
- Abdulla Khalifa Belhoul

6.4 The Nomination and Remuneration Committee is assigned to perform the following:

- Regularly review and make recommendations to the Board on the structure, size and composition (including the skills, knowledge and experience) required for the Board members compared to its current position and ensuring following of the procedures of nomination for Board membership in accordance with applicable laws and regulations
- Determine and agree with the Board the framework or broad policy for the remuneration of the Board members and other employees of the Company and review the ongoing appropriateness and relevance of the remuneration framework in light of market and economic conditions
- Constantly verify the independence of the independent members throughout their term
- Oversee the succession plans for the senior leaders and other critical roles and identifying the Company's needs for these positions and determine their selection criteria
- Review and make recommendations to the Board on the other business interests or positions held by the Board or the Senior Leaders
- Develop and review annually the Company's human resources and training policies, and monitor the implementation of such policies
- Emiratization matters

6.5 The Nomination and Remuneration Committee updates the Board on its activities as it deems appropriate and recommends relevant matters for their approval. On an annual basis, the Nomination and Remuneration Committee also reviews its terms of reference and submits its recommendations to the Board.

6.6 During the year 2021, ten (10) meetings of the Nomination and Remuneration Committee were held as mentioned below:

Meeting Number	Date of Meeting	Absentees
Nomination and Remuneration Committee Meeting No. 1/ 2021	8 February 2021	None
Nomination and Remuneration Committee Meeting No. 2/ 2021	7 March 2021	None
Nomination and Remuneration Committee Meeting No. 3/ 2021	20 April 2021	None
Nomination and Remuneration Committee Meeting No. 4/ 2021	1 June 2021	Mohamed Hamad AlShehi
Nomination and Remuneration Committee Meeting No. 5/ 2021	15 July 2021	None
Nomination and Remuneration Committee Meeting No. 6/ 2021	22 September 2021	None
Nomination and Remuneration Committee Meeting No. 7/ 2021	10 November 2021	None
Nomination and Remuneration Committee Meeting No. 8/ 2021	24 November 2021	Khaled Abdulla AlQubaisi
Nomination and Remuneration Committee Meeting No. 9/ 2021	29 November 2021	None
Nomination and Remuneration Committee Meeting No. 10/ 2021	23 December 2021	None

7. Investment committee

7.1 Mr. Ahmad Abdulkarim Julfar, Chairman of the Investment Committee acknowledges his responsibility for the Investment Committee's system in the Company, review of its work mechanism and ensures its effectiveness.

7.2 The Investment Committee reviews and recommends to the Board the Company's investment strategy in relation to its core and non-core business including:

- Evaluation of investment projects and related capital and operational expenditure
- Large scale capital investments and operational expenditure
- EITC's business plan and budget
- Strategic plans and transactions including equity investments
- Treasury and dividend policies
- EITC's capital structure

7.3 The composition of the Investment Committee is reviewed by the Board on a periodic basis. Mr. Atish Shashinath Gude was appointed as a member of the Investment Committee effective 25th March 2021 to replace Mr. Khaled Abdulla AlQubaisi. Subsequently, effective 18th October 2021, Mr. Malek Sultan Al Malek was appointed as a member of the Investment Committee to replace Mr. Mohamed Hadi AlHussaini who had resigned effective 6th October 2021. Mr. Ahmad Abdulkarim Julfar was appointed as the Chairman of the Investment Committee effective 18th October 2021. The current members of the Investment Committee are:

- Ahmad Abdulkarim Julfar (Chair)
- Malek Sultan Al Malek
- Wesam Alabbas Lootah
- Atish Shashinath Gude

7.4 The Investment Committee updates the Board on its activities as it deems appropriate and recommends relevant matters for their approval. On an annual basis, the Investment Committee also reviews its terms of reference and submits its recommendations to the Board.

7.5 During the year 2021, thirteen (13) meetings of the Investment Committee were held, the details of which are mentioned below:

<table>
<tr><th>Meeting Number</th><th>Date of Meeting</th><th>Members Present</th><th>Absentees</th></tr>
<tr><td>Investment Committee Meeting No.1/ 2021</td><td>18 January 2021</td><td>Mohamed Hadi AlHussaini, Ahmad Abdulkarim Julfar, Khaled Abdulla AlQubaisi and Wesam Alabbas Lootah</td><td>None</td></tr>
<tr><td>Investment Committee Meeting No.2/ 2021</td><td>4 February 2021</td><td>Mohamed Hadi AlHussaini, Ahmad Abdulkarim Julfar and Wesam Alabbas Lootah</td><td>Khaled Abdulla AlQubaisi</td></tr>
<tr><td>Investment Committee Meeting No.3/ 2021</td><td>22 March 2021</td><td>Mohamed Hadi AlHussaini, Ahmad Abdulkarim Julfar, Khaled Abdulla AlQubaisi and Wesam Alabbas Lootah</td><td>None</td></tr>
<tr><td>Investment Committee Meeting No.4/ 2021</td><td>26 April 2021</td><td rowspan="7">Mohamed Hadi AlHussaini, Ahmad Abdulkarim Julfar, Wesam Alabbas Lootah and Atish Shashinath Gude</td><td rowspan="7">None</td></tr>
<tr><td>Investment Committee Meeting No.5/ 2021</td><td>7 June 2021</td></tr>
<tr><td>Investment Committee Meeting No.6/ 2021</td><td>19 June 2021</td></tr>
<tr><td>Investment Committee Meeting No.7/ 2021</td><td>12 July 2021</td></tr>
<tr><td>Investment Committee Meeting No.8/ 2021</td><td>28 July 2021</td></tr>
<tr><td>Investment Committee Meeting No.9/ 2021</td><td>17 August 2021</td></tr>
<tr><td>Investment Committee Meeting No.10/ 2021</td><td>26 September 2021</td></tr>
<tr><td>Investment Committee Meeting No.11/ 2021</td><td>1 November 2021</td><td rowspan="3">Ahmad Abdulkarim Julfar, Malek Sultan Al Malek, Wesam Alabbas Lootah and Atish Shashinath Gude</td><td rowspan="3">None</td></tr>
<tr><td>Investment Committee Meeting No.12/ 2021</td><td>25 November 2021</td></tr>
<tr><td>Investment Committee Meeting No.13/ 2021</td><td>9 December 2021</td></tr>
</table>

8. Insiders committee

8.1 Mr. Ali Al Ali, Chair of the Insiders Committee acknowledges his responsibility for the Insiders Committee's system in the Company, review of its work mechanism and ensures its effectiveness.

8.2 The Insiders Committee constituted by the Board in 2017 monitors issues relating to insiders and their dealings in EITC's shares and ensures that all insiders are familiar with the legal and administrative requirements regarding their holdings and dealings in EITC's shares.

8.3 The Insiders Committee's composition is approved by the Board and contains representatives from Finance, Human Resources and Legal departments. The Committee is chaired by the Company Secretary. The current members of the Insiders Committee are:

- Ali Al Ali (Company Secretary)
- Ali Al Mansoori (Human Resources)
- Hiam Almohtadi (Legal)*
- Mohammad AlMehrezi (Finance)

*** Replaced Mia Buckthought effective November 2021**

8.4 The Insiders Committee is assigned to perform the following:

- Manage implementation of policies and procedures that relate to the trading in EITC's shares and the possession of internal data/information of the Company by its insiders
- Maintain up to date register of insiders including both permanent and temporary insiders
- Submit periodic statements and reports to the DFM
- Manage share dealing requests and declarations
- Initiate disciplinary action against non-compliant employees, with support from Human Resources
- Report to the Audit Committee on the work done by the Insiders Committee

8.5 The key activities undertaken by the Insiders Committee in the year 2021 were:

- Reviewed and updated the list of insiders and submitted the same to the DFM on a quarterly basis and as and when required (in accordance with the applicable regulations)
- Notifications sent to all employees and Board members before commencement and after completion of every closed period reminding them about prohibition of trading in closed periods
- Awareness to the employees regarding their obligations in relation to insiders and share dealing
- Attended to the queries received from the employees generally in relation to insiders and share dealing
- Ensured compliance with the provisions of the applicable laws and regulations

8.6 The Insiders Committee met four (4) times during the year 2021 as follows:

Meeting Number	Date of meeting
Insiders Committee Meeting No. 1/ 2021	16 March 2021
Insiders Committee Meeting No. 2/ 2021	13 June 2021
Insiders Committee Meeting No. 3/ 2021	19 September 2021
Insiders Committee Meeting No. 4/ 2021	23 November 2021

9. Internal control system

9.1 Role of the Board in Internal Control:

The Board has overall responsibility for ensuring effectiveness of the internal control system of EITC. The Board is responsible for setting a clear framework to ensure an effective internal control system. This allows effective and efficient operations, accurate financial reporting, and compliance with laws and regulations.

Internal control system process

Internal Control is broadly defined as a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- **Effectiveness and efficiency of operations:** Addresses EITC's basic business objectives, including adherence to performance standards and the safeguarding of resources.

- **Reliability of financial reports:** Ensures that reliable financial statements and other financial information are presented to the shareholders, Board and Management.

- **Compliance with applicable laws and regulations:** oversight over Regulatory Compliance with applicable laws and regulation. This element covers laws and regulations which EITC is subject to in order to avoid any damage to reputation or fines/penalties.

Internal control within EITC is established via the implementation of "3 Lines Model" (see Diagram 1 below).

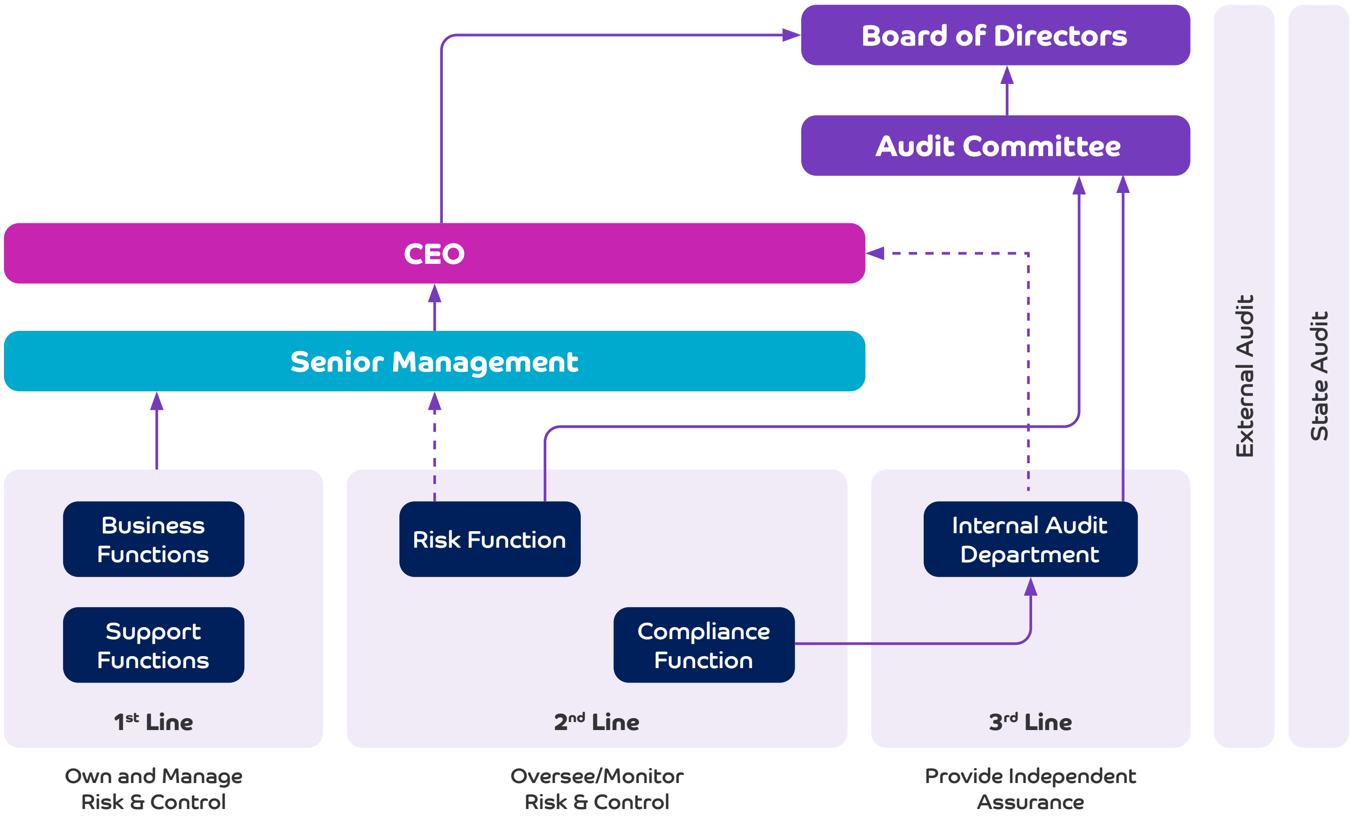


Diagram 1: The "3 Lines Model"

- **The First Line of Role:** Includes business and process owners whose activities create and / or manage risks. The first line owns the risks, and design & execute the company wide controls to respond to those risks on day-to-day basis. They serve as the first line because controls are designed into systems and processes under their supervision of operational management.

- **The Second Line Role:** Includes the functions which supports the management by bringing expertise, process excellence for monitoring of risks and associated controls. The second line functions are generally separate from the first line. Risk function and Compliance & Ethics function (under second line) have direct reporting lines to the Audit Committee. Risk function administratively report to Corporate Affairs while Compliance function reports to Internal Audit.

- **The Third Line Role:** Includes Internal Audit function of the Company which is an independent function and does not perform operational activities. The third line provides reasonable assurance to senior management & the Board of Directors on the effectiveness of governance, risk management, and internal controls which also includes the activities performed by the first & second lines.

The internal control system aims to establish, document, maintain and act consistently with the principles of the internal auditing policy. The system applies across all departments and all activities related to corporate governance and risk management.

- EITC's control management process ensures that the procedures are appropriately designed and effectively applied in accordance with the Company's annual strategic plan. This process is reviewed by the Audit Committee and approved by the Board.

- The Internal Audit Department (3rd Line) produces reports related to efficiency of the applicable internal control systems that are submitted to executive management and the Audit Committee. The reports include relevant suggestions and recommendations for improving the control system.

- The Internal Audit Department is not responsible for the development or maintenance of internal control systems, which are owned by the 1st and 2nd Lines.

- With regards to ensuring consistency with UAE laws and all other regulations, oversight is provided by the 2nd Line– Compliance & Ethics Function.

- To comply with SCA mandate, the Compliance & Ethics function provides oversight in regards to compliance with 'external regulations and associated policies and procedures' across EITC. The Risk Function, oversees the implementation of risk management processes and methodologies, with the aim to build 'risk aware culture' across EITC.

EITC Risk Management Policy

The EITC Risk Management policy is aligned with global risk management standards and industry best practices and enables us to anticipate, identify, measure, manage, monitor and report on EITC's key risk exposures with a view to ensuring risk-informed decision making at all levels of the organization.

To this end, the Risk function has developed a comprehensive risk taxonomy which serves as the basis for a consolidated EITC risk profile and conducts continuous monitoring and reporting of these risks thus allowing senior management and the Board to exercise transparent and effective oversight of the key risks facing EITC. In this way, supports senior management in making risk-informed decisions.

EITC risk profile is dynamically updated, in line with the changes in the business and the wider, rapidly changing operating environment. Strong collaboration amongst business, support and control layers (our "3 Lines Model") ensures the risks are effectively managed, whilst simultaneously facilitating a risk-aware culture at EITC.

Name and qualifications of the Head of Risk Management:

Mr. Daniel Udochi, the Risk Officer, leads the Risk Function at EITC. He is a risk management professional with over 20 years' experience, at both country and regional levels within the ME & Africa regions.
His experience spans across technology governance, risk, compliance, privacy, BCM, ethics and audit management. He holds a MBA from the University of Cumbria (UK) and several certifications in the GRC space. He is responsible for driving an enterprise-wide culture of risk-informed decision-making that will improve the likelihood of achieving our organizational goals. The role has a direct reporting line to the Audit Committee and reports operationally to the Chief Strategy and Corporate Affairs Officer.

EITC continued to enhance and strengthen the risk management by:

- Effective Implementation of Risk Management policy and related procedures across EITC.

- Establishment of the baseline for governance around processes across EITC.
- Driving Divisional Risk Councils to establish and embed 'risk and compliance' governance at the operational level within the business.
- Continuous scanning and reporting to Board on the risk horizons around business objectives with focus on impact due to pandemic COVID 19 situation.
- Embedded transformation risk management at strategic level across EITC.
- Enhanced the risk reporting structure in line with the new SCA regulations

These initiatives allow focused management, discussion and oversight of each business units' risk and provide real-time partnership and support to our 1st line.

EITC Compliance Framework

The EITC Compliance framework, approved by the Board, provides effective oversight and monitoring of the key compliance requirements and embeds a strong compliance culture across EITC, in terms of adherence to applicable laws, regulations, statutory requirements, resolutions, associated policies and procedures, and rules of business using an appropriate 'tone at the top' and through effective coordination with all internal & external stakeholders.

EITC continued to enhance and strengthen the compliance & ethics management by:

- Conducted continuous and ongoing monitoring of the external compliance requirements and proactively highlighted non-compliances through various compliance activities.
- Initiated the Mystery shopping project across the EITC retail stores (both du and Virgin Mobile stores) by formulating mystery shopping checklist, based on applicable regulations.
- Initiated company-wide COBC&E policy sign-off and assessment, across all levels, to promote ethics oriented culture and embed 'integrity' in decision making process across the company, in line with EITC's vision and mission.
- Formulated Procedures for Policies embedded in the Code of Business Conduct & Ethics document defining the working methodology, roles & responsibilities and SLA's to assist in successful implementation of COBC&E.
- Successfully collated the active policies and procedures across EITC to provide a holistic and 360-degree visibility of active documents - policies and procedures within the Company.

9.2 Name and qualifications of the Internal Audit Department Head and Compliance Officer:

Internal Audit Department is headed by Mr. Rashid Al Sheikh, who was appointed by the Board on 14 December 2016 as the Chief Audit Executive. It is noteworthy that Mr. Al Sheikh also assumes the role as Compliance Officer starting from December 2021. He has over 21 years of experience in the area of financial operations including accounting, internal audit, finance and banking. He holds a master's degree in accounting from the University of Miami in the United States. He is a certified auditor by the UAE Ministry of Economy and also registered in UAE's courts as an arbitrator, court-appointed receiver, expert juror, financial expert and an official liquidator. As a head of Internal Audit Department, he is responsible for managing and monitoring Internal Audit. He is responsible for the completion of the annual audit plan to provide assurance on overall control governance of the Company.

9.4 How Internal Audit management addresses serious issues:

The Internal Audit Department performs several audits, ad-hoc assignments and carries out investigations on issues as assigned through various functions including technical, financial and operational audits, forensic/ whistle blow, compliance and QA/GRC which accordingly provides the management with effective recommendations and reporting on the follow up and resolution for each identified issues to Audit Committee. However, there are no significant issues noted during the year 2021 to be disclosed in the annual financial statements.

9.5 Number of reports issued by the Internal Audit Department to the Board:

Internal Audit Department has issued 3 reports to the Audit Committee indicating the Critical/High observations noted during 2021 and also shared the audit plan for 2022. In addition, periodic audit plan update, forensic cases and State Audit reports were issued to the Audit Committee indicating the observations raised by State Audit Institution and the Company's responses.

10. Details of violations committed during 2021

During the year 2021, EITC received 8 violations from Telecommunications and Digital Government Regulatory Authority of the UAE ("**TDRA**") as follows:

- 2 violations were related to regulatory policy requirements "Registration requirements of mobile consumer" (RRMC). EITC has put in place a Governance Framework, with a set of policies and processes, as well as control mechanisms, with empowered employees responsible for the execution of the control mechanisms, to ensure the implementation and adherence to the RRMC Regulatory Policy and the special instructions being sent by TDRA from time to time.

- Other Violations Include:

Regulation Name	No of Violations
Mobile Number Portability Instructions	2
Mobile Spam Policy	2
Mobile Telecommunication Apparatus Anti-theft regulation	1
Regulatory Policy & Procedure (Price Control).	1

For the above 6 violations received, EITC has provided adequate justification to the regulator and taken necessary action to comply with the requirements. The Compliance function worked with various business units within EITC on these violations and conducted a detailed compliance review, identified gaps and suggested preventive actions and the company is in the process of incorporating the necessary preventive checks and validations to address the issues noted.

11. Statement of contributions made by the Company during the year 2021 in the development of the community and the preservation of the environment

EITC continues to add life to life for its customers, its people, and its communities by investing in various telecommunication services as well as social projects. During 2021, community safety, well-being, and development was among our topmost priorities. EITC announced a new strategic approach to ensure the digital well-being of specific segments of the UAE community. In line with the telco's enduring purpose to build a sustainable and responsible business by connecting and enhancing lives, the coming two years will see the Company work closely with two key groups – children and people of determination across the country. As such, we signed a long-term partnership with UNICEF to protect children online. Additionally, a series of programs have been delivered that offer comprehensive education about how to use the internet safely.

EITC trained its retail staff to better serve people of determination, and also set up an IT educational classroom at a center designed to cater to people of determination. During the year, the Company conducted a thorough waste audit and assessment which will enable us to significantly reduce our environmental impact. During the year, EITC was also recognized for its inspiring commitment to uphold operational excellence and received the "Seamless Workplace Award" for 2020 at the GCC GOV HR Awards 2021.

In 2022, EITC's sustainability strategy will continue to focus on initiatives that contribute to wellbeing and safety for our customers and our colleagues. EITC also aim to make a positive impact in our society and on the environment by using innovation and technology for good. During the year, EITC also aim to strengthen its commitment towards the UN Sustainable Development Goals. For more details, please refer to EITC's sustainability report.

During the year 2021, EITC contributed AED 1,505,287 supporting a range of social initiatives and campaigns.

12. General information

12.1 Statement of the Company's share price in the market during the year 2021:

Month	Highest Price	Lowest Price	Closing Price
January 2021	6.710	5.690	6.6
February 2021	6.880	6.250	6.83
March 2021	7.220	6.730	7
April 2021	7.090	6.500	6.53
May 2021	6.780	6.460	6.63
June 2021	7.000	6.620	6.88
July 2021	6.870	6.600	6.65
August 2021	6.800	6.530	6.63
September 2021	7.000	6.570	6.62
October 2021	6.730	6.120	6.17
November 2021	6.580	5.900	6.08
December 2021	7.280	6.090	6.62

12.2 Performance of the Company's shares in 2021 compared with the general market index and sector index:

Month	Financial Market's General Index	The Company's Shares	Telecom Sector Index
January 2021	2654.06	6.6	1114.03
February 2021	2551.54	6.83	1152.86
March 2021	2550.23	7	1181.55
April 2021	2605.38	6.53	1102.22
May 2021	2797.52	6.63	1119.1
June 2021	2810.56	6.88	1161.3
July 2021	2765.71	6.65	1122.47
August 2021	2902.97	6.63	1119.09
September 2021	2845.49	6.62	1117.41
October 2021	2864.21	6.17	1041.45
November 2021	3072.91	6.08	1026.26
December 2021	3195.91	6.62	1117.41

12.3 Statement of the shareholders' ownership distribution as on 31 December 2021:

Investor/Shareholder	Type of Customer	Number of Investors	Percentage
UAE	Government	5	0.1882
	Banks	7	0.5634
	Companies	123	86.3553
	Individuals	93,226	12.0739
	Sole Proprietors	2	0.0005
	Market Maker	1	0.0004
GCC Countries	Companies	11	0.0314
	Individuals	156	0.2599
	Government	-	-
Arabs	Companies	2	0.0003
	Individuals	442	0.2515
	Government	-	-
Other nationalities	Banks	1	0.0042
	Companies	39	0.0974
	Individuals	470	0.1736

12.4 Statement of shareholders owning 5% or more of the Company's capital as on 31 December 2021:

Name	Number of owned shares	Percentage of owned shares
Emirates Investment Authority	2,271,728,899	50.116%
Emirates Communications and Technologies Company LLC	892,804,378	19.696%
Mamoura Diversified Global Holding PJSC (formerly Mubadala Development Company PJSC)	456,112,112	10.062%

12.5 Statement of distribution of shareholders according to the size of the equity as on 31 December 2021:

Share (s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares
Less than 50,000	93,442	113,203,347	2.497
From 50,000 to less than 500,000	819	125,590,306	2.771
From 500,000 to less than 5,000,000	192	260,444,850	5.746
More than 5,000,000	32	4,033,667,486	88.986
Total	**94,485**	**4,532,905,989**	**100.000**

12.6 Investor/Shareholder Relations:

EITC established a mechanism relating to the way investor relations is being handled by forming a dedicated team headed by the Chief Financial Officer specific to investor relations matters which clarifies the financial position and performance of EITC as well as another dedicated team, headed by the Company Secretary specific to shareholder relations to respond to EITC's shareholders' queries relating to dividends, board proposals and shareholder resolutions.

Throughout the year, the Company organized press and call conferences with local, regional, and international investors and analysts to update our shareholders on relevant developments. As such, EITC's senior management was in frequent and direct contact with journalists, investors and analysts to provide input and context regarding the Company's financial position. Every quarter, the Company held analysts calls and where relevant, press conferences to communicate its quarterly and annual results, after disclosing them to the DFM. During these meetings, the senior management provided a clear overview of EITC's financial performance through presentations and Q&A sessions. We also held several analyst and investor calls and meetings to discuss, in detail, the financial and strategic position of the Company. The quarterly and annual analysts presentations are uploaded on the Company's website.

EITC assigned the task of shareholder relations to the Company Secretary to enable the shareholders to fully exercise their rights as well as to specify their rights to attend, vote and discuss the topics contained in EITC's General Assembly agenda, as well as their entitlement to receive annual and interim dividends and respond to their queries. As directed by the SCA, the Company continued to remind its shareholders to collect their uncollected cash dividends for the period upto 2015 and also provided SCA with the relevant reports.

EITC developed a website specifically for investor relations, which is periodically and regularly updated and contains the following:

- Annual and periodic financial statements as well as the annual reports.
- A number of mechanisms for stakeholders to submit their queries, comments and opinions.
- All reports related to financial results and presentations with their dates.
- General Assembly meeting minutes.
- Information about our Company's share price along with quarterly and annual dividends.
- Corporate governance reports.

- Ownership structure and ratios.
- Formation of EITC Board, Committees and Company's structure.
- Details of the approved dividends and dividend policy.

EITC has an allocated electronic application for smartphones (EITC IR) that enables shareholders to track the performance of EITC's shares, distribution of dividends and all disclosures relating to financial and non-financial statements.

To view the investor relations website, please visit the following link
https://www.du.ae/about-us/investor-relations

For investor inquiries or information about EITC's stock, financial reports or a related item, please email on :
Investor.Relations@du.ae

For all queries relating to shareholders' matters such as dividends, board proposals, shareholder resolutions, please contact the Company Secretary at the below contact details:
Email: shareholder.relations@du.ae; and Telephone Number: +971-4-5686000.

12.7 Special Resolutions passed by the General Assembly in the year 2021:

At the Annual General Assembly of EITC held on Thursday, 25th March 2021, one (1) special resolution was passed to ratify the voluntary contributions made to the community by EITC until the year 2020. Additionally, AED 3,700,000 was approved by the shareholders as voluntary contribution to the community to be made in 2021.

12.8 Company Secretary:

Ali Al Ali acts as the Company Secretary of EITC since 2020. He is also the Chairperson of the Insiders Committee of EITC.

He holds an LLM-International Business Law from Universite Pantheon-Assas (Paris II), Bachelor's degree in Law and Economy from Al Jazeera University in Dubai and Bac +3 in Legal and Commercial translation (French – English- Arabic) from Universite de Toulouse (III) "le Mirail" in France. He has also received a Board Secretary certification from Hawkamah, the Institute of Corporate Governance. He has more than 17 years' experience in the fields of governance and shareholders' affairs. Prior to joining EITC in 2010, he had held several positions at Dubai Real Estate Corporation and TECOM Group.

The Company Secretary performs his tasks and functions in accordance with the SCA Corporate Governance Procedures and as directed by the Board and is independent from the Company's management.

12.9 Statement of the major events and important disclosures that took place in 2021:

- Limit to own shares of EITC increased to 100% for UAE nationals and 49% for non-UAE nationals
- Announcement of the financial results along with the integrated report for the year ended on 31 December 2020
- Annual general assembly held virtually/ remotely at which shareholders approved dividend distribution of AED 0.28 per share for 2020 and also approved the reconstitution of the Board of Directors of EITC for its 6th term
- Appointment of Ms. Hassa Abdulrazzaq Balouma and Mr. Atish Shashinath Gude as directors of EITC to replace Mr. Khaled Mohamed Balama and Mr. Mohamed Saif AlSuwaidi

- Election of Mr. Mohamed Hadi AlHussaini as the Chair of EITC for the 6th term of the Board (effective 25th March 2021)
- Election of Ms. Sara Awadh Musallam as the Vice Chair of EITC effective 25th March 2021
- Availing of the long term financing equivalent to AED 3,769 million for general corporate purposes and to support the Company's future infrastructure deployment.
- Confirmation of Mr. Fahad AlHassawi as the Chief Executive Officer of EITC
- Payment of AED 0.10 per share for the first half of the year 2021 as interim dividend (in accordance with the Dividend Policy)
- Appointment of Mr. Abdulla Khalifa Belhoul to replace Mr. Mohamed Hadi AlHussani effective 6th October 2021
- Election of Mr. Malek Sultan Al Malek as the new Chairman effective 6th October 2021
- Monthly announcements to the shareholders to collect unclaimed cash dividends for the period prior to 1 March 2015 (in accordance with SCA directives)
- Announced quarterly financial results after the end of each quarter along with relevant press statements

12.10 Statement of transactions which were equal to or more than 5% of EITC's share capital:

During the year the Company did not make any single transaction with any related party which is equal to 5% or more of the Company's capital.

12.11 Statement of Emiratization percentage:

The Board sought to acquire young and motivated Emirati talents and this has contributed to achieving the Emiratization targets in the National Agenda for the UAE Vision 2021. This is achieved taking into consideration modern sciences in the field of innovation and communication technology which the young national cadre is equipped with, ensuring adequate training and a suitable climate is in place to build future leaders.

In 2021, we managed to achieve 40% Emiratization against a target of 38.5%. The Emirati attrition rate has been maintained at 6.9%. The targets were achieved by:

- Proactively ear-marking roles for UAE Nationals
- Hiring Fresh Graduates into permanent roles
- Introducing the Emiratization KPI for all CxO BSC
- Opening part-time opportunities for a certain demographic of UAE Nationals

EITC also managed to integrate the governmental mandates into its processes which aided in the alignment to the 160 job roles/families mandate. EITC has also ensured adherence to MOHRE & TDRA directives in regards to any changes affecting UAE nationals.

The Emiratization Percentage in the company from 2018 – 2021 is as follows:

Year	Emiratization Percentage
2018	34%
2019	35.9%
2020	37%
2021	40.2%

12.12 Statement of innovative projects and initiatives carried out or being developed during 2021 by EITC:

Showcasing solutions to empower UAE's government entities:

At GITEX Technology Week 2021, under the theme "5G in the Public Sector – The Future of Hyperconnected Government Services," EITC introduced new 5G innovations that empower key government entities in their respective digital transformation journeys and improve national infrastructure, including those that enable humanity, empower people, build better communities, and support the National Agenda and other strategic roadmaps such as UAE Digital Government Strategy 2025. GITEX 2021 enabled EITC to present its vision for hyper-connected smart community implementation and acting as a force multiplier for other new and innovative technologies. Alongside 5G, Artificial Intelligence (AI), multi-access edge computing, and cloud computing also form part of our strategy for overhauling public services provision.

Enabling small businesses in the UAE to grow their business

In 2021, EITC launched a new Business Starter Plan for specific enterprise customers across the UAE. This all-in-one solution will ensure that small businesses can capitalize on a host of simultaneous benefits such as seamless data connections with free landline calls, quick and easy setup, and greater cost-efficiency. This service aligns with the UAE's vision for advancing the national economy, with small enterprises a key driver for sustainable development and unlocking economic potential. Ensuring a business-friendly environment for every incumbent is a National Agenda imperative, and our Business Starter plan will uphold this mandate by facilitating smart services, support, transparency, and innovation.

Major milestone achievement as our 5G network becomes the fastest in UAE

EITC recorded a significant milestone in our 5G rollout strategy as our 5G network became the fastest in UAE. This achievement is the result of our efforts to drive the 5G agenda in recent times, with huge investments allocated to develop the 5G network, enhance performance and efficiency, and ensure customers avail the very best communication services. 5G is fundamental for enhancing the telecommunications sector and raising the country's global competitiveness, with sustainable infrastructure advancements and world-class connectivity for all topmost priorities.

Signature of the Board Chairman	Signature of Audit Committee Chair	Signature of Nomination and Remuneration Committee Chair	Signature of Head of Internal Audit Department
Malek Sultan Al Malek	**Sara Awadh Musallam**	**Khaled Abdulla Alqubaisi**	**Rashid El Sheikh**
Date:	Date:	Date:	Date:

Sustainability Report

How do we safeguard long-term value

1. Sustainability report

1.1 Sustainability at EITC

Our strategy and sustainability pillars

Our purpose is reflected in our vision statement – which is to 'add life to life'. This is also our approach to sustainability - how we seek to make our people and communities happier by delivering the benefits of ICT to everyone, and operating ethically and responsibly.

Today, we consider ourselves a leader and enabler for sustainability in the UAE. Through our technology solutions, environmental management, and social projects, we have been able to able to create a very positive impact on the UAE, its economy, its environment and its people.

We continue to be the official strategic partner of the Smart Dubai Office and the platform provider for Dubai Pulse. We are also a member of the Dubai Chamber of Commerce and Industry's Chamber for Responsible Business.

Over the past year, we have worked on our sustainability pillars to bring in more focus on areas that matter to our business, and our stakeholders. We have identified 6 specific areas, and corresponding Sustainable Development Goals, that can strengthen our sustainability impact in the years to come.

Our Purpose	Our purpose is to build a sustainable and responsible business by connecting and enhancing lives.		
	OUR PEOPLE	**OUR PLANET**	**OUR CUSTOMER**
Sustainability Objectives	Make people & society happier	Operate ethically and responsibly	Deliver the benefits of our services to all
Priority focus areas	Employee eng. & wellbeing	Environmental footprint	Customer happiness
	CSR-Community wellbeing	Data privacy and security	Technology for good
Priority SDGs	8 DECENT WORK AND ECONOMIC GROWTH; 3 GOOD HEALTH AND WELL-BEING	9 INDUSTRY, INNOVATION AND INRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	9 INDUSTRY, INNOVATION AND INRASTRUCTURE; 17 PARTNERSHIPS FOR THE GOALS

One of these areas (CSR-Community wellbeing) – we have further segmented into areas that form the foundation of our CSR and community policy. In 2021, we have focused almost all of our CSR and community interventions in these 4 areas. We will continue to work on this sustainability framework in 2022.

Digital skills & wellbeing Designing programs to educate specific segments of the UAE community to learn digital skills for a better future, and to use the internet safety	**Innovation** Driving innovation in the UAE community to create a positive social impact. Girls in ICT,STEM
Cohesive society & National priority Strengthening social cohesion and inclusion in the UAE by celebrating important days and occasions, such as Mawaed Al Rahman.	**Empowerment** Empowering specific segments of the UAE community through various educational initiatives

1.2 Our stakeholders and material topics

Our priority stakeholders, for the sake of understanding our sustainability impact and material topics, include: our employees, investors, customers, media, suppliers, and other organizations. We engage with them frequently to understand their concerns and requirements. Based on our previous stakeholder engagement study which was conducted via online surveys, our material issues remain the same.

These material issues have been plotted in a materiality matrix. This has helped us identify the topic boundaries and the content of our sustainability report. The material issues that have been identified as part of our stakeholder engagement process also help us prioritise the UN Sustainable Development Goals and targets that we are able to influence and contribute.

Our stakeholders

- Employees
- Investors
- Chairman & BOD
- Customers
- TDRA

- Other regulators/control bodies: SCA. DFM
- Government
- Main business partners
- Media

- Community
- International ICT organisations

For each of these material topics, the impacts (boundary) occur for most of our key stakeholders, which are our employees, investors, customers, media, suppliers and the general community. This report aims to capture our performance against our sustainability strategy, material sustainability topics, and the prioritised Sustainable Development Goals.

Level of concern to stakeholders

Most important			Privacy and security of customer data	Customer satisfaction and happiness Innovative products and technical services
Very important	Management of our electronic and hazardous waste	Health impact of our base transceiver stations/signal towers Energy-efficiency measures and/or increase in usage of renewable energy sources	Employee wellness, happiness and safety Employee training and development opportunities	Good corporate governance and business ethics
Important	Management of our greenhouse gas emissions Management of our office waste	Equal opportunities for all Digital inclusion of all society members Human and labour rights principles	Efficiency in use of materials for our products and packaging Community needs and social development Education and capacity building incetinves	Marketing and advertising that is clear and not misleading Financial performance that delivers shareholder value
Somewhat important	Water conservation measures	Fair play in sourcing of goods and services, including use of local and SME suppliers	Enterpreneurs and SME development	
	Somewhat important	**Important**	**Very important**	**Most important**

Current / potential impact on business

2. Delivering the benefits of ICT to everyone

2.1 Customer experience

We are one of the biggest brands in the UAE, and every day, millions of our customers use our products and services to connect to what matters to them. Therefore, engaging our customers, and offering them the best connectivity and technology solutions is fundamental to what we do.

In 2021, our big focus was to improve the experience in our stores, especially for People of Determination. In collaboration with the Manzil Centre for Special Needs, we trained and certified all our retail agents to offer an exceptional customer journey. A key part of this training was to better understand People of Determination, and serve them with consideration and dignity. We have also introduced special discount/ offers and priority queuing in store for People with Determination.

During the year, we also greatly enriched the capabilities our digital channels to encourage customers to use self-serve. To offer further convenience to our customers, we have also increased our fleet management team to activate home services within the same day, thus reducing the waiting time for our customers. We have also revised our Enterprise service model to offer customized service based on customer's value, whereby our large and government accounts will be allocated dedicated service managers to manage after sale activities.

Today, our stores offer digital product catalogues in 7 different languages, not only enhancing the experiencing of understanding our products & services, but also minimizing waste and consumption of natural resources.

2.2 Innovative offerings

New Home Wireless Plan for unlimited instant internet

In 2021, we launched our new Home Wireless Plan which will enable customers to get unlimited instant internet via a plug and play service with immediate activation. New du Home Wireless customers will receive a router with internet connection and a 12-month complementary Amazon Prime subscription. With various telco services continuing to rise in popularity, our standalone Home Wireless plan supports several standard activities across work, home, and entertainment, including video and music streaming, social media, web surfing, and email and office work.

New prepaid plans

At the start of 2021, we announced the launch of the new 'Flexi' and 'Easy' prepaid mobile plans to offer customers the freedom to choose a plan that best suits their individual preferences. The main features include full customization of voice and data packs, free unlimited calls to a favourite number, free unlimited voice and video calls through with select options, and a comprehensive digital experience on the du app.

Business Starter Plan supporting small businesses

We now have a new Business Starter Plan for specific enterprise customers across the UAE. Following increased demands from the home office, small office, and small enterprise customers for fixed services nationwide, our all-in-one solution will ensure they capitalize on a host of simultaneous benefits moving forward, including seamless data connections with free landline calls, quick and easy setup, and greater cost-efficiency. This latest news aligns with the UAE's vision for advancing the national economy, with small enterprises a key driver for sustainable development and unlocking economic potential. Ensuring a business-friendly environment for every incumbent is a National Agenda imperative, and our Business Starter plan will uphold this mandate by facilitating smart services, support, transparency, and innovation.

2.3 Network infrastructure

Inspired by a shared vision to drive digital transformation through 5G, du will support InfraX and Digital DEWA with 5G use cases integration for operational purposes. With boosting efficiency and reducing water and power supply industry costs topmost priorities in the years ahead, the two parties will deliver on these obligations by automating related processes through the use of robots and drones. With these key enablers set for immediate implementation, project deliverables will subsequently be met through a series of 5G network features and functionalities, including cloud-based artificial intelligence (AI), intelligent power distribution systems, edge computing analytics, thermal cameras, site inspections, video streams, and live broadcasting.

During the year, we also signed an MoU with Nokia to identify and develop new 5G use cases for enterprises in the UAE. These use cases will focus on improving operational and cost efficiency through digital transformation for various industrial sectors including manufacturing, transport, shipping, aviation, energy and health across the UAE. Together, are working towards accelerating enterprise 5G use case development and enabling UAE enterprises to experience the future on our 5G network.

In 2021, our team also engaged in a number of activities to educate students and give them the opportunity to be a part of the growing telecom and technology industry. For example, we supported Ericsson's UAE Together Apart Hackathon that sought solutions from students in areas such as Sustainable Environment & Infrastructure, Safe Public and Fair Judiciary, Health Care, and Education. We also partnered with the UAE university to enhance technological research facilities at their lab.

2.4 Digital transformation

New data centers to support digital transformation projects

Last year, we opened two new data centers that will equip enterprises across the UAE with next-generation digital infrastructure. Kizad Abu Dhabi and DSO Dubai will support clients' digital transformation aspirations and accelerate deployment providing agile, resilient, secure, and scalable solutions. The introduction of these facilities forms part of du's commitment to expand its nationwide data center footprint and provide local businesses with the infrastructure their workloads require in the evolving digital landscape.

Empowering UAE government entities at GITEX

Under the theme "5G in the Public Sector – The Future of Hyperconnected Government Services," we introduced attendees and audiences at GITEX 2021 to a range of new 5G innovations that empower key government entities in their respective digital transformation journeys and improve national infrastructure. Alongside 5G, Artificial Intelligence (AI), multi-access edge computing, and cloud computing also form part of our strategy for overhauling public services provision. Our showcases at GITEX 2021 highlighted vast potential of 5G, shedding light on the empowering benefits that new and future use cases will deliver to government entities and enterprises across various industrial sectors. These included 5G Smart Grid, 5G Smart Mining, 5G Smart Policing, and 5G CCTV activation, as well as 5G Gaming, 5G Live, and 5G Future.

Dubai Pulse platform

In 2021, we were selected as the cloud service provider of choice for Watani Al Emarat Foundation, the social development programme promoting UAE national identity and good citizen practices across the local community. As digital transformation acceleration continues, presenting organisations from all verticals with new and sustainable operating capabilities, Watani Al Emarat Foundation is now pursuing its vision for achieving increased scalability, performance, data security, and cost savings through new initiatives and IT services implementation on the cloud.

2.5 WiFi UAE

WiFi UAE offer free nationwide WiFi access for everyone in the UAE. As of today, approximately 3.75 users have used this service across 500 locations in the country. To ensure everyone in the UAE is able to benefit from WiFi UAE, we have extended it to all Dubai Metro route stations and trains.

We have also launched WiFi UAE services in 145 Expo Buses offering free 50Mb for each user per day in addition to the daily (5AED) and the weekly bundle (25 AED) for high speed and unlimited data with pay with du account feature, credit card and du recharge cards.

3. Making our people and communities happier

3.1 Digital wellbeing

In 2021, we announced a new strategic approach to ensure the digital well-being of specific segments of the UAE community. In line with the telco's enduring purpose to build a sustainable and responsible business by connecting and enhancing lives, the coming two years will see du work closely with two key groups – children and people of determination across the country.

Our digital well-being efforts will also support the UAE Digital Government Strategy 2025, particularly the 'Leaving no one behind' dimension. By promoting accessibility, transparency, and accountability, du will help to ensure inclusiveness while overcoming digital divides with a special focus on children and people of determination – two groups identified as vulnerable from the outset.

As part of du's efforts, a series of programs will be delivered that offer comprehensive education about how to use the internet safely, simultaneously serving as platforms that empower residents to learn essential digital skills and position themselves for a better future. This latest move is a continuation of the brand's long-standing sustainability commitment to operate responsibly and deliver ICT benefits to everyone, and will support key deliverables part of the UAE Digital Government Strategy 2025.

As such, we have prioritized actions that will tackle such issues that children and people of determination face with a multi-pronged approach that shall include:

- Collaboration with specialized training centres to empower people of determination with digital skills
- Delivery of e-safety education and awareness for children to enhance their cyber safety skills.

3.2 Community projects

Supporting charities in the UAE

With access to millions of residents in the UAE, we have an outreach that can be very powerful when it comes to doing good. One of our biggest contributions to the social development of the country is to offer free SMS broadcasts to UAE's registered charitable organizations. These SMS broadcasts are used to raise funds for specific campaigns, and also to raise awareness for certain social issues. In the past year, the SMS broadcasts have resulted in significant monies donated by our customers which are then transferred to the charities to support their projects completely free-of-cost to them.

Ramadan campaign gives back to the wider UAE community

This Ramadan, we supported four prominent charitable organizations in the country to raise funds from our customers and employees. We also matched the amount donated by our staff to double our impact. These organizations include UNICEF, Dubai Cares, Tarahum Charity Foundation and UNWFP. The causes by each of these organizations focused on vaccinations, education, healthcare and food for the underprivileged. We also teamed up with CAFU this Ramadan to support their blue collar workers by providing them with calling cards for them to connect with their families despite the challenges of the year and being separated from their loved ones.

In line with the enduring principle of sharing during the Holy Month, we also supported several small businesses owners through our social media channels under the theme 'Sharing for Good.' We promoted their respective business offerings and showcased the value they deliver to customers and the UAE community. Through this initiative, we empowered the small business community to share their ideas, make recommendations, provide insights, and showcase talent, serving as a force for good and making meaningful social contributions.

MyMaximus centre for determination

MyMaximus, a first of its kind vocational training centre in the GCC for people of determination aged 18 and above, has announced the opening of its first centre in Dubai. We were instrumental in setting up the ICT lab at MyMaximus by donating them computers, IT equipment as well as furniture to help create a comfortable and interactive learning environment.

Built with the theme of 'Learn and Earn' for the people of determination, the centre was born from the critical need for educational, vocational and job placement support for adults with mental disabilities in the UAE after their school years. The Centre is based on the model of inclusion, providing people of determination the support to learn and grow.

UAE Young Lions competition

Earlier in the year, we served as the client in the UAE Young Lions competition. This competition seeks to engage with young talent at creative agencies in the UAE to design a communication campaign around a specific topic. The topic that we assigned to all the creative agencies was Cyber Safety. A number of very unique ideas were suggested by the agencies which gave us a lot of material for our current digital safety campaigns. We look forward to engaging with more organizations in the future to raise more awareness and action around cyber safety.

Labour Day

To celebrate Labour Day this year, we hired a life coach to conduct a session on mental health and wellbeing for the blue-collar workers of our contracting partners. These include our office boys, cleaners, and security guards. During the session, we touched upon a lot of topics, especially those related to stress and anxiety which was a pressing issue given the pandemic and the fact that these individuals were away from their families for an extended period of time.

3.3 Youth empowerment

Our Youth Council aims to engage with young people in the UAE so they can explore various opportunities to thrive. In 2021, the Council was involved in a range of collaborative initiatives to add life to life for the youth at EITC.

Foremost among these was the collaboration with Abdullah Al Ghurair Foundation for Education (AGFE) that aims to empower Emirati and Arab youth by providing them access to online learning platforms, scholarships as well as upskilling and career readiness workshops and opportunities. Our Youth Council collaborated with AGFE through on-boarding one of their bright scholars, Salam Kitaz, a computer Engineering student from AUS who interned at our Technology and IT strategy department. Through this initiative, the Youth Council aims to contribute to our mission and vision of becoming a leading digital telco through on-boarding brilliant youth as interns that offer a fresh outlook, and consider innovative and different ways of performance.

With the goal of harnessing in the youth skills for basic and advanced emergency response and support professionals in crisis and disaster situations on a large scale, our Youth Council also partnered with the National Emergency Response Program "SANID" by organizing a three-day training course emergency response for over 30 employees to prepare nearly 100 young people in the company.

On the first National Coding Day that ran under the slogan of #UAE_Codes, the Council shed the light on the youth coders within the company to celebrate their achievements and contributions to a very critical field for EITC and the UAE.

As part of their focus in empowering talented Emirati youth in sharing their knowledge and expertise, the Youth Council invited Abdullah Alawadhi, an Emirati Engineer, certified personal trainer, advanced fitness nutritionist, and a certified body specialist to share his knowledge and expertise to our employees on World Food Day on 'clean eating'. The event was attended by over 50 youth from EITC.

With the engagement of our Youth Council with the Ministry of Industry and Advanced Technology, one of our young colleagues was nominated as one on the four Emirati candidates from different national entities to represent UAE at General Assembly of the International Electrotechnical Commission (IEC) Young Professionals Programme, an international programme that focuses on shaping the standardization at an international level, which was held in the UAE and organized for the first time in the region.

In collaboration with Watani Al Emarat Foundation, four of our employees were selected through the Youth Council to join the UAE National Identity Ambassadors 2-weeks program where they became certified Ambassadors of the UAE Identity, now delivering the same content on national identity to various school students across the UAE.

3.4 Our Gender Balance Council

Our Gender Balance Council empowers women and promotes equality and inclusion within the organisation in line with the UAE agenda. We have taken an active approach to address the gender gap by continuously developing an environment that supports equality and empowers women throughout their professional progression.

This year, we strengthened a number of our policies including increasing paternity leave and aligning with the Government directives to enable working mothers with children below Grade 9 greater flexibility to work from home when children have to do online learning to create a more inclusive workspace. The new policies also cater the needs of all high-risk employees, such as, colleagues suffering from chronic illness, pregnant and senior colleagues who can work from home the full week.

In line with our vision and commitment to accelerate and advance our colleagues skill sets we have continued offering a comprehensive set of learning courses catering a full range of topics including unconscious bias training with the aim to integrate gender balance in the organisation's DNA. We have also collaborated with external agents to bring new opportunities of development and empowerment to our women colleagues and offered them the opportunity to join an international mentorship programme.

We announced the appointment of H.E. Sara Awad Issa Musallam as the Vice-Chair and Ms. Hassa Balouma as a member of the Board of Directors, making us the first GCC telco to achieve 20% women representation at board level.

In recognition of International Women's Day in March 2021, we held an internal webcast with Standard Chartered Bank where Rola Abu Manneh CEO of Standard Chartered Bank UAE, Anthony Shiner our Chief Customer and Channels Officer and Ehab Hassan Chief Human Resources Officer made their own personal commitments toward gender equality.

In support of International Day of Girls and Women in Science, we delivered ICT presentations in two UAE schools with the goal to spread awareness of the type of roles available within du specifically around technology and STEM. We aim to encourage and attract more girls to join the technology field and consider du as an employer of choice.

Our Gender Balance Council also supports #ChooseToChallenge dedicated to promote gender equality at all levels and acknowledges the work that still needs to be done, so that we can continue to make a positive change for current and future generations.

3.5 Education and awareness

This year, our focus was to build on our digital wellness strategy and help build capacity and awareness around cyber safety, especially for children and people of determination.

Our most prominent announcement in this space was the partnership that we initiated with UNICEF to promote online protection of children in the UAE. Being safe is a fundamental right of childhood. It is UNICEF's goal that every child must be protected from violence, exploitation and abuse on the internet. Our partnership with UNICEF will seek to help people – especially families and children - understand how to use technology in a meaningful, creative and engaging way while ensuring their physical, emotional and mental wellbeing.

Two other programs that marked the roll-out of our digital wellness strategy were the Injaz UAE digital wellbeing sessions, and the EdComs digital awareness program. With Injaz UAE we are virtually speaking to young children (between Grades 2 and 5) how they can enjoy the internet, but stay safe at the same time.

This program is being run by our volunteers. With EdComs, we will be reaching out to older children to teach them more about internet safety and awareness through a digital platform. Using scenario-based learning, this platform will be introduced in 10 schools in the UAE.

We organized our first digital wellbeing summer camp where we invited children of EITC staff members to virtually join a series of classrooms that focused on building self-esteem and using the internet in a safe and productive manner. We received very positive feedback for this summer camp, and hope to build on this platform for greater impact in the future.

We brought the Emirates LitFest Student Edition to classrooms across the UAE as the communication partner and sponsor for the second year in a row. This year's 13th edition once again brought all corners of the UAE and some of the world's greatest writers together, with select sessions being live-streamed from the big Festival weekend at the InterContinental Dubai Festival City. In addition to its partnership capacity, we provided network support, required infrastructure to enable streaming sessions during the event.

3.6 Emiratisation

We support Emiratisation by attracting the best talent, offering them various learning opportunities, and providing development initiatives that support career growth. From 2017 until 2021, our Emiratisation rate has increased by 7.7%. In 2021, Emirati talent comprised 40% of the workforce (37% in 2020), of which 51.7% were women. 47.3% of our senior leadership team are Emirati.

In 2021, we kicked off our very first Huawei Internship Development Programme for our graduate trainees in Technology. The programme focused on topics such as 5G and Cloud. In addition, we offered more than 100 individual trainings to our UAE nationals, some of which were professional certifications. During the year, we launched the Harvard Management Programme for Specialists, Managers and Directors. The programme was launched exclusively for UAE Nationals at first, giving them the opportunity to learn leadership and interpersonal skills that can support their career development in the workplace.

We continue to participate physically and virtually in multiple university and National Career Fairs such as Careers UAE 2021 and the American University of Sharjah Career Fair. We have extended our support to universities by offering virtual internship programs.

In 2022, our focus is to customize specific career development programs and opportunities for UAE Nationals at Specialist, Manager and Director levels, while focusing on bridging skill gaps through mentoring and coaching. We will continue to expose UAE Nationals to secondment programmes and international practices through our respected partners.

In addition, we will re-launch our Graduate Trainee Programme in a more agile manner. We will be using a blended approach of learning, providing opportunities to rotate across different business units and expose the trainees to new emerging technologies and on-the-job projects.

3.7 Employee wellness and engagement

The concept of workplace wellness has significantly changed over the past two years, and we at EITC must continue to respond to the changing world to offer the best working environment to our people.

We are supporting the national vaccination campaign, which is currently underway across the UAE in line with the directives of the country's leadership. The program represents the latest phase of nationwide efforts to overcome the ongoing pandemic, with du providing its employees the opportunity to participate in the nation's vaccination drive to ensure the health and well-being of its employees. As of 31 Dec 2021, 96% of du's workforce has been vaccinated, emphasizing its unwavering commitment to the welfare of the local community.

Our biggest sports win in 2021 was the Corporate Sports Championship. Our EITC colleagues defended our 1st place position and brought back the Corporate Sports Championship trophy – the "Shield of Excellence". More than 1,000 male and female employees from 26 companies were participating in the 2-day event. We had a total of 18 sports including paddle tennis, football, cricket, badminton, swimming, archery, chess, fitness challenges and much more.

Our Dragon boat team also won a position at the Dragon Boat 2021 competition. We faced tough competition from many corporate teams, but we pushed hard to ensure we had a position on the podium. We concluded the year with our first in-house vertical marathon. We challenged our staff members to race up 39 floors and we were surprised with how quickly they completed this challenge.

Earlier this year, our Wellness team collaborated with the UAE University for a research study to understand the effects of workplace exercise and physical activity on cardiometabolic health. We had hundreds of our colleagues participate in this unique study and also benefit from the health & fitness interventions. The initial part of the study has been published on the prestigious British Medical Journal Open website.

We collaborated with our medical insurance company to virtually invite a range of doctors and specialists to speak to our staff about pressing health-related issues such as mental wellbeing, heart health, breast cancer, diabetes and more. These fortnightly wellness sessions were very well received by our colleagues. We also organized a very valuable Healthy Heart Campaign with a healthcare provider to assess the heart health of our staff members and their family members.

One of the key internal platforms we introduced this year to add happiness to the professional lives of our employees was 'Mashkoreen'. This is a digital platform that allows our staff members to recognize and thank other colleagues for anything they may have done at the workplace. The platform has blossomed into a space that encourages gratitude, appreciation of others and a genuine sense of togetherness while at work.

3.8 Learning and growth

At EITC, we offer training programmes for all our colleagues at various career stages to encourage them to strengthen their areas of expertise, build new skills, and create their learning and development paths.

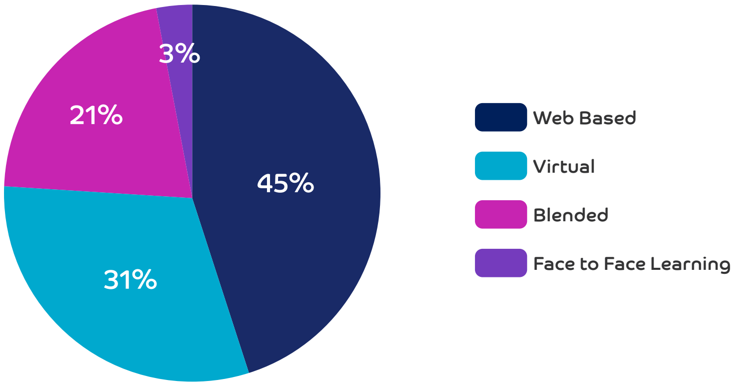
In 2021, 100% of all EITC employees were exposed to some form of learning and development, with the average time of learning received per employee at 16.85 hours and 70% of employees completed non-mandatory learning. We commenced the year by completing an organisation-wide learning needs analysis, which led to the development of a company-wide learning plan that aligned with our business needs.

As part of our strategy, we focused on upskilling different teams in the organisation on Agile methodologies through online and virtual session (1314 participants attended 67 different digital courses). The focus was on IT, as 77% of the department received 1 or more trainings on Agile.

Leveraging our 'My Journey' platform, the majority of learning was web based, which reinforced the notion that individuals can learn any time anywhere, with learners having access to web-based, bite-sized and virtual training. Overall a total of 54,043 training hours were completed, with the majority of learning being web based (45%).

Towards the end of 2021, we recognized 254 learners, who were committed to self-learning, and embraced the learning culture wholeheartedly. During the year, 100% of our employees received regular performance and career development reviews.

Learning type



This year, we continued with the Harvard Manager Mentor Programme which was delivered to 3 different groups:

1. the Harvard Leadership accelerator programme for Directors (21 graduates)
2. the Harvard Management Essentials for managers (99 graduates) and
3. the Harvard Personal Development Programme for Specialists (78 graduates).

Furthermore, we provided executive development by partnering with Emeritus, an organisation that collaborates with more than 50 top-tier universities across the world. Currently 30% of our executive group are enrolled within different programmes.

Part of our transformation is to focus on enhancing our Customer Experience, and as a result, all of our contingent workers have full access to My Journey, which contributes to their development. In addition, we also focused on our Customer facing team, and 112 individuals were trained

In 2022, we will continue to re-align the training with the overall company strategy, and prioritize learning based on company needs. We will continue to provide quality digital learning content across all business units with a focus on technology, culture, agility, leadership and career development; furthermore, we are also planning to launch a bespoke leadership development initiative for our identified talents.

3.9 Event experiences

Our focus during 2021 was to continue to build strategic partnerships, and enhance our events & activations experiences for our audience. The brand segment developed a 5G & Network strategy this year where we added value in bringing the network experience on ground in partnerships with Mubadala Tennis World Championship & UAE President's Cycling Cup. Wellness activities such as Tough Mudder & Spartan race were other initiatives where we communicated our 5G message on ground.

In the digitization era, we believe events & partnership are not constrained to on ground & physical experiences only, that's why we worked closely with Emirati developed digital applications such as "Drivu" to bring a customer rewarding experience through our 5G communication under a slogan of "your coffee is on us". At GITEX 2021, under a theme of "Technology, powered by humans", we worked with Dubai World Trade Center, and technology partners to develop a futuristic, efficient, effective, and sustainable experience.

To commemorate the UAE National Day, we celebrated the occasion with our internal staff through multiple UAE themed initiatives that celebrated our unity, culture, & togetherness. We participated in the first post pandemic Dubai Career Fair providing Emirati youth with an opportunity to be part of our family.

We focused heavily on sustainability initiatives within our event planning process. We successfully utilized 70% of our stand structure for GITEX 2021 from the previous year's stand. We ensured that the materials used for our on ground branding are reused and repurposed for multiple activations throughout the year without affecting the customer experience or journey.

In 2022 we continue to strive to provide the best on ground experience for our customers through innovative ways and with a focus on a sustainable approach to on-ground activations. We will also continuously work with our partners through sponsorships to add value to various segments of the UAE community.

3.10 Employee benefits

We offer a range of benefits to our full-time employees that help build a workplace that is positive, engaging and inclusive – this is why we are considered as an employer of choice in the market. During the year, we reviewed and maintained our employee benefits across all career bands and levels to stay in line with the local market. During the pandemic we were quick to launch our work-from-home initiative enabling employees to work in the safety of their home, and ensure business continuity. This was complemented by a number of health-related benefits, as well as vaccination and PCR facilities at the office.

Our benefits enable our full-time employees to achieve a positive work-life balance by offering them flexible timings, in-house facilities such as a gym, pool and clinic, as well as monetary benefits such as telecom discounts, airfare, education allowance and complimentary discount programmes. Rewards schemes such as spot awards are regularly exercised to engage and recognise employees who walk the extra mile in delivering their accountabilities.

3.11 Diversity

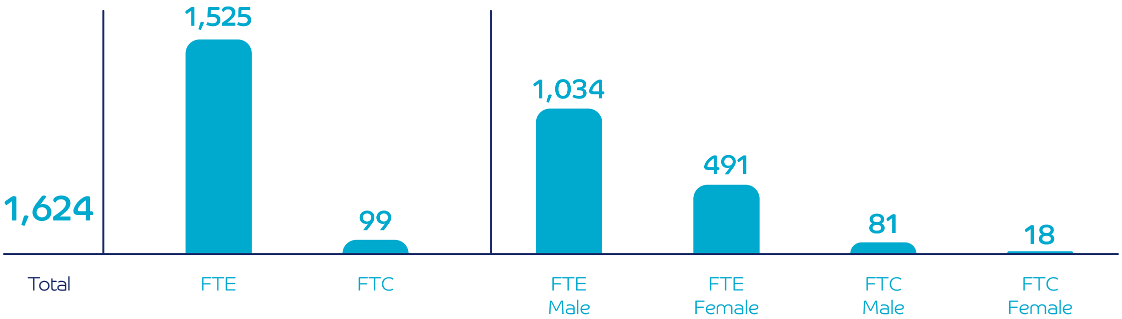
We are a very multicultural company - we employ people from ABC different nationalities, and we aim to create amazing career opportunities for everyone. We also aim to be an equal opportunity employer that displays no discrimination regarding age, gender, colour or religion in our decisions to recruit or develop careers.

We support people of determination to build long-term careers at our organisation. We currently have four colleagues that have special physical needs at du:

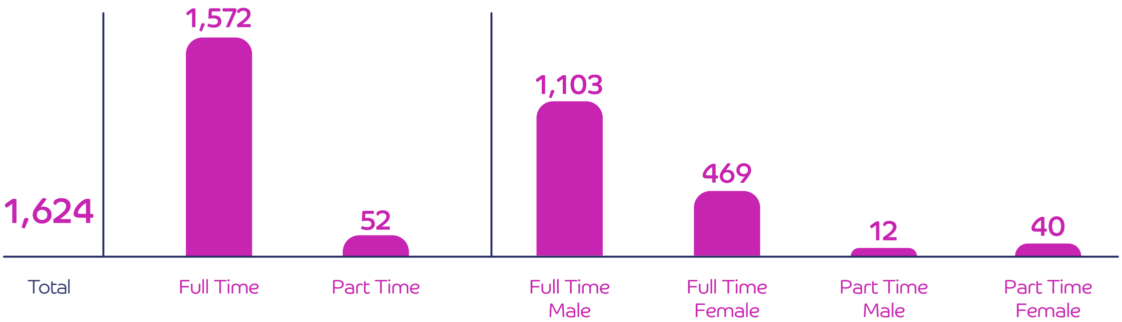
- One is working on reduced working hours
- One has been provided with visual aid to support the disability
- Two are working normal working hours similar to the rest of du colleagues

Diversity at du

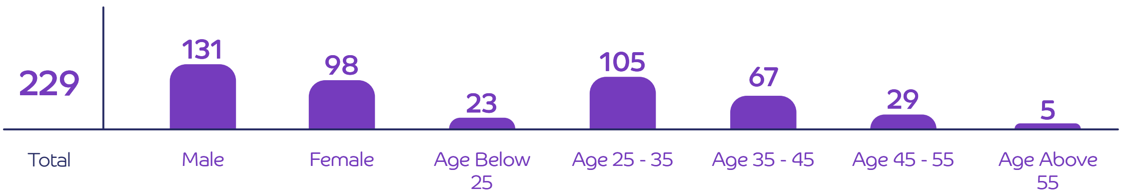
Total Number of Employee (full-time employee and full-time contractor by gender)



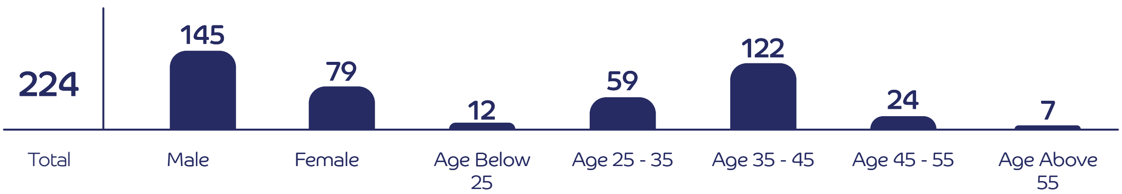
Total Number of Employee (full-time and part-time employee by gender)



Total Number of Employee Hired

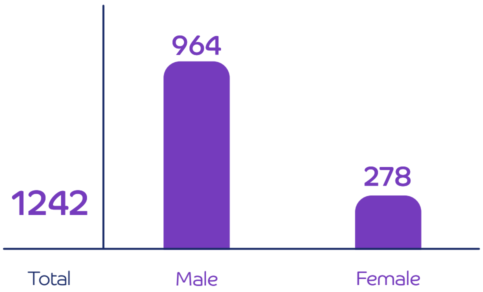


Total Number of Employee Turnover

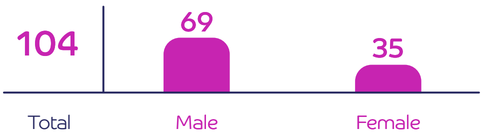


Diversity at du

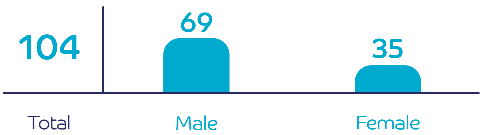
Total Number of Employee Entitled for Parental Leave



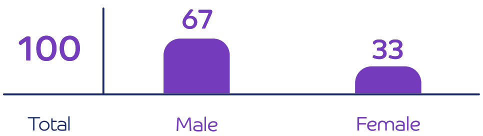
Total Number of Employee took Parental Leave



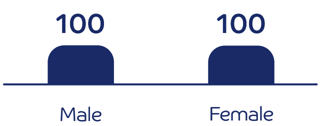
Total Number of Employee returned work after Parental Leave



Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender

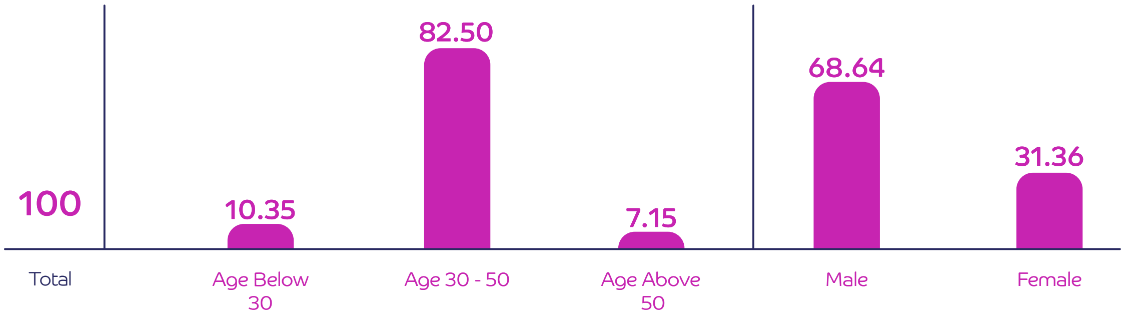


Return to work and retention rates of employees that took parental leave, by gender

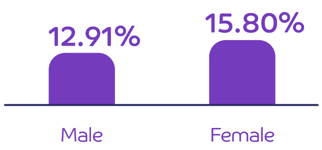


Diversity at du

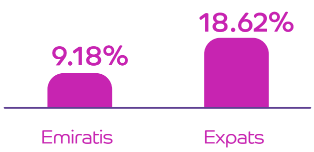
Percentage of employee category



Attrition rate by men vs. women

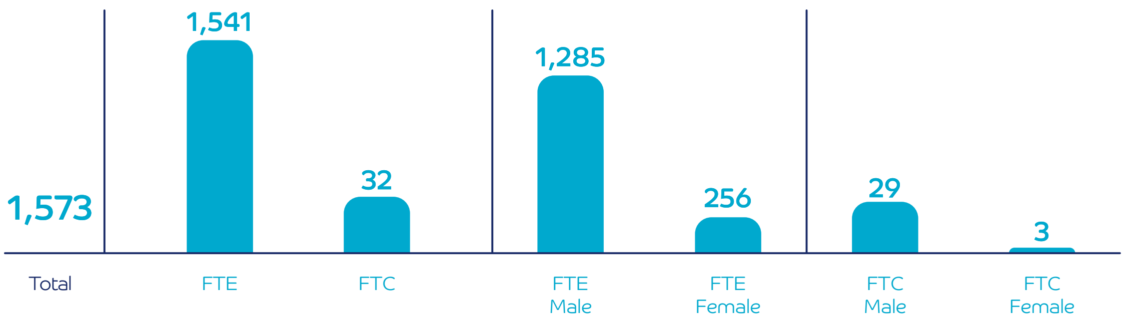


Attrition rate by Emiratis vs. expats



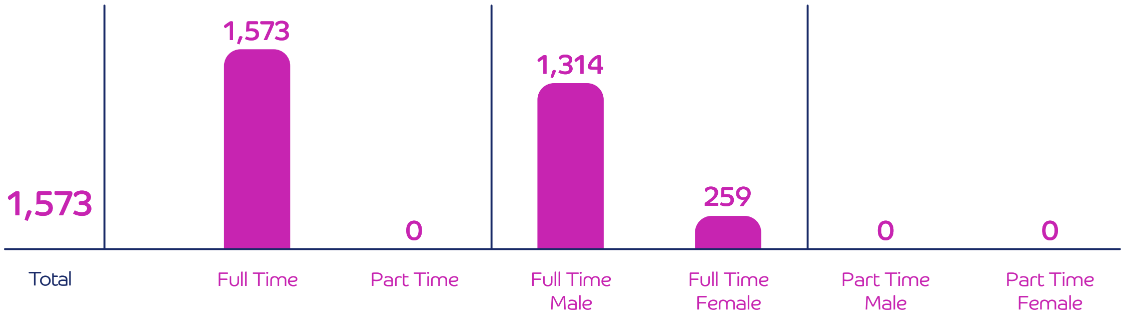
Diversity at Edara

Total Number of Employee (full-time employee and full-time contractor by gender)

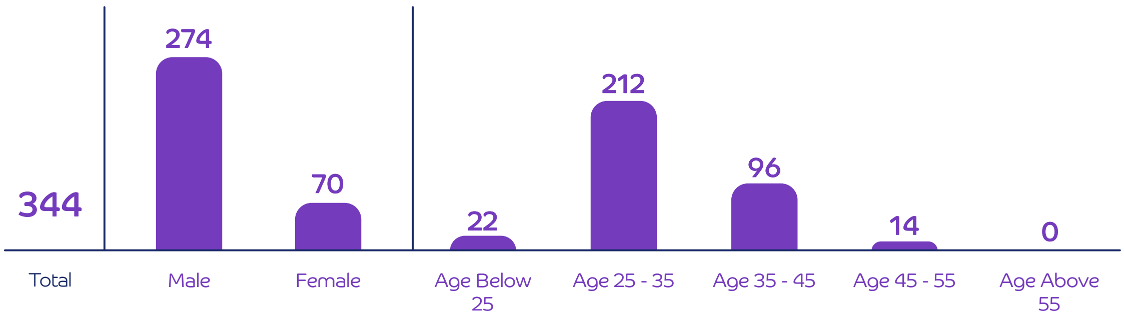


Diversity at Edara

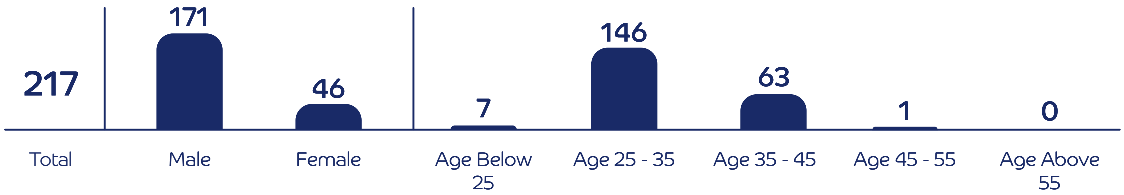
Total Number of Employee (full-time and part-time employee by gender)



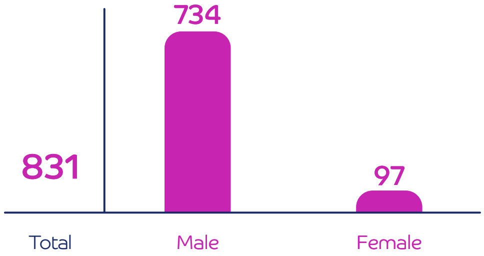
Total Number of Employee Hired



Total Number of Employee Turnover

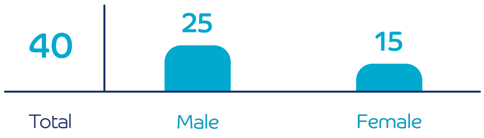


Total Number of Employee Entitled for Parental Leave

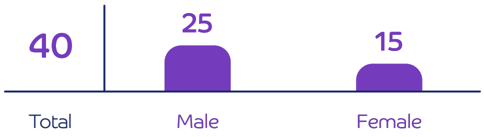


Diversity at Edara

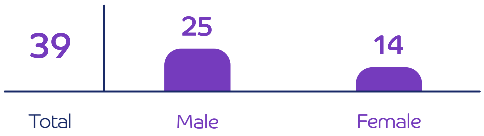
Total Number of Employee took Parental Leave



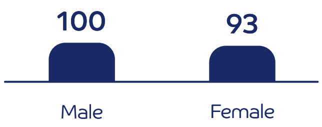
Total Number of Employee returned work after Parental Leave



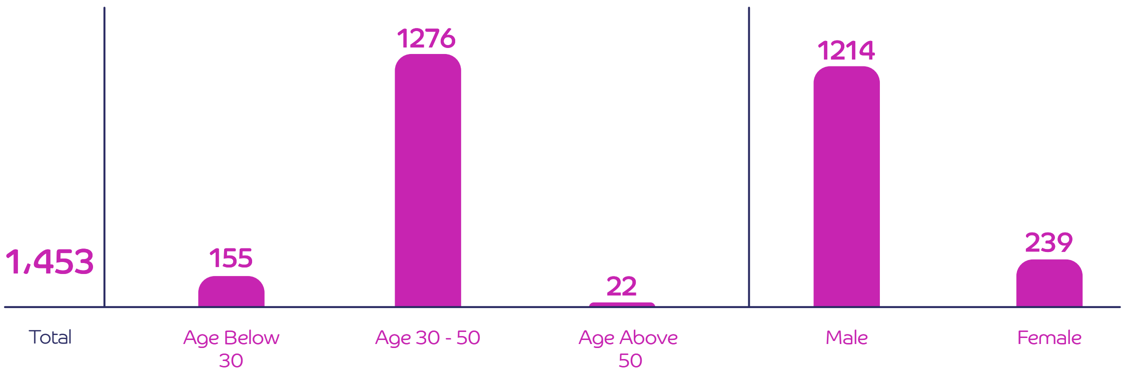
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender



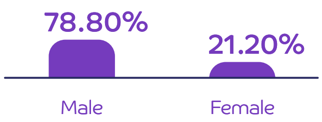
Return to work and retention rates of employees that took parental leave, by gender



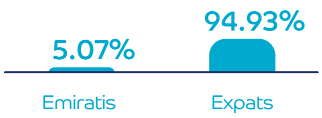
Percentage of employee category



Attrition rate by men vs. women

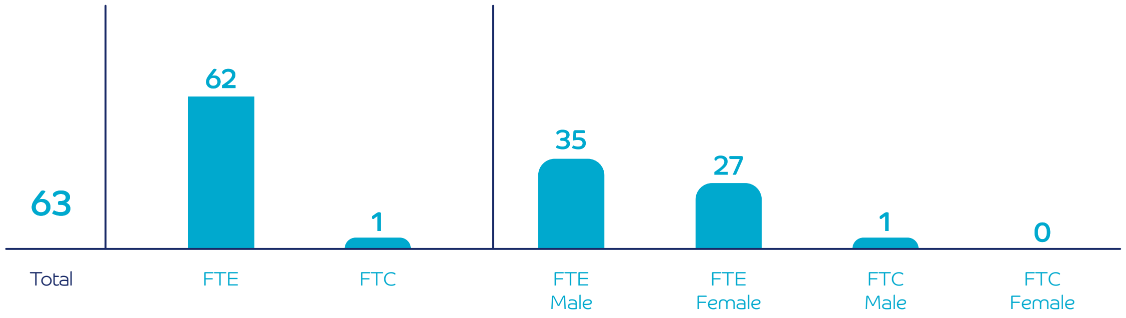


Attrition rate by Emiratis vs. expats

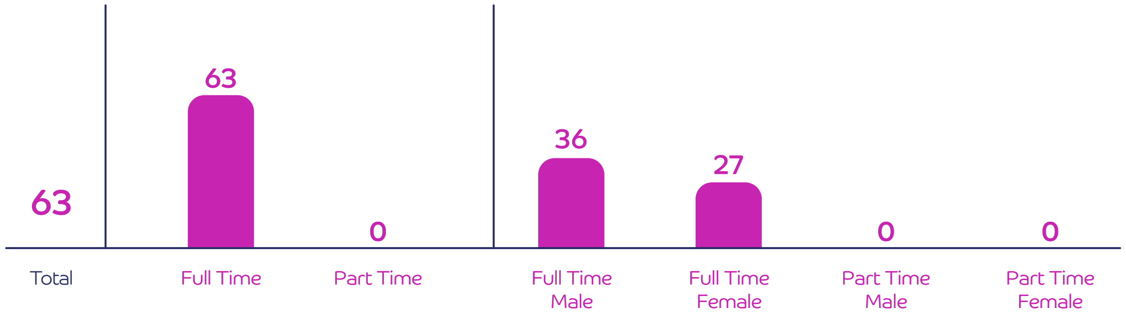


Diversity at Virgin ME

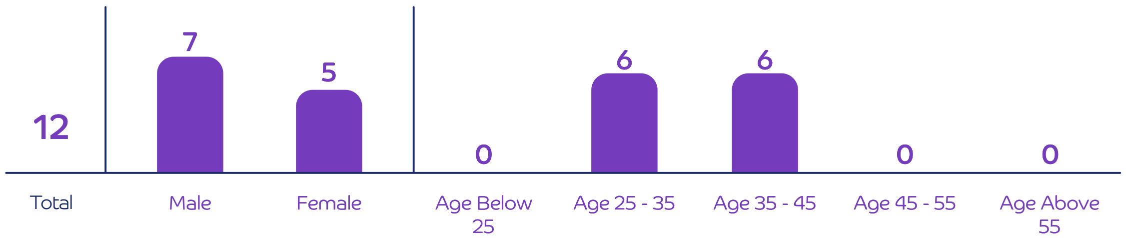
Total Number of Employee (full-time employee and full-time contractor by gender)



Total Number of Employee (full-time and part-time employee by gender)

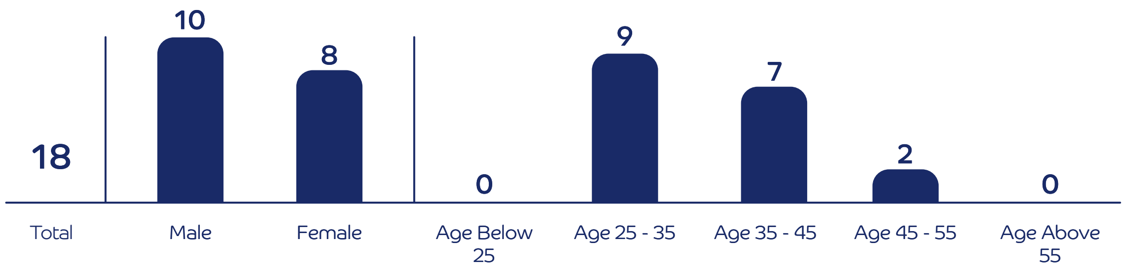


Total Number of Employee Hired

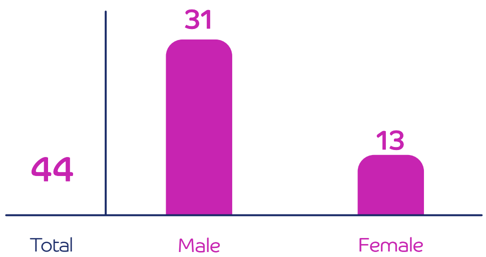


Diversity at Virgin ME

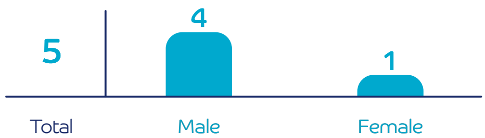
Total Number of Employee Turnover



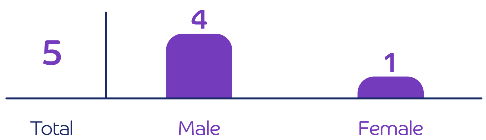
Total Number of Employee Entitled for Parental Leave



Total Number of Employee took Parental Leave



Total Number of Employee returned work after Parental Leave



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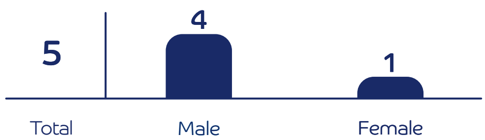
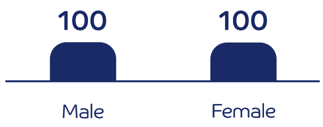
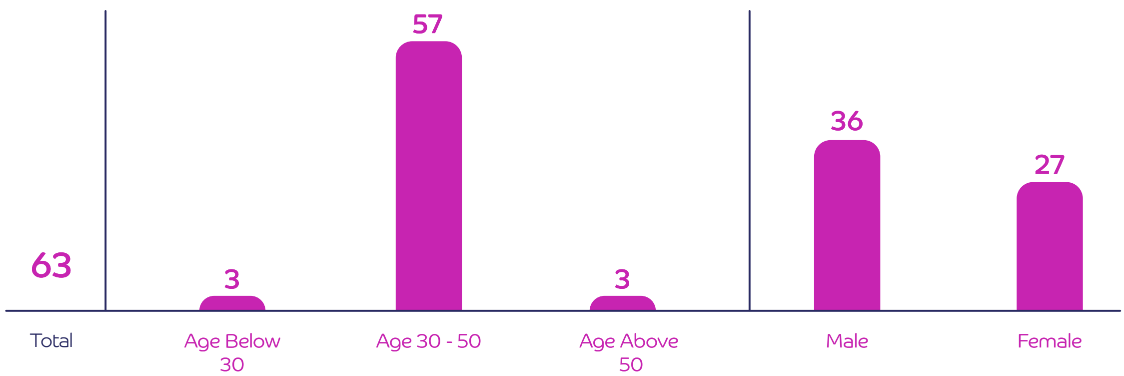


Diversity at Virgin ME

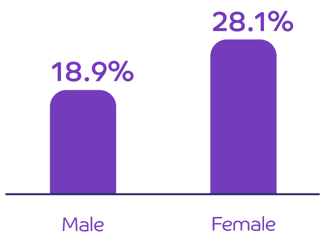
Return to work and retention rates of employees that took parental leave, by gender



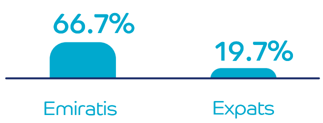
Percentage of employee category



Attrition rate by men vs. women



Attrition rate by Emiratis vs. expats



4. Operating ethically and responsibly

4.1 Energy-efficiency in our network

As we expand our network, i.e. the base transceiver stations and data centres, our environmental impact is bound to increase due to energy consumption,

To address this impact, we have invested in a range of energy- efficient technologies, such as:

Energy-efficiency hybrid generators

- At the moment, we have a total of 399 generator-run BTS sites – of these, 279 are running on normal generators, and 120 on hybrid generators (total annual consumption of more than 8.5m litres of diesel)
- Our hybrid generators help reduce diesel consumption by up to 40%
- To date our hybrid generators have resulted in diesel savings of approximately 1.79 M litres/year (a total carbon footprint reduction of 4,540 tCO2/year)
- There are additional 250 hybrid generators planned to be installed in 2022

Solar energy

- We have a total of 60 sites that run completely on solar panels which is a zero carbon solution
- To date our solar sites have resulted in total diesel savings of approximately 1.5M litres/year (a total carbon footprint reduction of 3,750 tCO2/year)
- There are additional 42 site planned to be completed in 2022

Free cooling systems

- Our free cooling systems reduce our energy bills by 15-16% per site by using the cooler air outside (during winters) to reduce the burden on air-conditioning
- To date, we have installed 1,100 free cooling systems in our mobile sites
- Free cooling systems have resulted in total energy reduction of approximately 7000Mwh/year (a carbon footprint reduction of approximately 3,500 tCO2/year)

Data centres

- Our latest state-of-the-art Nautilus data centres have been designed with the lowest achievable Power Utilization Effectiveness (PUE) of 1.35. This is better than the regional average PUE (1.8) by 25%. This results in significant energy reduction and hence reduction in CO2 emission.

4.2 Energy-efficiency in our non-technical sites

We have shops, offices, warehouses and call centres that consume energy, and we employ a number of electricity reduction strategies to address our sustainability impact in these sites. In 2021, the occupancy at the office has been fluctuating based on COVID restrictions. The installation of variable frequency drive in the head quarter building helped in energy saving of 10% over the year. The retrofitting of the CFL lights with LED low wattage lights across office and retails resulted in energy savings of 11%. To date, our LEED certified stores located in Fujairah, Mirdiff and Me'aisem City centres have saved a total of 696,468 KWhr (AED 287,690). An overview of the energy and cost savings at our key non-technical sites can be found in the following table:

SL No	Site	Energy savings in kWh	% savings in energy consumption	AED savings in energy consumption
1	Offices - AST, DIAC 8, 9 & Hamdan (Baseline 2014)	1,828,093.40	35%	786,080.16
2	Retail shops - 37 Shops (Baseline 2018)	22,618.29	2%	9,725.87
3	Call center @ Fujairah (Baseline 2014)	37,181.21	7%	15,987.92
4	Warehouse @ DIP (Baseline 2017)	123,009.10	15%	52,893.91
5	Virgin office @ D3 (Baseline 2018)	11,647.20	10%	5,008.30
6	Al Salam Tower chiller energy saving (Baseline 2018)	207,717.72	10%	89,318.62

4.3 Greenhouse gas emissions

Virgin Mobile UAE - a subsidiary of EITC - achieved net-zero carbon emissions across all of its operations in 2021. During the year, Virgin Mobile UAE gathered and assessed the data to calculate its total emissions. The emissions calculations were used to create and implement sustainable processes for the year-on-year reduction of Virgin Mobile UAE's overall emissions.

The emissions of Virgin Mobile UAE that were offset during the year were:

- Scope 1: 34,275 kgCO2e
- Scope 2: 38,189 kgCO2e
- Scope 3: 2,691,765 kgCO2e

The following credits were purchased to offset the emission generated by Virgin Mobile UAE from its operations in 2020/2021 (2,764,228 kgCO2e):

- 50 CERs equivalent to 50 tonne(s) of CO2
- 1342 International Renewable Energy Certificates (I-REC), representing 1342 MWh of electricity generated from renewable sources
- 592 UK Trees in the North East

To further its mission to achieve a carbon negative footprint, Virgin Mobile UAE will also enable customers to track and offset their carbon footprint through the Virgin Mobile app.

4.4 Environmental initiatives

We marked UAE Environment Day in 2021 by showcasing our innovative Solar on Tower project. The first of its kind, this project uses the vertical space on the telecom tower to install 65 to 72 solar panels. For over 100 days the new design was functioning solely on solar power, achieving cost-effective results, reducing our environmental footprint and proving its capability to be scaled.

On World Environment Day this year, we planted 350 trees in collaboration with the One Billion Tree Initiative. Each of these trees was digitally dedicated to a staff member that would post on social media to raise awareness about World Environment Day. The One Billion Tree Initiative aims to plant one billion trees around the world by the end of 2025.

These initiatives were complemented by our participation in Earth Hour, where we supported Emirates Nature-WWF in the UAE to raise awareness of the importance of this day by sending a series of informative SMS' to all our customers. This had a very significant impact in prompting awareness as well as action towards being more mindful about environmental protection.

A large group of our staff members also volunteered for the UAE's biggest clean-up campaign in collaboration with the Emirates Environmental Group. Encouraging our colleagues to engage friends and family members for this activity, we were able to collect hundreds of kilograms of waste left behind by people that visit the Al Qudra desert in Dubai for picnics and camping.

4.5 Waste management

One of our biggest initiatives this year was to conduct a comprehensive waste audit and assessment by an external consultant who visited our offices, warehouse, retail stores, and technology sites. This result of this assessment will be a set of recommendations that will eventually be part of a strategy to significantly reduce our waste output. We have already put a few of these recommendations in actions, the results of which will be reported in 2022.

During 2021, our brand team has worked on reduced the sizes of both our SIM cards, and our scratch cards. These changes will have a significant impact on reducing our consumption of materials. For the 6.078 million units of SIM cards produced in 2021, we used 24 tons of paper and 29 tons of PVC plastic. For the 4.146 million units of scratch cards produced in 2021, we used 15 tons of paper and 834 kg of plastic. We continue our e-billing initiative to reduce printing and paper consumption. We continue to recycle our paper, cardboard and plastic used in our operations as can be seen in the graph below:

Recycling paper, plastic and cardboard

	2019	2020	2021
Paper (tonnes)	5.99	6.44	2.73
Plastic (tonnes)	15.48	10.04	8.61
Cardboard (tonnes)	15.19	10.49	4.77

During the year, to encourage our staff to recycle waste from home, we installed large recycling cages in our parking lots. We then arranged monthly internal competitions to award colleagues who would bring the most amount of recyclables from home. This initiative has been very engaging for our staff to better understand their waste impact, and what they can do to address it.

4.6 Grievance mechanisms

All types of grievances were captured and updated our database with full details about the case and final action that has been taken. All grievances are handled by a dedicated team within Human Resource in order to avoid any favoritism and ensure process compliance.

In 2021, we documented 11 employee grievances, 5 of which were related to employee performance appraisals, with the remaining related to other issues (discrimination, unfair treatment and harassment).

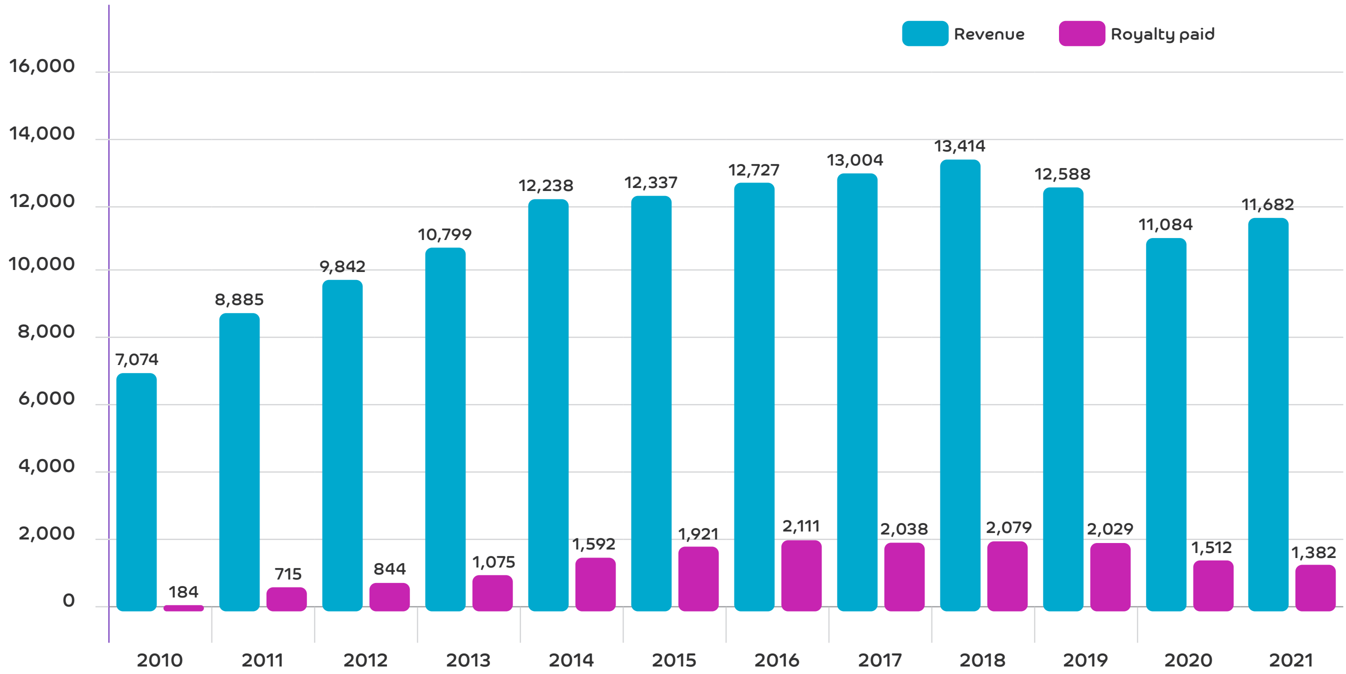
4.7 Radio frequency fields

We take the health of our customers and fellow UAE residents seriously. For this reason, our networks are fully compliant with a TDRA policy that governs the placement of mobile sites in public areas, and which defines the minimum distance of Radiofrequency (RF) radiation exposure. In addition, we ensure that our mobile sites align with the best international practices and standards, strictly adhering to global standards of health and safety. Our network fully complies with the strict regulations for emission guidance by the International Commission on Non-Ionising Radiation Protection (ICNIRP). We are also following a mandate from the TDRA to periodically measure the electric field of our towers and never have we measured any emission level that even exceeded a mere 1.3% of threshold level allowed by the ICNIRP.

4.8 Financial performance

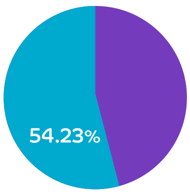
In 2021, we generated revenues of AED 11.68 billion. Our net profit after royalty amounted to AED 1.10 billion, equating to earnings per share of AED 0.24.

Since 2010, we have been paying royalties to the Government as per an official directive from the Ministry of Finance. In 2021, the royalty charge was AED 1.38 billion – year on year figures indicated below:

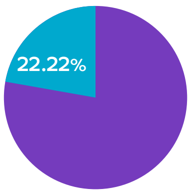


In addition to the royalty charges, as per a resolution issued by The Supreme Committee for the Supervision of the Telecommunications Sector, we contributed 1% of our total regulated revenue towards the Telecommunication Regulatory Authority's Information and Communication Technology (ICT) Fund. This Fund finances a range of projects to develop the innovation and knowledge capital of the country's ICT sector (in areas of research, education and entrepreneurship). In 2021 we did not receive any financial assistance from the Government.

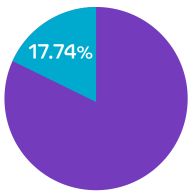
Percentage of economic value distributed (AED 6.22 billion)



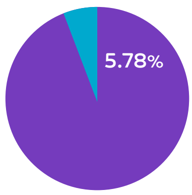
Operational expenses



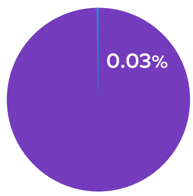
Royalty charge



Employee wages



Payment to Government



Community investment / Social contribution

The consolidated financial statements of the Company for the year ended 31 December 2021 comprises the Company – Emirates Integrated Telecommunications Company PJSC and its wholly owned subsidiaries EITC Investment Holdings Limited, Telco Operations FZ-LLC, Smart Dubai Platform Project Company LLC and EITC Singapore PTE. LTD. Our consolidated financial statements are audited by Deloitte and Touche (M.E.) and the published financial results are available on our website.

All entities included in the organization's consolidated financial statements or equivalent documents include:

Entity Name	Shareholding	Classification in consolidation financial statements
EITC Investment Holdings Limited	100%	Subsidiary
Telco Operations FZ-LLC	100%	Subsidiary
Smart Dubai Platform Project Company LLC	100%	Subsidiary
EITC Singapore PTE. LTD.	100%	Subsidiary
Dubai Smart City Accelerator FZCO	23.5%	Associate
Advanced Regional Communication Solutions Holding Limited (ARC)	50%	Joint Venture
Anghami (A Cayman Islands Company)	4.28%	Financial asset at fair value

Shareholder's structure

- The UAE Government, through its ownership of the Emirates Investment Authority, indirectly owns 50.12%.

- The Abu Dhabi Government, through its ownership of Mamoura Diversified Global Holding PJSC (formerly Mubadala Development Company PJSC) indirectly owns 10.06%.

- Dubai Holding, through its ownership of Emirates International Telecommunications Company LLC, indirectly owns 19.7%.

- The remainder of the shares are held by Public Shareholders comprising individuals who are UAE and non-UAE nationals and companies established in the UAE.

4.9 Responsible procurement

In 2021, we had more than 625 active suppliers and we sourced products and services worth AED 4.8 billion from them. More than 80% of these were local suppliers (i.e. companies with their headquarters in the UAE). We also worked with 8 Emirati SMEs during the year from whom we purchased AED 18 million worth of goods and services – an increase of AED 5 million as compared to 2020.

Our Sourcing Policy continued to help us manage the social and environmental impacts of our vendor base as it ensures that all dealings with our vendors are fair, competitive and without any conflict of interest. Our Sourcing Policy is complemented by our Sustainable Environmental Procurement Policy which obliges our current and prospective suppliers to complete our HSE requirements. We also continued with our Robotics Process Automation which uses artificial intelligence to create efficiencies in the way we work.

In 2021, 100% of our vendors conformed to our HSE screening criteria upon registration. We were not made aware of any significant negative environmental or labour impacts within our supply chain.

4.10 Health and safety

Our Occupational Health and Safety (H&S) system has been implemented based on mandates by the Government of the UAE and the updated ministerial Decree-Federal Law No.2 of 2011, Articles 21 and 22 in addition to the international requirement of OHSAS 18001 – ISO 14001. The system covers all our workplaces including: Offices, Call centers, Warehouses, Retail locations, Core sites, Data centers, POPs (Points of Presence), MDFs (Main Distribution Facilities), IDFs (Intermediate Distribution Facilities) and Mobile sites.

At EITC, the responsibility lies with each employee and or contractor to identify any hazard or risk that may affect one and/or others. It is the employee's / contractor's duty to either report such risks to his/her line management directly or to the HSE department within the organization. HSE Appointed Personnel assist in the investigation of incidents/accidents where possible. The HSE Department will collect all accident and incident related details for the investigation.

Our Hazard Identification Risk Assessment Process (HIRA) covers all our premises such as: Offices, call centres, retail shops, business centres, and warehouses. The risk assessment takes into account the internal activities and process that affect employees, as well as activities that affect contractors and visitors to our premises. All HSE related information is captured in our internal reporting and analysis system (Maximo).

The aim of our H&S system is to have each and every employee be aware of their safety and that of their colleagues. We provide continuous trainings, have established an emergency coordination program, and assign tasks and responsibilities based on emergency preparedness and response program, in addition to certifying our HSE team to lead established committees when required.

During the year, we partnered with SANID - the National Emergency Response Volunteer Program of the UAE - to provide basic HSE training and practices to 20 of our staff members. SANID provide the attendees a certificate valid for two years and a choice of taking advanced trainings upon request.

All our employees received medical insurance coverage from our insurance providers at various categories of benefits. This allows them access to a wide range of non-occupational medical and healthcare services. All workers under EITC and under direct or indirect supervision of EITC such as vendors, contractors, third party and/or any affected party link to the operations are covered 100% under our HSE management system and have to strictly adhere to all guidelines published, mentioned, captured and/or highlighted by anyhow within or outside eitc premises.

In 2021, among our employees, there were 14 reported work-related injuries and ill health - all incidents were related to health issues described in its best as stress. EITC has provided a hotline for mental wellbeing to offer support to all employees during the pandemic. The recorded number of incidents against total number of employees in the organization is 0.44%. Among our subcontractors, there was only one reported incident that occurred due to noncompliance on the subcontractor's part regarding our HSE guidelines. A person injured his leg while not wearing the required PPE. Corrective measures were taken, and no case was registered after the investigations. Overall, no serious hazard was reported last year, and corrective measures were taken to avoid future expected hazards.

4.11 Business continuity

To ensure that we continue to deliver our products and services at predefined levels during any instability, we have adopted a standard Business Continuity Management (BCM) system. This system enables us to build the required resiliency to protect our people, processes, facilities and technologies, as well as our customers, vendors, partners, regulators and contractors. Business Continuity Plans (BCPs), Disaster Recovery Plans (DRPs), Crises Management Plans and Simulations all contribute towards our efficient BCM system.

At the national level, we abide by the security obligations set by the Telecommunications and Digital Government Regulatory Authority (TDRA) through the National Telecom Emergency Management Plan (NTEMP), and National Crisis and Emergency Management Authority (NCEMA). In 2021, we successfully participated in several national simulations where we reflected the capabilities of our organisation to protect our assets and ensure the availability of services. In 2022, the aim is to embed the Business Continuity Culture across the organization and ensure that Business continuity is everyone's responsibility.

4.12 Business ethics

EITC seeks to conduct its business honestly and with integrity at all times. By encouraging a culture of openness and accountability within the organisation, we believe that we can help prevent malpractice or fraud related situations from occurring. We expect all employees to maintain high standards in accordance with our Code of Business Conduct and Ethics policy and raise any concerns related to malpractice.

We also have a whistle-blowing policy that ensure that our employees are confident that they can raise any matters of genuine concern without fear of reprisals, in the knowledge that they will be taken seriously and that the matters will be investigated appropriately and regarded as confidential. Concerns can be raised anonymously by calling 800 503 7283, sending an email to wb@duconcerns.ae 'or' through the website www.duconcerns.ae. EITC Concerns, a team of independent professionals run and manage this service, and they are in no way involved or affiliated with the day to day business. It is independently and confidentially run by a third-party.

4.13 Data privacy & security

It is extremely important for us to keep our customers' information safe and safeguard their privacy and security online. To ensure this basic, yet essential customer right, we have a dedicated function for 'Data Security and Privacy Management' within our Information Security and Risk Management (ISRM) department.

Our Data Security and Privacy Management framework and standards are based on the requirements of Telecommunications and Digital Government Regulatory Authority (TDRA), Consumer Protection Regulations (CPR), other UAE applicable laws from competent authorities and in line with industry standards like ISO 27001.

We continue to enhance our organisation-wide internal awareness of the importance of customer data and privacy requirements. In 2021, we revamped our current Data Security and Privacy Policy updated data taxonomy with all our business owners. We are working on Tokenization, Database Access Management and Privilege Access Management controls including User Access Governance platform to further secure our business.

4.14 Responsible marketing

We ensure that our marketing and communication campaigns are responsible, honest and friendly to our customers as this is what is essential to build a brand that is trustworthy. We give all our customers the choice to opt in or out from receiving our communication, and are not involved in the sale of any banned or disputed products and services. During the year, we received a warning from our regulator in relation to a partner that had conducted a WhatsApp campaign that contained inaccurate marketing claims. We promptly addressed this and instructed our partner to immediately cease and desist the WhatsApp campaign.


15
Years
Emirates Integrated Telecommunications Company PJSC

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated financial statements for the year ended 31 December 2021

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated financial statements
for the year ended 31 December 2021

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INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF EMIRATES INTEGRATED TELECOMMUNICATIONS COMPANY PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Emirates Integrated Telecommunications Company PJSC (“EITC” or “the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group’s consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities. 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 judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matters to the Audit Committee but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. On the following pages, we have described the key audit matters we identified and have included a summary of the audit procedures we performed to address those matters.

The key audit 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMIRATES INTEGRATED TELECOMMUNICATIONS COMPANY PJSC (continued)

Key audit matter

Revenue recognition and related IT systems

The Group reported revenue of AED 11.68 billion from telecommunication and related activities.

We focused on this area of the audit as there is an inherent risk related to revenue recognition given the complexity of the systems and changing mix of business products and services including a variety of plans available for consumer and enterprise customers, tariff structures, roaming and international hubbing ('wholesale') agreements, site sharing agreements, incentive programmes and discounts.

Due to the estimates made, complexities involved and judgements applied in the revenue process and the degree of complexity of IT systems and processes used, we have considered this matter as a key audit matter.

The Group's accounting policies relating to revenue recognition are presented in note 3 and details about the Group's revenue are disclosed in note 34 to the consolidated financial statements.

How our audit addressed the Key audit matter

Our audit procedures included a combination of controls testing, data analytics and other substantive procedures, but were not limited to the following:

- performing enhanced risk assessment procedures in response to the significant economic disruption associated with the COVID-19 pandemic and increasing audit effort to challenge whether the revenue recognition criteria adopted for significant revenue streams is appropriate and in accordance with IFRSs;
- obtaining an understanding of the significant revenue processes including performance of an end to end walkthrough of the revenue process and identifying the relevant controls (including Information Technology ("IT") systems, interfaces, revenue assurance and reports);
- testing the design and implementation as well as the operating effectiveness of the relevant controls;
- involving our internal IT specialists to test IT general controls, system interfaces, data/information reporting and application specific controls surrounding relevant revenue systems;
- reviewing significant new contracts on sample basis and the regulatory pronouncements, the accounting treatments adopted and testing the related revenues recognised during the year;
- performing data analysis and substantive analytical procedures of significant revenue streams;
- reviewing key reconciliations performed by the Revenue Assurance team;
- performing test of details on non-routine adjustments processed by management which are outside of normal billing platform;
- performing specific procedures to test the accuracy and completeness of adjustments relating to grossing up certain revenue and costs; and
- assessing the disclosures in the consolidated financial statements relating to revenue against the requirements of IFRSs.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMIRATES INTEGRATED TELECOMMUNICATIONS COMPANY PJSC (continued)

Key audit matter	How our audit addressed the Key audit matter
Federal royalty computation The federal royalty is a significant charge levied against regulated revenues of the Group and against operating profits, based on fixed percentages, as disclosed in Note 2.3 to the consolidated financial statements. The federal royalty charge for the year is AED 1.38 billion for the year with an accrual of AED 1.50 billion as at 31 December 2021. We focused on this area of the audit as the royalty calculations are subject to significant judgements, interpretations and assumptions in respect of the definition of regulated items, the determination of certain allowable deductions and allocated costs and the treatment of royalties on site sharing transactions. These are also subject to change from time to time as per the guidelines provided by the United Arab Emirates Ministry of Finance ("the MoF") are amended or as clarifications are received from the MoF. Accordingly, the computation of the federal royalty for the year ended 31 December 2021 is considered to be a key audit matter. The critical accounting estimates made and judgements applied by management are disclosed in note 2.3 and further details about the federal royalty are disclosed in note 27 to the consolidated financial statements.	In responding to this risk, our audit procedures included, but were not limited to, the following: • obtaining an understanding of the process used by management to determine the federal royalty charge and related accrual; • testing the design and implementation of the relevant controls over the calculation of the federal royalty charge; • holding meetings with management to discuss the federal royalty calculation and inspecting correspondence from the MOF relating to this matter; • assessing the judgements applied in the calculation of the federal royalty for the current year against the guidelines provided by the MOF and the abovementioned correspondence; • evaluating the classification of regulated and non-regulated revenues in the calculation of the federal royalty on the telecommunication operations; • testing the allocation of indirect costs on nonregulated activities based on clarifications received from the MOF; • evaluating the exclusion of items which were not included in the calculation of the federal royalty against the guidelines and the clarifications received from the MOF; • reperforming the arithmetical accuracy of the calculation of the federal royalty for the year; and • assessing the disclosures in the consolidated financial statements against the requirements of IFRSs.

Deloitte.

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

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 IFRSs and the requirements of the UAE Federal Law No. (2) of 2015 (as amended) and the applicable provisions of the articles of association of the Company, and for such internal control as the 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMIRATES INTEGRATED TELECOMMUNICATIONS COMPANY PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EMIRATES INTEGRATED TELECOMMUNICATIONS COMPANY PJSC (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- The Group has maintained proper books of account;
- The financial information included in the Board of Directors' report is consistent with the books of account of the Group;
- As disclosed in note 1 to the consolidated financial statements, the Group has not made investments in any shares during the financial year ended 31 December 2021;
- Note 15 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021; and
- Note 26 to the consolidated financial statements discloses the social contributions made by the Group during the year ended 31 December 2021.

Deloitte & Touche (M.E.)

Rama Padmanabha Acharya
Registration Number 701
11 February 2022
Dubai
United Arab Emirates

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of financial position

	Notes	As at 31 December 2021 AED 000	2020 AED 000
ASSETS			
Non-current assets			
Property, plant and equipment	6	9,068,070	8,063,422
Right-of-use assets	7	1,649,765	1,851,429
Intangible assets and goodwill	8	859,195	900,215
Lease receivable	9	139,422	149,963
Investments accounted for using the equity method	10	24,272	29,835
Financial asset at fair value through other comprehensive income	11	18,368	18,368
Contract assets	12	273,410	211,216
Trade and other receivables	13	83,338	-
Total non-current assets		12,115,840	11,224,448
Current assets			
Inventories	14	58,469	61,513
Lease receivable	9	16,371	18,213
Contract assets	12	462,841	454,101
Trade and other receivables	13	1,961,542	1,726,401
Due from related parties	15	48,655	139,869
Term deposits	16	1,374,248	2,029,327
Cash and bank balances	17	641,380	213,375
Total current assets		4,563,506	4,642,799
Total assets		16,679,346	15,867,247
EQUITY AND LIABILITIES			
Equity			
Share capital	23	4,532,906	4,532,906
Share premium	24	232,332	232,332
Other reserves	25	2,018,485	1,908,411
Retained earnings		1,748,164	1,895,763
Total equity		8,531,887	8,569,412
Non-current liabilities			
Lease liabilities	18	1,553,484	1,691,727
Contract liabilities	12	247,073	195,149
Provision for employees' end of service benefits	20	238,438	254,037
Other provisions	21	198,588	184,581
Total non-current liabilities		2,237,583	2,325,494
Current liabilities			
Trade and other payables	22	4,592,913	3,991,797
Lease liabilities	18	671,502	616,896
Contract liabilities	12	438,734	358,538
Due to related parties	15	6,727	5,110
Borrowings	19	200,000	-
Total current liabilities		5,909,876	4,972,341
Total liabilities		8,147,459	7,297,835
Total equity and liabilities		16,679,346	15,867,247

To the best of our knowledge, the financial information included in these consolidated financial statements fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of, and for, the periods presented therein. The consolidated financial statements were approved by the Board of Directors on 11 February 2022 and signed on its behalf by:

…………………………………………… ……………………………………………

Sara Awad Issa Musallam
Board Member

Kais Ben Hamida
Chief Financial Officer

The notes on pages 11 to 71 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of comprehensive income

		For the year ended 31 December	
		2021	2020
	Notes	**AED 000**	AED 000
Revenue	34	11,681,970	11,083,845
Operating expenses	26	(9,089,523)	(8,253,903)
Expected credit losses (net off recoveries)		(156,033)	(227,353)
Other income	35	130,574	13,904
Federal royalty	27	(1,381,894)	(1,511,938)
Finance income	28	27,560	50,575
Finance costs	28	(106,347)	(105,859)
Impairment of goodwill	8	-	(135,830)
Share of (loss)/profit of investments accounted for using equity method	10	(5,563)	10,099
Gain on disposal of investment accounted for using equity method	10.1	-	519,374
Profit for the year		1,100,744	1,442,914
Other comprehensive (loss)/income			
Items that may be re-classified subsequently to profit or loss			
Fair value changes on cash flow hedge	25	-	(520)
Items that will not be re-classified to profit or loss			
Actuarial (loss)/gain on defined benefit obligations	20	(5,042)	19,451
Other comprehensive (loss)/income for the year		(5,042)	18,931
Total comprehensive income for the year attributable to shareholders of the Company		1,095,702	1,461,845
Basic and diluted earnings per share (AED)	29	0.24	0.32

The notes on pages 11 to 71 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of changes in equity

	Share capital AED 000	Share premium AED 000	Other reserves (Note 25) AED 000	Retained earnings AED 000	Total AED 000
At 1 January 2020	4,532,906	232,332	1,764,640	2,118,877	8,648,755
Profit for the year	-	-	-	1,442,914	1,442,914
Other comprehensive (loss)/income	-	-	(520)	19,451	18,931
Total comprehensive income for the year	-	-	(520)	1,462,365	1,461,845
Transfer to statutory reserve	-	-	144,291	(144,291)	-
Final cash dividend paid	-	-	-	(951,910)	(951,910)
Interim cash dividend paid	-	-	-	(589,278)	(589,278)
At 31 December 2020	4,532,906	232,332	1,908,411	1,895,763	8,569,412
At 1 January 2021	4,532,906	232,332	1,908,411	1,895,763	8,569,412
Profit for the year	-	-	-	1,100,744	1,100,744
Other comprehensive loss	-	-	-	(5,042)	(5,042)
Total comprehensive income for the year	-	-	-	1,095,702	1,095,702
Transfer to statutory reserve	-	-	110,074	(110,074)	-
Final cash dividend paid*	-	-	-	(679,936)	(679,936)
Interim cash dividend paid**	-	-	-	(453,291)	(453,291)
At 31 December 2021	4,532,906	232,332	2,018,485	1,748,164	8,531,887

*For the year 2020, a final cash dividend of AED 0.15 per share amounting to AED 679,936 thousand was approved by the shareholders at the Annual General Meeting held on 25 March 2021 and paid on 21 April 2021.

**For the year 2021, an interim cash dividend of AED 0.10 per share amounting to AED 453,291 thousand was paid on 24 August 2021.

For the year 2021, a final cash dividend of AED 0.11 per share amounting to AED 498,620 thousand is proposed.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of cash flows

	Notes	For the year ended 31 December 2021 AED 000	2020 AED 000
Cash flows from operating activities			
Profit for the year		1,100,744	1,442,914
Adjustments for:			
Depreciation and impairment of property, plant and equipment	6	1,473,014	1,346,997
Depreciation of right-of-use assets	7	367,607	362,409
Amortisation and impairment of intangible assets	8	184,623	181,018
Loss on disposal of property, plant and equipment and intangible assets		142	1,032
Provision for employees' end of service benefits	20	23,539	32,970
Release of provision for employees' end of service benefits	20	(27,674)	-
(Release)/loss allowance for inventory obsolescence	14	(8,574)	5,105
Loss allowances	30	178,118	254,102
Finance income	28	(27,560)	(50,575)
Finance costs	28	106,347	105,859
Impairment of goodwill	8	-	135,830
Share of loss/(profit) of investments accounted for using equity method	10	5,563	(10,099)
Gain on disposal of investment accounted for using equity method	10.1	-	(519,374)
Changes in working capital	30	1,184,794	1,425,151
Cash generated from operations		4,560,683	4,713,339
Royalty paid (net)	27	(1,507,186)	(1,950,078)
Payment of employees' end of service benefits	20	(22,350)	(26,312)
Net cash generated from operating activities		3,031,147	2,736,949
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,869,109)	(1,834,580)
Purchase of intangible assets		(129,064)	(174,414)
Proceeds from disposal of property, plant and equipment and intangible assets		826	126
Payment for additional investments accounted for using equity method	10	-	(31,000)
Proceeds from disposal of investment accounted for using equity method		-	800,000
Interest received		32,068	116,543
Margin on guarantees released		-	1,535
Term deposits released (net)		655,000	919,374
Net cash used in investing activities		(1,310,279)	(202,416)
Cash flows from financing activities			
Repayment of lease liabilities		(251,850)	(240,917)
Proceeds from borrowings		200,000	-
Payment of borrowings upfront fee		(18,112)	-
Repayment of borrowings		-	(716,332)
Dividends paid		(1,133,227)	(1,541,188)
Interest paid on lease liabilities		(82,767)	(86,454)
Interest paid others		(6,907)	(3,427)
Net cash used in financing activities		(1,292,863)	(2,588,318)
Net increase/(decrease) in cash and cash equivalents		428,005	(53,785)
Cash and cash equivalents at 1 January		210,872	264,657
Cash and cash equivalents at 31 December	17	638,877	210,872

Non-cash transactions are disclosed in Note 30 of the consolidated financial statements.

1 General information

Emirates Integrated Telecommunications Company PJSC the ("Company") is a public joint stock company with limited liability. The Company was incorporated according to Ministerial Resolution No. 479 of 2005 issued on 28 December 2005. The Company is registered in the commercial register under No. 77967. The principal address of the Company is P.O Box 502666 Dubai, United Arab Emirates (UAE). These consolidated financial statements for the year ended 31 December 2021 include the financial statements of the Company and its subsidiaries (together "the Group").

The Company's principal objective is to provide fixed, mobile, wholesale, broadcasting and associated telecommunication services in the UAE.

The Group has not made investments in any shares during the financial year ended 31 December 2021.

The Company has either directly or indirectly the following subsidiaries:

Subsidiaries	**Principal activities**	**Shareholding**		**Country of incorporation**
		2021	2020	
EITC Investment Holdings Limited	Holding investments in new business i.e. content, media, data and value added services for telecommunications	**100%**	100%	UAE
Telco Operations FZ-LLC	Outsourcing services	**100%**	100%	UAE
Smart Dubai Platform Project Company LLC	Software development, IT infrastructure, public networking and computer systems housing services	**100%**	100%	UAE
EITC Singapore PTE. LTD.	Telecommunications resellers/third party telecommunications providers (including value added network services)	**100%**	100%	Singapore

The Federal Decree-Law No. 26 of 2020 on the amendment of certain provisions of UAE Federal Law No. 2 of 2015 ("the Companies Law") on Commercial Companies was issued on 27 September 2020 and became effective on 2 January 2021. It requires companies to adjust their status in accordance with the provisions by 2 January 2022. The Group has complied with the required changes in accordance with the provisions of Federal Decree-Law No. 26 of 2020.

Federal Law No. 32 of 2021 concerning Commercial Companies (the "New Companies Law") was issued on 20 September 2021 to replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law") and came into force on 2 January 2022. The Group is in the process of reviewing the new provisions and will apply the requirements thereof and adjust its affairs no later than one year from 2 January 2022.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These consolidated financial statements have been prepared under the historical cost convention except for financial asset at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The preparation of consolidated financial statements in conformity with IFRS 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.

(i) Functional and presentation currency

The individual financial statements of each of the Group's subsidiaries, associates and joint venture are presented in the currency of the primary economic environment in which they operate (its functional currency). For the purpose of these consolidated financial statements, the results, financial position and cash flows of each company are expressed in UAE Dirhams, which is the functional currency of the Company, and the presentation currency of these consolidated financial statements.

(ii) Basis of consolidation

A subsidiary is an entity controlled by the Company. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Going concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.1 New standards, amendments and interpretations

(a) Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2021.

- *Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).* The amendments introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

2 Basis of preparation (continued)

2.1 New standards, amendments and interpretations (continued)

(b) New standards and amendments issued but not yet effective

- *Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2023).* The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current;
- *Reference to the Conceptual Framework - Amendments to IFRS 3 (effective from 1 January 2022).* The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard;
- *Property, Plant and Equipment - Proceeds before Intended Use - amendments to IAS 16 (effective from 1 January 2022).* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss;
- *Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37 (effective from 1 January 2022).* The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract);
- *Annual Improvements to IFRSs 2018-2020 Cycle* - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture;
- *IFRS 17: Insurance Contracts (effective from 1 January 2023).* IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at January 1, 2023;
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted);
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023).* The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2;

2 Basis of preparation (continued)

2.2 New standards, amendments and interpretations (continued)

(b) New standards and amendments issued but not yet effective

- *Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023).* The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error; and
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (effective from 1 January 2023).* The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The above stated new standards and amendments are not expected to have any material impact on consolidated financial statements of the Group.

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

2.2 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the weighted average number of equity shares outstanding for the dilutive effects of potential ordinary shares.
The Group does not have any dilutive potential ordinary shares.

2.3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2 Basis of preparation (continued)

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

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Critical accounting judgements

(i) Asset retirement obligations

The Group exercises judgement in determining the expected cash outflows related to its asset retirement obligations. Judgement is necessary in determining the timing of outflow as well as quantifying the possible range of the financial settlements that may occur.

The present value of the Group's provision is based on management's best estimate of the future cash outflows required to settle the obligations, discounted using appropriate discount rate. Additional information on this provision is disclosed in Note 21.

(ii) Federal royalty

The computation of Federal Royalty in accordance with the Cabinet of Ministers of UAE decision No. 320/15/23 of 2012 and various guidelines issued by the UAE Ministry of Finance ("the MoF") and subsequent clarification letters require use of certain judgements, interpretations and assumptions. These guidelines mainly relate to the segregation of items between regulated and non-regulated and items which the Group judges as not subject to Federal Royalty or which may be set off against revenue which are subject to Federal Royalty, and allocation of costs between regulated and non-regulated results.

(iii) Allocation of the transaction price

Products with multiple deliverables that have value to customers on a stand-alone basis are defined as multiple element arrangements. The transaction price for these contracts is allocated to the performance obligations on a relative stand-alone selling price basis.

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of goods to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices. Where the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus margin.

(iv) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

2 Basis of preparation (continued)

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

Key sources of estimation uncertainty

(i) Provision for expected credit losses of contract assets, trade receivables and due from related parties

The Group recognises a loss allowance for expected credit losses (ECL) on its contract assets, trade receivables and due from related parties. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial asset.

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

For financial assets other than contract assets, trade receivables and due from related parties, the Group will calculate ECL using the general approach.

(ii) Provision for impairment of other financial assets

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

(iii) Impairment of goodwill

The Group tests goodwill for impairment on an annual basis, in accordance with the accounting policy. The recoverable amount of the cash-generating units has been determined based on value-in-use calculations. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash generating units being tested, but do include the Group's expectations of future capital expenditure necessary to maintain the Group's network existing operations.

These calculations are performed internally by the Group and require the use of estimates and assumptions. The input factors most sensitive to change are management estimates of future cash flows based on budgets, growth rates and discount rate. Further detail on these assumptions has been disclosed in Note 8. The sensitivity analysis in respect of recoverable amount of the CGUs is prescribed in Note 8 to the consolidated financial statements.

2 Basis of preparation (continued)

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

Key sources of estimation uncertainty (continued)

(iv) Useful lives of property, plant and equipment

Property, plant and equipment represent a significant proportion of the Group's asset base. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the Group's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimates accounted for on a prospective basis.

In determining residual values, the Group uses historical sales and management's best estimate based on market prices of similar items. Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets. The useful lives of the property, plant and equipment are provided in Note 3.2.

(v) Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). For calculation of IBR, the Group has taken the 12 months LIBOR as on the transition date and the rate is adjusted for Group's specific risk, term risk and underlying asset risk.

(vi) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Management did not identify any impairment indicators in the current or prior year for individual cash generating units. However, management identified certain individual items of property, plant and equipment and intangible assets for which future economic benefit is not expected and, accordingly, recorded an impairment in Notes 6 and 8.

2.4 COVID-19 updates

In January 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19"). In March 2020, the WHO classified COVID-19 as a pandemic based on the rapid increase in exposure and infections across the world. The pandemic nature of this virus resulted in global travel restrictions and several partial or total lockdowns in most countries.

2 Basis of preparation (continued)

2.4 COVID-19 updates (continued)

In Q3-2021, the overall situation regarding new infections improved in the UAE. The vaccination campaigns initiated at the end of 2020 were massively deployed with significant percentage of the eligible population being vaccinated. The vaccination drive around the world has been also gaining momentum and is helping in containing the impact of Covid-19. This resulted in gradual relaxation of travel restrictions with several countries and a start of normalisation of the activity in UAE at the end of Q3.

In Q4-2021, with the emergence of Omicron variant, some restrictions were re-imposed. However, early findings indicate that the impact of this new variant is lower than previous ones. The Group continues monitoring the evolution of the situation and adjust its operations in a dynamic manner to cope with an acceleration or a deceleration of the recovery.

From accounting perspective, the Group continued to assess the Expected Credit Loss (ECL) from trade receivables and contract assets and accounted for such in the consolidated financial statements in accordance with the requirements of IFRS 9. The Group also assessed the potential impacts of the current situation across all relevant areas of the business including the ones related to going concern, impairment of assets and inventory, impairment of goodwill, onerous contract assessment and subsidiary accounting, with no material impact noted.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

3.1 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

3 Summary of significant accounting policies (continued)

3.1 Consolidation (continued)

(a) Subsidiaries (continued)

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in consolidated statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

3 Summary of significant accounting policies (continued)

3.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance expenses are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Years
Buildings	25
Plant and equipment	
Network civil works/buildings	10-25
Infrastructure	3-25
IT hardware	3-10
Mobile network	8-10
Fixed network	2-10
Broadcasting	5-7
Furniture and fixtures	3-5
Motor vehicles	4

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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 (Note 3.17.2).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other income” in the consolidated statement of comprehensive income.

Capital work in progress includes assets which are under construction or inspection pending certification for their intended use and are stated at cost net of any accumulated impairment losses. When available for use, capital work in progress is transferred to property, plant and equipment and depreciated in accordance with the Group’s policies. No depreciation is charged on such assets until available for use.

3.3 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3 Summary of significant accounting policies (continued)

3.3 Leases (continued)

Group as a lessee (continued)

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Year
Land and building	2-25
Furniture and fixtures	8-13
Motor vehicle	2

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are assessed for impairment annually as per non-financial assets impairment policy given in Note 3.17.2.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3 Summary of significant accounting policies (continued)

3.3 Leases (continued)

Group as a lessor

The Group also enters into lease agreements as a lessor. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as lease receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.4 Intangible assets

<u>Goodwill</u>

Goodwill arises on the acquisition of subsidiaries or businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquiree, in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

3 Summary of significant accounting policies (continued)

3.4 Intangible assets (continued)

Goodwill (continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the Cash Generating Units (CGUs) containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Licenses and indefeasible rights of use

Separately acquired licenses and rights of use are shown at historical cost. Licenses and rights of use acquired in a business combination are recognised at fair value at the acquisition date. Licenses and rights of use have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses and rights of use over their estimated useful lives as shown below:

	Years
Telecommunications license fee	20
Indefeasible rights of use	10-15

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Capital work in progress includes assets which are under development or inspection pending certification for their intended use and are stated at cost net of any accumulated impairment losses. When available for use, capital work in progress is transferred to software in use and amortised in accordance with the Group's policies. No amortisation is charged on such assets until available for use.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.5 Associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

3 Summary of significant accounting policies (continued)

3.5 Associates and joint venture (continued)

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of investments accounted for using equity method' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. It excludes borrowing costs. Allowance is made, where appropriate, for deterioration and obsolescence. Cost is determined in accordance with the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3 Summary of significant accounting policies (continued)

3.7 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration.

Contract assets also include subscriber acquisition costs (contract costs). These are incremental contract costs incurred to obtain and fulfil a contract to provide goods or services to the customer, which the Group opted to capitalise and these costs are expected to be recovered. These costs are being amortised and tested for impairment regularly. Contract costs is being amortised over the average customer life with the Group for each segment. Contract assets are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

3.8 Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the contractual collection date is in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

3.9 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.10 Cash and bank balances

Cash and bank balances comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts, if any that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

3 Summary of significant accounting policies (continued)

3.11 Financial instruments

3.11.1 Non-derivative financial assets

Classification, initial recognition and measurement

The Group classifies its financial assets as financial assets measured at amortised costs and financial assets at fair value through other comprehensive income (FVOCI). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(a) Financial assets measured at amortised cost

Financial assets measured at amortised cost applies to instruments for which the Group has a business model to hold the financial asset to collect the contractual cash flows. The characteristics of the contractual cash flows are that of solely payments of the principal amount and interest (referred to as solely payments of principal and interest "SPPI").

- Principal is the fair value of the instrument at initial recognition;
- Interest is the return within a basic lending arrangement and typically consists of consideration for the time value of money, and credit risk. It may also include consideration for other basic lending risks such as liquidity risk as well as a profit margin.

Financial assets measured at amortised costs are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are then classified as non-current assets. The Group's financial assets measured at amortised costs comprise trade and other receivables, contract assets, due from related parties, term deposits and cash and bank balances in the consolidated statement of financial position.

(b) Financial assets at fair value through other comprehensive income (FVOCI)

FVOCI is the classification for instruments for which Group has a dual business model, i.e. the business model is achieved by both holding the financial asset to collect the contractual cash flows and through the sale of the financial assets. The characteristics of the contractual cash flows of instruments in this category, must still be solely payments of principal and interest. They are included in non-current financial assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group elected to classify irrevocably its non-listed equity investments under this category.

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

3.11.1 Non-derivative financial assets (continued)

(b) Financial assets at fair value through other comprehensive income (FVOCI) (continued)

Subsequent measurement

Financial assets measured at amortised cost

Financial assets measured at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of comprehensive income when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (FVOCI)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are not subsequently reclassified to profit or loss following its derecognition. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the equity instruments, in which case, such gains are recorded in OCI. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.11.2 Non-derivative financial liabilities

The Group non-derivative financial liabilities include borrowings, due to related parties and trade and other payables in the consolidated statement of financial position.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

3.11.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 Summary of significant accounting policies (continued)

3.12 Share capital

Ordinary shares are classified as equity.

3.13 Dividend on ordinary shares

Dividends payable on ordinary shares are recognised as a liability in the period in which they are approved by the Group's shareholders.

3.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3.15 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be 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 measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as finance costs in the consolidated statement of comprehensive income.

Asset retirement obligations

This provision relates to the estimate of the cost of dismantling and removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. The Group provides for the anticipated costs associated with the restoration of leasehold property to its original condition at inception of the lease, including removal of items included in plant and equipment.

3 Summary of significant accounting policies (continued)

3.16 Employee benefits

Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme. Accordingly, the accrued cost of contribution is charged to the consolidated statement of comprehensive income as incurred.

Provision for employees' end of service benefits for non-UAE nationals is made in accordance with UAE Labour Law. The provision is calculated in accordance with the Projected Unit Credit method as per IAS 19 'Employee Benefits' taking into consideration the UAE Labour Laws.

The present value of the defined benefit obligations is calculated using assumptions on the average annual rate of increase in salaries, average period of employment of non-UAE nationals and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate.

The net interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in finance costs in the consolidated statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

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

Provision is also made for the estimated liability for employees' unused entitlements to annual leave and flights as a result of services rendered by eligible employees up to the reporting date. The provision relating to annual leave and air passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

The Group also provides discount on mobile and fixed line charges to employees for official and personal purposes. This benefit is not separately accounted for as staff costs.

3 Summary of significant accounting policies (continued)

3.17 Impairment

3.17.1 Financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables and contract assets, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of general economic conditions at the reporting date.

(a) Approach selected for measurement lifetime ECL

Simplified approach - The Group is measuring the impairment at an amount equal to lifetime expected credit losses (ECL) for trade receivables, due from related parties and contract assets.

(b) Measurement of lifetime ECL on trade receivables and contract assets

The Group evaluates the expected credit loss for its trade receivables and contract assets based on debt flow rates for various customer segments i.e. enterprise, consumer, etc. Debt flow rates are calculated based on experience and historical collections trends, adjusted with forward looking collection factors.

Periodic impairment losses based on the above debt flow rates are adjusted against security deposit and any other legally binding offsets at customer level. Provision for impairment is also taken on unbilled receivables based on the applicable rate.

In addition, an allowance for impairment loss may be considered for a financial asset on case to case basis based on specific information, company risk profile, market conditions and any other relevant information.

(c) Measurement of lifetime expected credit losses on term deposits and bank balances

Impairment for terms deposits and bank balances is based on probability of default, calculated on the basis of ratings provided by credit rating agencies (e.g. Fitch, Moody's, etc.) of each bank and Loss Given Default (LGD) driven by rating from reputable financial institutions.

For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring.

3 Summary of significant accounting policies (continued)

3.17 Impairment (continued)

3.17.2 Non-financial assets

Intangible assets that have an indefinite useful life or intangible assets/property, plant and equipment (including capital work in progress) not ready to use are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs'). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.18 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in AED which is the Company's and its subsidiaries functional and presentation currency. The figures have been rounded to the nearest thousand except when otherwise stated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within finance income or costs.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve. Since the presentation currency of the Group and its subsidiaries AED or USD which is pegged to AED, there is no foreign currency translation reserve at reporting date.

3.19 Revenue recognition

IFRS 15 Revenue from Contracts with Customers, established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

3 Summary of significant accounting policies (continued)

3.19 Revenue recognition (continued)

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue comprises the invoiced or accrued amounts from the sale of goods and services (telecommunication and others) in the ordinary course of the Group's activities. Revenue is shown net of returns, discounts and rebates allowed.

Revenue recognition policies for product and services of the Group based on IFRS 15 guidelines are given below:

Revenue from telecommunication services comprise amounts charged to customers in respect of monthly access charges, airtime usage, messaging, the provision of other mobile telecommunications services, including data services and information provision and fees for connecting fixed line and mobile users to the Group's network. The Group recognises revenue, as mobile/telecommunication services are provided.

Products with multiple deliverables that have value to a customer on stand-alone basis are defined as multiple element arrangements. Contracts typically include the sale of equipment, subscriber identification module (SIM) card and a service package which mainly include voice, data, SMS/MMS, VAS or other services. These arrangements are divided into separate performance obligations. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. Revenue recognition for voice, data, SMS/MMS, VAS or other services is over the period when these services are provided to the customers.

Revenue from sale of stand-alone handsets under separate contract is recognised when the handset is delivered to the end customer and control has been transferred.

Revenue from the sale of prepaid credit is recognised on the actual utilisation of the prepaid credit. Unused prepaid credit is deferred as contract liability until such time as the customer uses the credit, expires or becomes unutilised. Unused prepaid vouchers are recognised as revenue on expiry of 24 months.

Revenue from sale of SIM cards is recognised on the date of activation of SIM.

3 Summary of significant accounting policies (continued)

3.19 Revenue recognition (continued)

Contract revenue, i.e. certain revenue from managed services provided by the Group, is recognised over time based on the cost-to cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. This input method is considered as an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Revenue from interconnection of voice and data traffic with other telecommunications operators is recognised at the time the services are performed based on the actual recorded traffic.

When the Group sells goods or services as a principal, revenue from customers and payments to suppliers are reported on a gross basis in revenue and operating expenses. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

The Group operates loyalty programmes where customers accumulate points for purchases made, which entitle them to discounts on future purchases. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the reward points and the other components of the sale such that the reward points are initially recognised as contract liabilities at their fair value. Revenue from the reward points is recognised when the points are redeemed. Breakage (forfeiture of points) is recognised when redemption becomes remote.

<u>Variable Consideration</u>

Certain customer contracts include variable discounts, rebates, refunds, credits, and incentives etc, which are provided to the customers during the contract period. Variability arises due to contractual terms and conditions, whereby customers are provided discounts/rebates/incentives etc upon reaching certain volume thresholds. Under IFRS 15, if consideration promised in the contract (either explicit or implicit) includes a variable amount, then the Group should estimate the amount and adjust the total transaction price at contract inception. The Group has certain interconnect and roaming contracts which contain such variable considerations, which are estimated by using the most likely amount method. Variable consideration adjusted to the transaction price at contract inception.

<u>Contract Modification</u>

Contract modifications exist when the parties to the contract approve a modification that creates or changes the enforceable rights and obligations of the parties to the contract.

A modification is accounted for as either a separate contract (Accounted for prospectively) or as part of the existing contract (accounted through a cumulative catch-up adjustment). This assessment is to be based on whether:

(a) the modification adds distinct goods and services and
(b) the distinct goods and services are priced at their stand-alone selling prices.

3 Summary of significant accounting policies (continued)

3.19 Revenue recognition (continued)

Contract Modification (continued)

If the modification results only in a change in price of the contract, then that change is allocated to separate performance obligations under the contract on the same basis as at contract inception including the satisfied performance obligations at the date of modification. This will result in a cumulative catchup adjustment to revenue.

If the modification results in change in scope of the contract adding distinct goods or services at a price reflecting their stand-alone selling price the contract is accounted for as a new contract till the end of the contract term.

Significant financing component

Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In such circumstances, the contract contains a significant financing component.

Currently, in the case of handsets instalment products (bundled and stand-alone) with periods exceeding one year, since the list price, cash selling price and the promised consideration are significantly equal, the Group has assessed that financing component does not exist. In principle, the Group considers any price difference above 5% as significant in making necessary accounting based on the practical expediency. However, if there are any changes in products structure indicating the existence of a financing component, above 5%-6% of the stand-alone selling price of the products will be considered significant and accounted for accordingly.

3.20 Commission to intermediaries

Intermediaries are paid commissions by the Group mainly in return for selling recharge credits. Such commissions are recognised in consolidated statement of comprehensive income in the same period of services provided.

3.21 Recognition of finance income and costs

Finance income comprises interest income on short term investments and other bank deposits. Interest income is recognised as it accrues in consolidated statement of comprehensive income, using the effective interest rate method.

Finance costs is mainly interest payable on borrowing facilities obtained from financial institutions at normal commercial rates, amortisation of loan arrangement fees, interest on lease liabilities, interest on employees’ end of service benefits, interest on asset retirement obligations and is recognised as an expense in the consolidated statement of comprehensive income in the period in which it is incurred.

3 Summary of significant accounting policies (continued)

3.22 Cash dividend distribution to equity holders of the parent

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the UAE Federal Law No. 2 of 2015 (as amended), a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.23 Segmental information

Information regarding the Group's operating segments is reported in accordance with IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker and used to allocate resources to the segments and to assess their performance.

3.24 Government grants

Government grants relating to non-monetary assets are recognised at nominal value. Grants that compensate the Group for expenses are recognised in the consolidated statement of comprehensive income on a systematic basis in the same period in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the consolidated statement of comprehensive income on a systematic basis over the expected useful life of the related asset upon capitalisation.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, based on the following methods.

4.1 Contract assets

The fair value of contract assets are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date where applicable.

4.2 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management process focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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

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 the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) 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.

Trade receivables, contract assets and due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the extent to which credit terms are offered.

The management has established a credit policy under which each new customer is analysed for creditworthiness before credit terms are offered. The Group's review can include external ratings, when available, customer segmentation, and in some cases bank references. Credit limits are established for each customer in accordance with this policy, which represents the maximum open amount without requiring approval from senior management. These limits are reviewed periodically.

5 Financial risk management (continued)

5.1 Financial risk factors (continued)

(a) *Credit risk* (continued)

Trade receivables, contract assets and due from related parties (continued)

In monitoring customer credit risk, customers are classified according to their credit characteristics, including whether they are an individual or legal entity, projected business volumes, new or established businesses and existence of previous financial relationships with the Group.

The Group may require deposit or collateral in respect of granting credit for trade and other receivables, subject to results of risk assessment and the nature and volumes contemplated by the customer.

The Group recognises lifetime ECL for trade receivables, contract assets and due from related parties, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. All individually significant assets (such as receivables from broadcast customers and distributors etc.) are assessed for specific impairment.

Information on the ageing of trade and other receivables, contract assets and due from related parties is given in Note 32.1.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

5 Financial risk management (continued)

5.1 Financial risk factors (continued)

(a) *Credit risk* (continued)

Term deposits and cash and bank balances

Cash is placed with reputable banks and the risk of default is considered remote. The table below presents the external credit ratings as at 31 December of the Group's short term investments and bank balances based on Fitch and Moody's rating scale.

Ratings	**Term deposits**		**Cash and bank balances**	
	2021	2020	**2021**	2020
	AED 000	AED 000	**AED 000**	AED 000
Aa3	-	-	73,823	63,982
A1	-	-	37,386	32,526
A+	-	-	1	5,211
A2	-	275,000	11,766	6,949
A3	-	-	28,454	4,909
A-	-	400,000	6,203	-
AA-	-	350,000	1,351	-
Baa1	-	-	-	52,479
Baa2	-	-	121,394	14,030
BBB+	1,375,000	1,005,000	307,959	3,235
Others	-	-	53,333	30,150
	1,375,000	2,030,000	641,670	213,471
Less: loss allowance	(752)	(673)	(290)	(96)
	1,374,248	2,029,327	641,380	213,375

(b) *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure 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 business and reputation. A major portion of the Group's funds are invested in short term investments which are readily available to meet expected operational expenses, including servicing of financial obligations. The table in Note 32.2 analyses the Group's non-derivative financial liabilities and derivative financial liabilities, if any, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Derivative financial liabilities, if any, are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

5 Financial risk management (continued)

5.1 Financial risk factors (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such as 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. The Group's exposure to market risk arises from:

- Foreign exchange risk
- Cash flow and fair value interest rate risks

(i) Foreign exchange risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency, primarily the Euro/GBP, other than the functional currency of the Company and its subsidiaries. In respect of the Group's transactions denominated in US Dollars (USD), the Group is not exposed to material currency risk as the AED is currently pegged to the USD at a fixed rate of exchange.

The Group's exposure and sensitivity analysis in respect to the foreign exchange risk is detailed in Note 32.3.

(ii) Cash flow and fair value interest rate risks

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by short term investments held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and interest rate swaps. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The sensitivity analysis performed by the Group in respect to the interest rate risk is detailed in Note 32.4. The sensitivity analysis is done on a regular basis to verify that the maximum loss potential is within the limit given by the management.

5 Financial risk management (continued)

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position, less cash and bank balances and term deposits. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2021 AED 000	2020 AED 000
Total borrowings (Note 19)	200,000	-
Less: Cash and bank balances/term deposits (Notes 16 and 17)	(2,015,628)	(2,242,702)
Net debt	(1,815,628)	(2,242,702)
Total equity	8,531,887	8,569,412
Total capital	6,716,259	6,326,710
Gearing %	(27%)	(35%)

Under the terms of the major borrowing facility, the Group is required to comply with net debt to EBITDA financial covenant. The Group has complied with this covenant in 2021.

5.3 Fair value estimation

The fair values of the Group's financial assets and liabilities approximated their carrying values as reflected in these consolidated financial statements.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

5 Financial risk management (continued)

5.3 Fair value estimation (continued)

	In AED'000			
	Level 1	**Level 2**	**Level 3**	**Total**
At 31 December 2021				
Financial asset at fair value through other comprehensive income (Note 11)	-	-	18,368	18,368
	-	-	18,368	18,368
At 31 December 2020				
Financial asset at fair value through other comprehensive income (Note 11)	-	-	18,368	18,368
	-	-	18,368	18,368

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include financial assets at FVOCI, cash and bank balances, trade and other receivables, contract assets, due from related parties and short term investments. Financial liabilities of the Group include borrowings, trade payables and accruals, due to other telecommunication operators, accrued royalty, due to related parties and other payables and accruals. The fair values of these financial assets and liabilities are not materially different from their carrying values unless stated otherwise (Note 32).

6 Property, plant and equipment

	Buildings AED 000	Plant and equipment AED 000	Furniture and fixtures AED 000	Motor vehicles AED 000	Capital work in progress AED 000	Total AED 000
Cost						
At 1 January 2020	52,517	18,454,092	319,811	4,438	606,846	19,437,704
Additions	15	1,210,437	6,129	-	469,567	1,686,148
Addition: asset retirement obligations	-	9,343	-	-	-	9,343
Transfers	-	456,458	8,319	-	(464,777)	-
Disposals/write-off	-	(196,207)	(6,359)	(35)	(646)	(203,247)
At 31 December 2020	52,532	19,934,123	327,900	4,403	610,990	20,929,948
Additions	-	1,999,128	6,979	-	457,825	2,463,932
Addition: asset retirement obligations	-	8,095	-	-	-	8,095
Transfers	-	412,735	8,570	-	(421,305)	-
Disposals/write-off	-	(208,785)	(1,880)	-	(74,001)	(284,666)
At 31 December 2021	**52,532**	**22,145,296**	**341,569**	**4,403**	**573,509**	**23,117,309**
Depreciation / impairment						
At 1 January 2020	31,176	11,311,429	276,050	3,499	74,431	11,696,585
Reclassifications (Note 6.1)	-	8,879	-	-	14,558	23,437
Charge for the year	2,273	1,316,038	17,746	385	30	1,336,472
Disposals/write-off	-	(194,303)	(6,126)	(35)	(29)	(200,493)
Impairment charge	-	2,247	1,024	-	7,254	10,525
At 31 December 2020	33,449	12,444,290	288,694	3,849	96,244	12,866,526
Reclassifications (Note 6.2)	-	5,205	-	-	(11,761)	(6,556)
Charge for the year	6,701	1,388,812	19,825	344	1,718	1,417,400
Disposals/write-off	-	(208,014)	(1,730)	-	(74,001)	(283,745)
Impairment charge	8,866	45,917	136	-	695	55,614
At 31 December 2021	**49,016**	**13,676,210**	**306,925**	**4,193**	**12,895**	**14,049,239**
Net book value						
At 31 December 2021	**3,516**	**8,469,086**	**34,644**	**210**	**560,614**	**9,068,070**
At 31 December 2020	19,083	7,489,833	39,206	554	514,746	8,063,422

The carrying amount of the Group's buildings include a nominal amount of AED 2 (2020: AED 2) in relation to plots of land granted to the Group by the UAE Government.

6 Property, plant and equipment (continued)

6.1 During the year 2020, management of the Group undertook a review of the individual asset wise categorisation of its property, plant and equipment (PPE) and intangible assets to reflect changes in technology and information technology architecture. As a result of the review management has identified certain PPE assets for which accumulated depreciation was recorded under intangible assets instead of PPE, therefore re-classified from intangible assets to PPE.

6.2 During the year 2021, the management of the Group undertook a review and re-classified impairment amounting to AED 6,556 thousand from accumulated impairment PPE to allowance for inventory obsolescence.

7 Right-of-use assets

	Land and buildings AED 000	Furniture and fixtures AED 000	Motor vehicles AED 000	Total AED 000
Cost				
At 1 January 2020	1,999,814	945	2,716	2,003,475
Additions	696,817	-	-	696,817
Transfer to lease receivable	(177,425)	-	-	(177,425)
Re-measurement	14,778	-	-	14,778
Disposals	(51,002)	-	(144)	(51,146)
At 31 December 2020	2,482,982	945	2,572	2,486,499
Additions	143,608	-	-	143,608
Re-measurement	32,857	-	206	33,063
Disposals	(35,149)	-	(2,778)	(37,927)
At 31 December 2021	**2,624,298**	**945**	**-**	**2,625,243**
Depreciation				
At 1 January 2020	302,409	100	1,315	303,824
Charge for the year	361,103	100	1,206	362,409
Disposals	(31,019)	-	(144)	(31,163)
At 31 December 2020	632,493	200	2,377	635,070
Charge for the year	367,106	100	401	367,607
Disposals	(24,421)	-	(2,778)	(27,199)
At 31 December 2021	**975,178**	**300**	**-**	**975,478**
Net book value				
At 31 December 2021	**1,649,120**	**645**	**-**	**1,649,765**
Net book value				
At 31 December 2020	1,850,489	745	195	1,851,429

The Group leases several assets including shops, technical sites, offices, warehouses, billboards and motor vehicles. The average lease term is 8.77 years. Short term and low value leases are also included in right of use assets.

The maturity analysis of lease liabilities is presented in (Note 18).

8 Intangible assets and goodwill

	2021	2020
	AED 000	AED 000
Goodwill	413,220	413,220
Intangible assets	445,975	486,995
	859,195	900,215

Goodwill

The Group acquired the business of three wholly owned subsidiaries/divisions of Tecom Investments FZ LLC with effect from 31 December 2005. Goodwill represents the excess of purchase consideration paid over the fair value of net assets acquired.

Carrying amount of goodwill allocated to each of Cash Generating Units ("CGU") is as follows:

	2021	2020
	AED 000	AED 000
Broadcasting operations	-	-
Fixed line business	413,220	413,220
	413,220	413,220

The Group tests goodwill for impairment annually. The recoverable amount of the Cash Generating Units ("CGU") is determined using the Discounted Cash Flow method based on the five-year business outlook.

As of 31 December 2020, the estimated recoverable amount of the broadcasting CGU was lower than the carrying amount of its net assets including goodwill, by AED 137,010 thousands. As a result of this analysis, the Group has recognised an impairment charge of AED 135,830 thousand during the year 2020 against broadcasting CGU goodwill and AED 1,180 thousand against related assets. Accordingly, goodwill related to broadcasting CGU was fully written off in 2020. The impairment charge of AED 135,830 thousand on broadcasting CGU goodwill is presented separately on consolidated statement of comprehensive income and AED 1,180 thousand related to broadcasting CGU assets is disclosed in operating expenses under "depreciation and impairment on property, plant and equipment".

The estimated recoverable amount of the fixed line business CGU exceeded its carrying amount by approximately 217%.

The key assumptions for the fixed line business CGU value-in-use calculations at 31 December 2021 include:

- 5 year revenue growth projections;
- a pre-tax discount rate of 8.26% (2020: 10.62%) based on the historical industry average weighted-average cost of capital;
- maintenance capital expenditure projections allowing for replacement of existing infrastructure at the end of its useful life; and
- terminal growth rate of 2%, determined based on management's estimate of the long term compound EBITDA growth rate, consistent with the assumption that a market participant would make.

8 Intangible assets and goodwill (continued)

Goodwill (continued)

The fixed line model calculations are particularly sensitive to the revenue growth assumptions, including expectations around the impact of future competition in the Group's existing network zones. However, management considers that it would require a significant decline in revenue growth before any impairment of the fixed line CGU would be required.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of impairment test to changes in the key assumptions used to determine the recoverable amount.

For fixed line business CGU, any adverse movement in key assumptions (1% underperformance against forecast revenue or 1% increase in discount rate) would not result in an impairment charge.

Intangible assets

	Software in use AED 000	Capital work in progress AED 000	Telecommunications license fees AED 000	Indefeasible rights of use AED 000	Total AED 000
Cost					
At 1 January 2020	2,396,528	97,371	124,500	199,304	2,817,703
Additions	25,899	108,230	-	8,055	142,184
Transfers	21,706	(21,706)	-	-	-
Write off	(54)	-	-	-	(54)
At 31 December 2020	2,444,079	183,895	124,500	207,359	2,959,833
Additions	19,017	124,633	-	-	143,650
Transfers	108,489	(108,489)	-	-	-
Write off	(225,054)	(41,208)	-	-	(266,262)
At 31 December 2021	**2,346,531**	**158,831**	**124,500**	**207,359**	**2,837,221**
Amortisation/impairment					
At 1 January 2020	1,983,457	60,402	86,293	185,155	2,315,307
Reclassifications*	(4,244)	(19,194)	-	-	(23,438)
Charge for the year	158,304	-	6,223	16,404	180,931
Impairment charge	87	-	-	-	87
Write off	(49)	-	-	-	(49)
At 31 December 2020	2,137,555	41,208	92,516	201,559	2,472,838
Charge for the year	168,350	-	6,223	5,800	180,373
Impairment charge	4,144	106	-	-	4,250
Write off	(225,007)	(41,208)	-	-	(266,215)
At 31 December 2021	**2,085,042**	**106**	**98,739**	**207,359**	**2,391,246**
Net book value					
At 31 December 2021	**261,489**	**158,725**	**25,761**	**-**	**445,975**
At 31 December 2020	306,524	142,687	31,984	5,800	486,995

* The management has identified certain PPE assets for which accumulated depreciation was recorded under intangible assets instead of PPE, therefore re-classified from intangible assets to PPE (Note 6.1).

8 Intangible assets and goodwill (continued)

Intangible assets

The software in use includes all applications such as ERP and Billing systems which are currently in use while the capital work in progress relates to the development of software.

Telecommunication license fees represent charge by the Telecommunications Regulatory Authority to the Group to grant the license to operate as a telecommunications service provider in the UAE.

Indefeasible right of use represent the fees paid to a telecom operator to obtain rights to use Indoor Building Solutions relating to certain sites in the UAE. Also included in the balance is an amount charged by an operator of a fibre-optic cable system for the right to use its submarine fibre-optic circuits and cable system.

9 Lease receivable

	Current		Non-current	
	2021	2020	**2021**	2020
	AED 000	AED 000	**AED 000**	AED 000
Lease receivable	16,371	18,213	139,422	149,963

During the year 2020, the Group signed a sub-lease agreement to lease its data centre with a customer for a period of 10 years.

	2021	2020
	AED 000	AED 000
Maturity analysis:		
Not later than 1 year	19,337	18,774
Later than 1 year and not later than 5 years	83,328	80,901
Later than 5 years	81,357	103,122
	184,022	202,797
Less: unearned interest on lease receivable	(28,229)	(34,621)
	155,793	168,176

The interest income on lease receivable is presented in (Note 28).

10 Investments accounted for using the equity method

Investments	**Principal activities**	**Shareholding 2021**	**Shareholding 2020**	**Country of incorporation**
Dubai Smart City Accelerator FZCO	To run accelerator programs with the purpose of sourcing innovation and technology applicable to the Smart City Industry	23.53%	23.53%	UAE
Advanced Regional Communications Solutions Holding Limited	Provision of connectivity and data centre services	50%	50%	UAE

Movement in investments in associates and joint venture

	2021		
	Associate AED 000	**Joint venture AED 000**	**Total AED 000**
At 1 January	1,356	28,479	29,835
Share of profit/(loss) for the year	1,136	(6,699)	(5,563)
At 31 December	2,492	21,780	24,272

	2020		
	Associates AED 000	Joint venture AED 000	Total AED 000
At 1 January	268,948	-	268,948
Investments during the year	-	31,000	31,000
Share of profit/(loss) for the year	12,620	(2,521)	10,099
Disposal of investment during the year (Note 10.1)	(280,212)	-	(280,212)
At 31 December	1,356	28,479	29,835

Summarised financial information for the associates and joint venture are as follows:

10 Investments accounted for using the equity method (continued)

Associate and joint venture statement of financial position as of 31 December and statement of comprehensive income for the year ended 31 December:

	2021		
	Associate AED 000	**Joint venture AED 000**	**Total AED 000**
Non-current assets	10,073	16,548	26,621
Current assets	713	39,319	40,032
Current liabilities	(195)	(2,840)	(3,035)
Non-current liabilities	-	(9,467)	(9,467)
Net assets	10,591	43,560	54,151
Revenue	-	4,400	4,400
Profit/(loss) for the year	4,828	(13,337)	(8,509)

	2020		
	Associates AED 000	Joint venture AED 000	Total AED 000
Non-current assets	5,038	246	5,284
Current assets	741	63,915	64,656
Current liabilities	(9)	(7,208)	(7,217)
Non-current liabilities	-	-	-
Net assets	5,770	56,953	62,723
Revenue	156,127	4,113	160,240
Profit/(loss) for the year	37,689	(5,042)	32,647

10.1 Gain on disposal of investment accounted for using equity method

In 2020, EITC Investment Holding (a fully owned subsidiary of EITC Group), signed with Technology Holding Company (a fully owned subsidiary of Mamoura Diversified Global Holding PJSC), a sale and purchase agreement to sell its 26% shareholding (including its interest in shareholder loans) in Khazna Data Center Limited for a consideration of AED 800 million against carrying value of investment amounting to AED 280 million.

11 Financial asset at fair value through other comprehensive income

	2021	2020
	AED 000	AED 000
Unlisted shares		
Anghami	18,368	18,368

The Group is holding 4.28% shares in Anghami, a Cayman Islands exempted company registered in the Cayman Islands (unlisted company). The company is involved in the provision of media related content. The Group classified the investment as financial asset at fair value through other comprehensive income.

Due to the uncertain nature of cash flows arising from investment by the Group in unlisted shares of Anghami, the carrying amount is considered to be the best estimate of its fair value.

12 Contract assets and contract liabilities

	Current		**Non-current**	
	2021	2020	**2021**	2020
	AED 000	AED 000	**AED 000**	AED 000
Contract assets*	519,524	493,153	295,723	226,618
Less: provision for impairment of contract assets	(56,683)	(39,052)	(22,313)	(15,402)
	462,841	454,101	273,410	211,216

*Contract assets include unamortised subscriber acquisition costs (contract costs) amounting to AED 376,144 thousands (2020: AED 314,288 thousands).

12.1 The movement in the allowance for expected credit losses of contract assets is as follows:

	2021	2020
	AED 000	AED 000
1 January	54,454	45,355
Charge during the year	24,542	9,099
31 December	78,996	54,454

	Current		**Non-current**	
	2021	2020	**2021**	2020
	AED 000	AED 000	**AED 000**	AED 000
Contract liabilities	438,734	358,538	247,073	195,149

There was no revenue recognised in the current reporting period that is related to performance obligations that were satisfied in the prior year. The Group contracts with customers are for periods of one year or less or are billed based on service provided. As permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

13 Trade and other receivables

	2021 **AED 000**	2020 AED 000
Trade receivables	1,822,391	1,761,251
Due from other telecommunications operators*	205,341	103,472
Less: provision for impairment of trade receivables and due from other telecommunications operators	(633,801)	(646,099)
Trade receivables, net	1,393,931	1,218,624
Prepayments**	147,611	124,726
Advances to suppliers	397,445	240,829
Other receivables	105,893	142,222
Total trade and other receivables	2,044,880	1,726,401
Non-current***	83,338	-
Current	1,961,542	-
Total trade and other receivables	2,044,880	1,726,401

*Due from other telecommunications operators are presented after netting of payable balances (where right to set off exists) amounting to AED 1,133,698 thousand (31 December 2020: AED 862,534 thousand).

** Prepayments include unamortised loan fees amounting to AED 16,818 thousand (31 December 2020: AED Nil thousands) related to the borrowings secured during the period (Note 19).

*** Total non-current includes the non-current portion for the unamortised loan fees amounting to AED14,231 thousand and receivable amounting to AED 69,107 thousand against settlement of a legal dispute which will be collected over period of three years (Note 35).

The movement in the allowance for expected credited losses of trade receivables and due from other telecommunications operators is as follows:

	2021 **AED 000**	2020 AED 000
At 1 January	646,099	662,358
Charge for the year	153,497	219,996
Write-off during the year	(199,486)	(227,571)
Transfer of provision from/(to) due from related parties	33,691	(8,684)
At 31 December	633,801	646,099

14 Inventories

	2021 AED 000	2020 AED 000
Goods held for sale	78,885	83,947
Less: allowance for inventory obsolescence	(20,416)	(22,434)
At 31 December	58,469	61,513
Inventories recognised as an operating expense during the year	945,903	662,508
(Release)/loss allowance for inventory obsolescence recognised as an operating expense during the year	(8,574)	5,105

15 Related party balances and transactions

Related parties comprise the founding shareholders of the Company, entities under common shareholding, its directors, key management personnel and entities over which they exercise control, joint control or significant influence. The founding shareholders are Emirates Investment Authority, Mamoura Diversified Global Holding PJSC & Emirates International Telecommunications Company L.L.C. Transactions with related parties are in the ordinary course of business and are approved by the Group's management or by the Board of Directors.

Related party balances

	2021 AED 000	2020 AED 000
Due from related parties		
Axiom Telecom LLC (Entity under common shareholding)	47,999	105,695
Injazat Data Systems LLC (Entity under common shareholding)	-	63,193
ARCS Bahrain S.P.C (Subsidiary of a joint venture)	16	790
ARCS Holding Limited (Joint venture)	640	3,882
	48,655	173,560
Less: Loss allowance	-	(33,691)
	48,655	139,869

The movement in loss allowances for due from related parties is as follows:

	2021 AED 000	2020 AED 000
At 1 January	33,691	-
Reclassified (to)/from trade and other receivables	(33,691)	8,684
Expected credit losses during the year	-	25,007
Closing balance	-	33,691

15 Related party balances and transactions (continued)

	2021 **AED 000**	2020 AED 000
Due to related parties		
Tecom Investments FZ LLC (Entity under common shareholding)	6,727	2,426
Khazna Data Center Limited (Associate)	-	2,684
Closing balance	6,727	5,110

Due to the short term nature of related party balances, their carrying amount is considered to be the same as their fair values.

Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All transactions with related parties referred to below are in the ordinary course of business. The following table reflects the gross value of transactions with related parties.

	2021 **AED 000**	2020 AED 000
Net revenue	725,707	948,070
Rent and services	42,826	35,168
Payment of lease liabilities	16,724	17,287
Recharge of operating expenses incurred on behalf of joint venture	3,020	3,882
Additional funding to associate and joint venture	-	31,000
Sale of an associate to a related party (Note 10.1)	-	800,000

Key management compensation

	2021 **AED 000**	2020 AED 000
Short term employee benefits	35,088	30,628
Employees' end of service benefits	377	245
Post-employment benefits	1,139	1,245
Long term incentives	4,000	4,000
	40,604	36,118

Board of Directors fee during the year was AED 10,992 thousand (2020: AED 10,000 thousand).

No loan has been provided to Directors, their spouses, children and relatives of the second degree and any corporates in which they own 20% or more.

15 Related party balances and transactions (continued)

The Group also provides telecommunication services to the Federal Government (including Ministries and local bodies). These transactions are at normal commercial terms. The credit period allowed to Government customers ranges from 15 to 150 days. Refer Note 27 for disclosure of the royalty payable to the Federal Government of the UAE. In accordance with IAS 24 (revised 2009): Related Party Disclosures, the Group has elected not to disclose transactions with the UAE Federal Government and other entities over which the Federal Government exerts control, joint control or significant influence.

16 Term deposits

	2021 AED 000	2020 AED 000
Term deposits*	1,374,248	2,029,327

*Term deposits represented net off loss allowance.

Term deposits represent bank deposits with maturity periods exceeding 3 months from the date of acquisition. These term deposits denominated primarily in UAE Dirham, with banks. Interest is earned on these term deposits at prevailing market rates. The carrying amount of these term deposits approximates to their fair value.

17 Cash and bank balances

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

	2021 AED 000	2020 AED 000
Cash at bank (on deposit and call accounts)*	640,564	212,591
Cash on hand	816	784
Cash and bank balances	641,380	213,375
Less: margin on guarantees (Note 31)	(2,503)	(2,503)
Cash and cash equivalents	638,877	210,872

* Cash at bank represented net off loss allowance.

18 Lease liabilities

	2021 AED 000	2020 AED 000
At 1 January	2,308,623	1,856,805
Lease liabilities during the year	143,608	696,817
Interest expense during the year	82,767	86,454
Payments made during the year	(334,617)	(327,371)
Re-measurement during the year	33,063	14,778
Disposals during the year	(8,458)	(18,860)
Closing balance	2,224,986	2,308,623

	Current		**Non-current**	
	2021 AED 000	2020 AED 000	**2021 AED 000**	2020 AED 000
Lease liabilities	671,502	616,896	1,553,484	1,691,727

	2021 AED 000	2020 AED 000
Maturity analysis:		
Not later than 1 year	746,123	692,269
Later than 1 year and not later than 5 years	1,042,948	1,082,705
Later than 5 years	591,884	733,887
	2,380,955	2,508,861
Less: unearned interest on lease liabilities	(155,969)	(200,238)
	2,224,986	2,308,623

The Group does not face a significant liquidity risk with regard to its lease liabilities.

The Group does not have any variable component in lease payments.

19 Borrowings

On 29 April 2021, the Group signed a long term financing agreement with a group of local and international banks for an unsecured credit facility (the "Financing") of AED 3,769 million equivalent. The Financing is composed of (a) a term loan facility of AED 1,788 million equivalent and a maturity of 7 years; and (b) a revolving credit facility of AED 1,981 million equivalent and a maturity of 5 years extendable to 7 years. The Financing proceeds will be used for general corporate purposes.

During the period, the Group made a drawdown of AED 200 million equivalent from the revolving credit facility.

The details of borrowings are as follows:

	Current	
	2021 AED 000	2020 AED 000
Bank borrowings	200,000	-
	200,000	-

The transaction costs allocated to the Financing have been capitalised and will be amortised on a straight line basis over the term of the agreement. Unamortised transaction costs as at 31 December 2021 is presented within Note 13 as a prepayment. Carrying value of borrowings as at 31 December 2021 approximate fair value.

20 Provision for employees' end of service benefits

The Group provides end of service benefits (defined benefit obligations) to its eligible employees. The most recent actuarial valuations of the present value of the defined benefit obligations were carried out as at 31 December 2021 by a registered actuary in the UAE. The present value of defined benefit obligations and the related current and past service cost, were measured using the Projected Unit Credit Method. Changes in the present value of defined benefit obligations is as follows:

	2021 AED 000	2020 AED 000
At 1 January	254,037	258,740
Current service cost	23,539	32,970
Interest cost (Note 28)	5,844	8,090
Actuarial loss/(gain) recognised in other comprehensive income*	5,042	(19,451)
Release of past service cost**	(27,674)	-
Benefits paid during the year	(22,350)	(26,312)
At 31 December	238,438	254,037

20 Provision for employees' end of service benefits (continued)

*Actuarial loss/(gain) recognised in other comprehensive income relates to re-measurements of the employees' end of service benefits obligation from changes in financial assumptions amounting to AED 4,079 thousand (2020: AED 437 thousand), experience adjustments amounting to AED 963 thousand (2020: AED 18,053 thousand) and demographic assumptions amounting to AED nil thousand (2020: AED 961 thousand).

** During the year 2021, the Group has changed its employees' end of service benefits structure, which has resulted release of past service cost.

The provision is recognised based on the following significant actuarial assumptions:

	2021	2020
Average period of employment (years)	7.38	7.05
Average annual rate of salary increase	2.00%	2.00%
Average annual rate of salary increase for next 2 years	1%	1%
Discount rate	2.10%	2.50%

Through its defined benefit plan, the Group is exposed to a number of actuarial risks, the most significant of which include, longevity risk, withdrawal risk and salary increase risk.

Sensitivity of the provision for employees' end of service benefits to changes in principal assumptions is included below:

			Impact on defined benefit obligation			
	Change in assumption		**Increase in assumption**		**Decrease in assumption**	
	2021	2020	**2021**	2020	**2021**	2020
Withdrawal rate	10%	10%	(0.14%)	(0.37%)	0.15%	0.39%
Mortality age	1 year	1 year	(0.04%)	(0.01%)	0.04%	0.01%
Average annual rate of salary increase	1%	1%	7.56%	7.61%	(6.83%)	(6.84%)
Discount rate	1%	1%	(6.29%)	(6.30%)	7.08%	7.13%

21 Other provisions

Asset retirement obligations

In the course of the Group's activities a number of sites and other commercial premises are utilised which are expected to have costs associated with exiting and ceasing their use. The associated cash outflows are expected to occur at the dates of exit of the assets to which they relate. These assets are long-term in nature, primarily in period up to 10 years from when the asset is brought into use.

	2021 AED 000	2020 AED 000
At 1 January	184,581	169,832
Additions during the year (net)	5,844	6,557
Adjustment for change in discount/inflation rates	669	1,239
Unwinding of discount	7,494	6,953
At 31 December	198,588	184,581

The provision is recognised based on the following significant assumptions:

	2021	2020
Average period of restoration (years)	10	10
Inflation rate	2.06%	1.94%
Discount rate	3.86%	3.87%

22 Trade and other payables

	2021 AED 000	2020 AED 000
Trade payables and accruals	2,259,681	1,438,164
Due to other telecommunications operators*	443,533	593,085
Accrued federal royalty (Note 27)	1,499,540	1,624,832
Valued Added Tax (VAT) payable	20,622	4,829
Other payables and accruals	369,537	330,887
	4,592,913	3,991,797

*Due to other telecommunications operators are presented after netting of receivable balances (where right to set off exists) amounting to AED 1,133,698 thousand (31 December 2020: AED 862,534 thousand).

The carrying amounts of trade and other payables approximate their fair value.

23 Share capital

	2021 AED 000	2020 AED 000
Authorised, issued and fully paid up share capital (4,532,905,989 shares of AED 1 each)	4,532,906	4,532,906

24 Share premium

	2021 AED 000	2020 AED 000
Premium on issue of common share capital	232,332	232,332

25 Other reserves

	Statutory reserve (Note 25.1) AED 000	Hedge reserve AED 000	Total AED 000
At 1 January 2020	1,764,120	520	1,764,640
Transfer to statutory reserve	144,291	-	144,291
Fair value changes on cash flow hedge	-	(520)	(520)
At 31 December 2020	1,908,411	-	1,908,411
At 1 January 2021	1,908,411	-	1,908,411
Transfer to statutory reserve	110,074	-	110,074
At 31 December 2021	2,018,485	-	2,018,485

25.1 In accordance with the UAE Federal Law No. 2 of 2015 ("Companies Law") and the Company's Articles of Association, 10% of the net profit is required to be transferred annually to a non-distributable statutory reserve. Such transfers are required to be made until the balance of the statutory reserve equals one half of the Company's paid up share capital.

26 Operating expenses

	31 December	
	2021	2020
	AED 000	AED 000
Interconnect costs	2,842,683	2,552,170
Depreciation and impairment on property, plant and equipment (Note 6)	1,473,014	1,346,997
Product costs	1,167,403	833,451
Staff costs	996,419	979,194
Network operation and maintenance	783,357	737,857
Commission	398,158	367,064
Telecommunication license and related fees	359,365	390,813
Depreciation on right-of-use assets (Note 7)	367,607	362,409
Marketing	203,532	192,155
Amortisation and impairment on intangible assets (Note 8)	184,623	181,018
Outsourcing and contracting	107,186	118,054
Others	206,176	192,721
	9,089,523	8,253,903

During the year ended 31 December 2021, the Group has paid AED 1,576 thousand (2020: AED 1,055 thousand) for various social contribution purposes.

In order to conform with current period presentation, the items “network operation and maintenance”, “marketing”, “outsourcing and contracting” and “other expenses” for the year ended 31 December 2020 were presented reflecting certain reclassifications to ensure comparability with 2021 figures. Without these reclassifications the figures should have been AED 703,448 thousand, AED 150,629 thousand, AED 196,435 thousand and AED 190,275 thousand respectively.

27 Federal royalty

The royalty rates payable to the UAE Ministry of Finance for the period from 2017 to 2021 are 15% on regulated revenue and 30% on regulated profit after deducting royalty on regulated revenue.

	2021 **AED 000**	2020 AED 000
Total revenue for the year (Note 34)	11,681,970	11,083,845
Broadcasting revenue for the year	(148,236)	(148,214)
Other allowable deductions	(3,924,101)	(3,232,266)
Total adjusted revenue	7,609,633	7,703,365
Profit before royalty	2,482,638	2,954,852
Allowable deductions	(307,209)	(467,439)
Total regulated profit	2,175,429	2,487,413

	2021 **AED 000**	2020 AED 000
Charge for royalty: 15% of the total adjusted revenue plus 30% of net regulated profit for the year before distribution (after deducting 15% of the total adjusted revenue).	1,451,640	1,555,077
Adjustments to charge	(69,746)	(43,139)
Charge for the year	1,381,894	1,511,938

Movement in the royalty accruals is as follows:

At 1 January	1,624,832	2,062,972
Payment made during the year (net)	(1,507,186)	(1,950,078)
Charge for the year	1,381,894	1,511,938
At 31 December (Note 22)	1,499,540	1,624,832

Federal royalty for the year 2021 is to be paid within 4 months from the year ended 31 December 2021.

28 Finance income and costs

	2021	2020
	AED 000	AED 000
Finance income		
Interest income	21,169	47,771
Finance income on lease receivable	6,391	2,804
	27,560	50,575
Finance costs		
Interest expense on lease liabilities	82,767	86,454
Interest expense others*	23,580	19,405
	106,347	105,859

*Interest expense others includes interest cost on defined benefit obligations, unwinding of discount on asset retirement obligations and finance costs on borrowings.

29 Earnings per share

	2021	2020
Profit for the year (AED 000)	1,100,744	1,442,914
Weighted average number of shares ('000')	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	0.24	0.32

Diluted earnings per share have not been presented separately as the Group has no commitments that would dilute earnings per share.

30 Changes in working capital

	2021	2020
	AED 000	AED 000
Change in:		
Inventories	11,618	45,177
Contract assets	(95,476)	7,773
Trade and other receivables	(458,372)	(141,809)
Trade and other payables	1,502,073	1,531,281
Contract liabilities	132,120	(16,427)
Due from related parties	91,214	119
Due to related parties	1,617	(963)
Net changes in working capital	1,184,794	1,425,151
Non-cash transactions:		
Accruals for property, plant and equipment	603,677	(170,679)
Accruals for intangible assets	14,539	(16,852)
Additions to right-of-use assets	176,671	519,392

30 Changes in working capital (continued)

	2021 AED 000	2020 AED 000
Loss allowances:		
Loss allowance on contract assets	24,542	9,099
Loss allowance on trade receivables	153,497	219,996
Loss allowance on due from related parties	-	25,007
Loss allowance on term deposits	79	-
	178,118	254,102

The reconciliation for the changes in liabilities arising from financing activities are presented in Notes 18 and 19 of the consolidated financial statement.

31 Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 71,837 thousand (2020: AED 82,647). Bank guarantees are secured against margin of AED 2,503 thousand (2020: AED 2,503 thousand) (Note 17).

The Group is subject to litigations in the normal course of business and the management is of the view that the outcome of these court cases will not have a material impact on the Group's consolidated financial statements. Details of these cases are not disclosed in order not to prejudice the Group’s position in these litigations.

The Group has outstanding capital commitments amounting to AED 1,033,232 thousand (2020: AED 1,282,735 thousand).

32 Financial instruments and risk management

32.1 Credit risk

Exposure to credit risk

The carrying amount and the fair value of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	**Carrying amount**		**Fair value**	
		2021	2020	**2021**	2020
		AED 000	AED 000	**AED 000**	AED 000
Non-derivatives					
Financial asset at fair value through other comprehensive income	11	18,368	18,368	18,368	18,368
Lease receivable	9	155,793	168,176	155,793	168,176
Contract assets	12	360,106	351,028	360,106	351,028
Trade and other receivables	13	1,499,824	1,360,846	1,499,824	1,360,846
Due from related parties	15	48,655	139,869	48,655	139,869
Term deposits	16	1,374,248	2,029,327	1,374,248	2,029,327
Cash and bank balances	17	641,380	213,375	641,380	213,375
		4,098,374	4,280,989	4,098,374	4,280,989

For the purpose of the exposure to credit risk on financial assets disclosure, non-financial assets (subscriber acquisition costs, prepayments and advances to suppliers) amounting to AED 921,201 thousand (2020: AED 679,844 thousand) have been excluded from contract assets, trade and other receivables and due from related parties.

32 Financial instruments and risk management (continued)

32.1 Credit risk (continued)

Exposure to credit risk (continued)

Impairment of contract assets, trade receivables and due from related parties

The ageing of contract assets, trade receivables and due from related parties as follows:

	Gross 2021 AED 000	**Impaired 2021 %**	**Impaired 2021 AED 000**	Gross 2020 AED 000	Impaired 2020 %	Impaired 2020 AED 000
Not past due	1,096,930	3.28%	(35,925)	903,126	1.29%	(11,658)
Past due 0-30 days	371,443	7.14%	(26,514)	232,426	9.06%	(21,051)
Past due 31-180 days	363,921	21.07%	(76,692)	546,139	11.59%	(63,303)
More than 180 days	1,816,893	31.57%	(573,666)	1,624,609	39.29%	(638,232)
	3,649,187		(712,797)	3,306,300		(734,244)

Non-financial assets (subscriber acquisition costs, prepayments and advances to suppliers) amounting to AED 921,201 thousand (2020: AED 679,844 thousand) have been excluded from contract assets, trade receivables and due from related parties.

To measure the expected credit losses, contract assets, trade receivables and due from related parties have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses are based on the analysis of billing, collection and outstanding balance over an appropriate period adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The impairment provision in respect of contract assets, trade receivables and due from related parties is used to record impairment losses unless the Group is satisfied that there is no reasonable expectation of recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written-off. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

32 Financial instruments and risk management (continued)

32.2 Liquidity risk

The following are the contractual matures of financial liabilities along with fair values:

31 December 2021

	Fair value AED 000	**Carrying amount AED 000**	**Total AED 000**	**Contractual cash flows: 6 months or less AED 000**	**6-12 months AED 000**	**1-2 years AED 000**	**Above 2 years AED 000**
Non-derivative financial liabilities							
Borrowings	200,000	200,000	200,000	200,000	-	-	-
Trade payables and accruals	2,259,681	2,259,681	2,259,681	2,259,681	-	-	-
Due to other telecommunication operators	443,533	443,533	443,533	443,533	-	-	-
Accrued royalty	1,499,540	1,499,540	1,499,540	1,499,540	-	-	-
Other payables and accruals	369,537	369,537	369,537	369,537	-	-	-
Due to related parties	6,727	6,727	6,727	6,727	-	-	-
	4,779,018	4,779,018	4,779,018	4,779,018	-	-	-

31 December 2020

	Fair value AED 000	Carrying amount AED 000	Total AED 000	Contractual cash flows: 6 months or less AED 000	6-12 months AED 000	1-2 years AED 000	Above 2 years AED 000
Non-derivative financial liabilities							
Borrowings	-	-	-	-	-	-	-
Trade payables and accruals	1,438,164	1,438,164	1,438,164	1,438,164	-	-	-
Due to other telecommunication operators	523,658	523,658	523,658	523,658	-	-	-
Accrued royalty	1,624,832	1,624,832	1,624,832	1,624,832	-	-	-
Other payables and accruals	330,887	330,887	330,887	330,887	-	-	-
Due to related parties	5,110	5,110	5,110	5,110	-	-	-
	3,922,651	3,922,651	3,922,651	3,922,651	-	-	-

Contractual maturities related to lease liabilities disclosed in Note 18.

32 Financial instruments and risk management (continued)

32.3 Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

	31 December 2021		31 December 2020	
	Thousand		Thousand	
	EUR	**GBP**	EUR	GBP
Trade receivables	7,943	345	5,360	329
Trade payables	(1,148)	(245)	(59)	(416)
Net exposure	6,795	100	5,301	(87)

The following significant exchange rates against AED have been applied during the year:

	Average rate		**Reporting date spot rate**	
	2021	2020	**2021**	2020
EUR 1	4.3715	4.1624	4.1507	4.4879
GBP 1	5.0011	4.6856	4.9500	5.0246

Sensitivity analysis

A 10 percent strengthening of the AED against the following currencies at 31 December would have increased/(decreased) equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2021	2020
	AED 000	AED 000
Increase/(decrease) in profit		
EUR	(2,971)	(2,206)
GBP	(50)	41

Conversely a 10 percent weakening of the AED against the above currencies at 31 December will have had the exact reverse effect. In each of the above cases the impact on equity would have the same values as the above amounts.

32 Financial instruments and risk management (continued)

32.4 Interest rate risk

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments was:

	Carrying Amount	
	2021	2020
	AED 000	AED 000
Variable interest rate instruments		
Bank borrowings	200,000	-

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2021	2020
	AED 000	AED 000
Decrease in profit		
Variable interest rate instruments	(500)	-

Conversely a decrease in interest rates by 100 basis points will have had the exact reverse effect. In each of the above cases the impact on equity would have the same values as the above amounts.

32 Financial instruments and risk management (continued)

32.5 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2021 **AED 000**	2020 AED 000
Financial asset at fair value through other comprehensive income	18,368	18,368
Financial assets measured at amortised cost		
Lease receivable	155,793	168,176
Contract assets	360,106	351,028
Trade and other receivables	1,499,824	1,360,846
Due from related parties	48,655	139,869
Term deposits	1,374,248	2,029,327
Cash and bank balances	641,380	213,375
	4,080,006	4,262,621
Financial liabilities measured at amortised cost		
Lease liabilities	2,224,986	2,308,624
Borrowings	200,000	-
Trade and other payables	4,572,291	3,991,797
Due to related parties	6,727	5,110
	7,004,004	6,305,531

For the purpose of the financial instruments disclosure, non-financial assets amounting to AED 921,201 thousand (2020: AED 679,844 thousand) have been excluded from contract assets, trade and other receivables.

33 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

33 Offsetting financial assets and financial liabilities (continued)

The following table presents the recognised financial instruments that are offset in the statement of financial position, as at 31 December 2021 and 31 December 2020.

	31 December 2021			**31 December 2020**		
	Gross amounts AED 000	**Gross amounts set off AED 000**	**Net amount presented AED 000**	Gross amounts AED 000	Gross amounts set off AED 000	Net amount presented AED 000
Financial assets						
Trade and other receivables	3,178,578	(1,133,698)	2,044,880	2,588,935	(862,534)	1,726,401
Total	3,178,578	(1,133,698)	2,044,880	2,588,935	(862,534)	1,726,401
Financial liabilities						
Trade and other payables	5,726,611	(1,133,698)	4,592,913	4,854,331	(862,534)	3,991,797
Total	5,726,611	(1,133,698)	4,592,913	4,854,331	(862,534)	3,991,797

34 Segment analysis

The Group mainly has operations in the UAE. The Group is organised into four major business segments as follows:

- Mobile segment offers mobility services to the enterprise and consumer markets. Services include mobile voice and data, mobile content and mobile broadband WIFI. Mobile handset sales, including instalment sales, are also included in this segment.
- Fixed segment provides wire line services to the enterprise and consumer markets. Services include broadband, IPTV, IP/VPN business internet and telephony.
- Wholesale segment provides voice and sms to national and international carriers and operators. Services include termination of inbound international voice traffic and international hubbing.
- Others include broadcasting services, international roaming, site sharing, etc.

Segment contribution, referred to by the Group as gross margin, represents revenue less direct costs of sales. It is calculated before charging network operating costs, sales and general and administration expenses. This is the measure reported to the Group's Board of Directors for the purpose of resource allocation and assessment of segment performance.

34 Segment analysis (continued)

31 December 2021

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
Segment revenue					
Timing of revenue recognition					
Over time	5,300,882	2,839,409	1,923,564	835,457	10,899,312
At a point in time	763,533	4,897	-	14,228	782,658
	6,064,415	2,844,306	1,923,564	849,685	11,681,970
Segment contribution	3,060,801	2,425,731	1,374,676	421,091	7,282,299
Unallocated costs					(4,845,885)
Other income					130,574
Federal royalty					(1,381,894)
Finance income/costs and share of profit of investments accounted for using equity method (net)					(84,350)
Profit for the year					1,100,744

34 Segment analysis (continued)

31 December 2020

	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
Segment revenue					
Timing of revenue recognition					
Over time	5,454,339	2,562,418	1,800,823	766,097	10,583,677
At a point in time	481,756	6,191	-	12,221	500,168
	5,936,095	2,568,609	1,800,823	778,318	11,083,845
Segment contribution	3,428,069	2,193,145	1,288,179	416,662	7,326,055
Unallocated costs					(4,723,466)
Other income					13,904
Federal royalty					(1,511,938)
Finance income/costs, impairment of goodwill and share of profit of investments accounted for using equity method (net)					(181,015)
Gain on disposal of investment accounted for using equity method					519,374
Profit for the year					1,442,914

The Group's assets and liabilities have not been identified to any of the reportable segments as the majority of the operating fixed assets are fully integrated between segments. The Group believes that it is not practical to provide segment disclosure relating to total assets and liabilities since a meaningful segregation of available data is not feasible.

35 Other income

During the year 2021, the Group has recognised AED 130,109 thousand under other income against settlement of a legal dispute (Note 13).

36 Comparatives

In order to conform with current year presentation, the comparative figures for the previous year has been regrouped, where necessary. Such regrouping did not affect the previously reported profit, comprehensive income or equity.