Emirates Integrated Telecommunications Company PJSC
Annual Report 2022

Add life to life

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Our purpose is to:

1. Delight our customers
2. Be the employer of choice for the best talent
3. Create optimal value for our shareholders
4. Contribute to the transformation of our community

Our strategy will deliver our purpose by:

- Offering innovative products and developing new revenue streams
- Moving to digital-first and offering an outstanding customer experience
- Delivering best-in-class digital IT and state-of-the-art technology
- Being the best employer for best talent, by attracting and developing the right people
- Unlocking shareholder value through business excellence and innovation

We work tirelessly to deliver our purpose and our strategy guides us. We use our talent, skills and energies to connect, inspire and reward our customers every day.

Welcome to du

We bring people and businesses together, by offering them mobile and fixed services, broadband connectivity, home entertainment and information communications technology ("ICT") services all over the UAE.

From the inception of our Company in 2006, we expanded and enhanced our services in an industry that is at the heart of the economic, social and digital transformation of the country.

We are building our business by moving to digital-first technology to ensure our customer and colleague experience is seamless, efficient and enjoyable.

As a responsible business we are committed to:

- **Making our people and communities happier**
- **Operating ethically and responsibly**
- **Delivering the benefits of our services to all**

The values we adopt to deliver our purpose and strategy are:

Serving with **dedication**

Encouraging **curiosity**

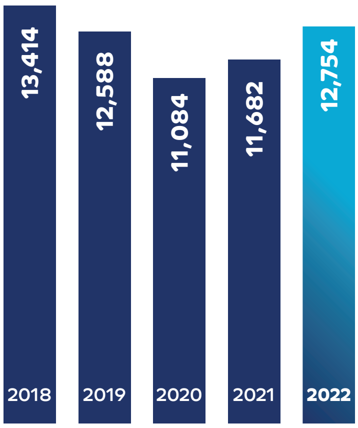
Operating with **agility**

Creating **openness**

2022 highlights

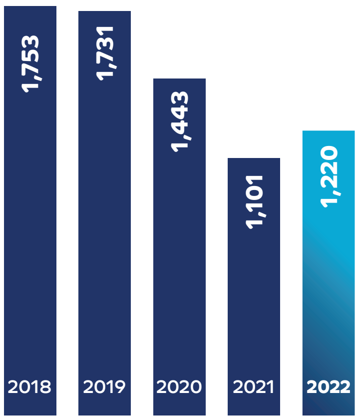
Committed to creating value

Financial highlights



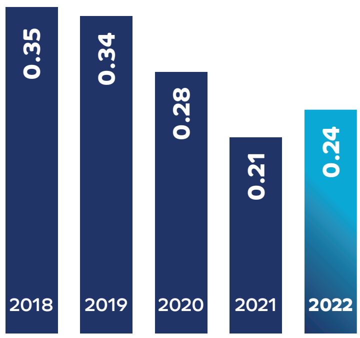
Revenue
AED 12,754m

+9.2%



Net profit
AED 1,220m

+10.8%



Dividend
24 fils

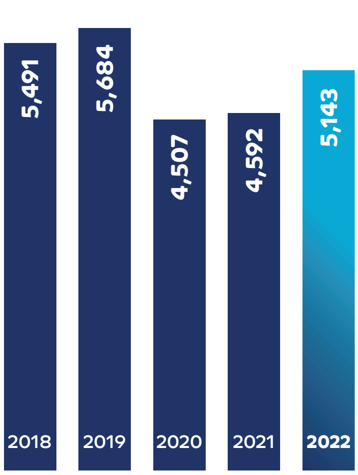
+14.3%

Operational highlights

In 2022, our business performance has been excellent, with significant growth in all metrics.

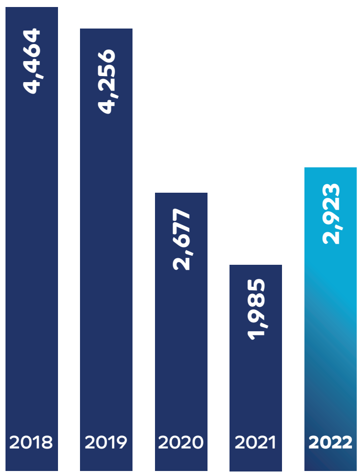
7,895,000

Mobile customer base
+8.9%
Net-adds of 643,000



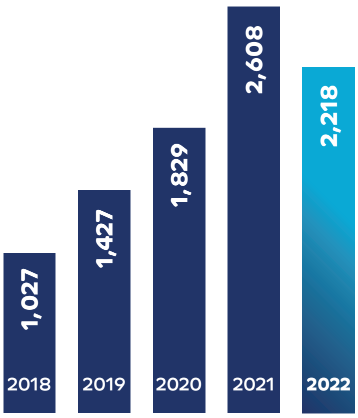
EBITDA
AED 5,143m

+12.0%



Operating free cash flow
AED 2,923m

+47.3%



Capex
AED 2,220m

-14.9%

537,000

Broadband customer base
+37.3%
Net-adds of 146,000

94%

5G network population coverage in UAE

Go to page 24 to read our finance review.

Go to page 20 to read our operational review.

Our journey – 2006 to today

Testament to hard work

In 16 years we have generated significant benefits to our customers, partners and country, a testament to the hard work and dedication of our people. Our financial performance in 2022 demonstrates our ability to drive robust and sustainable growth and deliver value to our shareholders.

New technologies such as 5G and mobile application development have changed the industry from voice-centric to data-centric. Our track record is proof of our ability to take advantage of these changes through innovation and creativity. We will continue investing in the coming years to upgrade and expand our telecom infrastructure.

Emirates Integrated Telecommunications Company is the name of our legal corporate entity. We provide telecom services under two brands and retail staff under a third brand.

du is our main brand for the consumer and enterprise segments.

Virgin Mobile UAE, MENA's first digital telcom service, acts as our digital arm and innovation testbed, serving the youth and digitally-savvy customers.

edara provides talented and customer-centric staff for our customer, network and retail operations.

From challenger to champion

2005
Emirates Integrated Telecommunications Company ("EITC") is incorporated

2006
The du brand launches to an oversubscribed IPO and for the first time there is competition in the UAE telecommunications sector

2007
Mobile and home services products launch – du registers its first million mobile customers

2008
du reaches the milestone of three million mobile customers

2009
du achieved 32% market share in its third year of operations, exceeding targets

2010
USD 1bn funding raised through oversubscribed rights issue and vendor financing

2011
du inaugurated a customer care centre in Fujairah, fully managed by UAE nationals

2012
The first Arabian data hub, datamena, is launched by du

2013
du launches WiFi UAE, aligning with the Government vision to enable WiFi across the country

2014
du announces first-in-the-region VoLTE technology, enabling users to talk and browse online simultaneously at blazingly fast 4G LTE speeds

2015
du officially awarded Smart Dubai Partner

2016
du Samacom Teleport is the first in the Middle East to be certified under the WTA's Teleport Certification programme

2017
du launches Virgin Mobile, the UAE's first all-digital telco

2018
du exceeds nine million mobile and fixed line customers

2019
du launches the nation's fastest 5G network

2020
du launches e-Shop to support SME corporates in their digital transformation journeys

2021
du shows its strength in innovation through the successful launch of the 4G Home Wireless Fixed broadband product

2022
du launches a standalone private 5G network solution based on OpenRAN ("ORAN")

Advancement for growth

Our vision is to become a leading telecom and digital services provider. As a dedicated enabler of connectivity, continuity and growth across consumer and enterprise segments, we touch the lives of millions of customers every day.

Our business is an integral part of the UAE's economic, social and digital transformation. We thrive on digitally innovating all facets of the contemporary telecom experience.

Whether delivering state-of-the-art bespoke enterprise ICT solutions, Government communications, secure data solutions, or the very best in-home entertainment, du is a reliable telco and digital services provider shaping the future of communication for a more connected tomorrow.

Infrastructure and assets:

34,000 km

Fibre transport in kilometres
2021: 31,000 km

Employees:

The quality of our team has enabled us to grow to the size of business that we are today. We have worked consistently to ensure a true diversity of talent and expertise within the business.

3,083

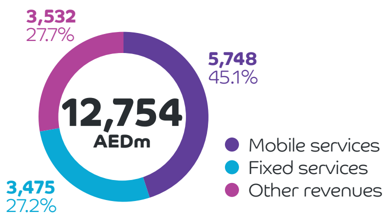
Total number of employees
2021: 3,260

74

Number of nationalities employed
2021: 86

Products and services:

We have a strong track record of delivering innovative products and services.



Revenue split 2021:
Mobile services 45.4%
Fixed services 24.3%
Other revenues 30.3%

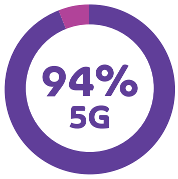
Everything we deliver to our customers relies on the scale and quality of our infrastructure. We will continue to invest in building, upgrading and improving these assets.

610,000

Homes passed
2021: 553,000

5

Data centres in the UAE
2021: 3



Percentage of UAE population with 5G mobile coverage
2021: 91%

Percentage Emiratisation
2021: 40%

76.4%

23.6%

Male/female split
2021: male 75.6%
female 24.4%

Go to pages 43 to 47 to read about diversity in our Company.

Suppliers:

We build long-term collaborative partnerships with our suppliers. By working closely with them we ensure that the needs of our businesses are consistently met.

707

Number of suppliers
2021: 625

Go to page 55 to read about responsible procurement.

Exceptional performance

"We have made significant progress against our strategic priorities, all whilst growing our revenues in a profitable way, paying maximum possible dividend and maintaining a robust balance sheet."

On behalf of the Board of Directors (the "Board"), it gives me immense pleasure to present the Company's annual report, which covers the achievements and financial results of 2022.

Overall, 2022 has been an extraordinary year, with a radical divergence between the performance of the global economy and that of the UAE. While global markets were negatively impacted by war, inflation, logistics issues and COVID-19 restrictions particularly in Asia, the UAE has performed and continues to perform extremely well.

The UAE's management of the pandemic, among the best in the world, resulted in a gradual controlled relaxation of restrictions leading to their cessation in November 2022. This, combined with various measures to attract global talent and increase the attractiveness of the country, and the successful Expo 2020, led to continued population build-up and a significant increase in tourism activity.

The positive momentum and the sound management of the economy resulted in an unprecedented level of GDP growth (estimated to be more than 6%) and the containment of inflation despite the pressure from global trends.

From a telecom sector perspective, we have seen an acceleration of the recovery that started towards the end of 2021. This was supported by the rebounding of the population size, the positive economic momentum and the ability of the country to attract an ever-growing number of tourists, new residents, investors and digital nomads.

Go to pages 20 to 23 to read about our innovative products and services case studies.

The sector has also been highly dynamic with various commercial initiatives and the continuation of its transformation. On that basis, the growth of the UAE telecoms market revenues is estimated at 5% in 2022, back to pre-pandemic levels. This is evidence of the sector's health and its continued role supporting the development of the digital economy in the UAE.

Against this backdrop, our business has performed exceptionally well with:

- The successful launches of innovative products and services including Home Wireless and unlimited data with speed tiers
- Our commitment to the development of our network through ambitious investments in 5G and our IT transformation programme
- Our ongoing medium-term transformation of the business

Our financial performance this year has been outstanding with revenues up 9.2%, EBITDA up 12.0% and net profit up 10.8%. Thanks to these results and our strong balance sheet, the Board is recommending to the Annual General Meeting a dividend distribution of 24 fils/share, the maximum amount possible under our dividend policy.

I would particularly like to praise our Management Team for their commercial dynamism, their management of the cost base in an inflationary environment and their ongoing efforts to transform the business.

In summary, the progress shown this year is evidence of a highly dynamic business in a sector with strong growth, and a region bucking the trend of recession that is affecting large parts of the world. We are therefore highly optimistic about the outlook of the business, especially in light of our exceptional management team with their blended complementary skills and experience.

Malek Al Malek
Chairman

+9.2%
Revenues

+12.0%
EBITDA

+10.8%
Net profit

Go to page 14 to read about our IT transformation programme.

A positive backdrop for driving market share gains

"A year of solid progress against our vision of becoming a **leading telecom and digital services provider**."

Macro-economic factors
The UAE experienced robust economic growth in 2022, led by record oil prices and vigorous growth in tourism, transport and logistics sectors. The Government's management of the pandemic as well as measures to encourage immigration have created the conditions to boost demand. All of these factors had a positive impact on the economy, leading to its expansion at levels not seen since 2011.

The sector
Growth in the UAE telecom market was significantly adversely affected by the pandemic. Over 2022, the sector gained impetus from the rebound in the economy, growth in tourism and the return of expats and digital nomads. The overall strength of the UAE economy underpins the growth in telecom spending going forward.

Digital ecosystems are evolving, and this is reflected in the accelerated digital adoption of our customers (working from home, increase in digitalisation of enterprises) and growth in ICT solutions (cloud, data centre, cybersecurity), as well as digitalisation of services across a wide variety of industries. This evolution has been further advanced by the significant investment made in the UAE's 5G network over the last few years. (Read about the benefits of 5G on page 60.)

We play a vital role in supporting the country's digital infrastructure through the provision of communications and connectivity services. We will therefore continue to invest to upgrade and expand

+8.9%

Total mobile customer base

143,000

New mobile postpaid customers

our network and IT infrastructure. We will implement new technologies, such as 5G, cloud and data centres and launch new services such as FinTech, and enterprise solutions. This is in line with the **'We the UAE 2031'** Government vision and specifically supports the **'Forward Ecosystem'** pillar. This pillar looks to enhance "the Government performance and the UAE's infrastructure and its development according to the latest technological methods, including the development of digital infrastructure."

Our performance

- Our **mobile customer base** increased by 8.9% to 7.9 million subscribers, rising above pre-pandemic levels, driven by the growth in population and resumption of tourism.
- Our **mobile postpaid segment** was buoyant, attracting 143,000 new customers to reach a total of 1.5 million subscribers, up 10.7%.
- We added 500,000 **mobile prepaid customers** to reach 6.4 million subscribers, a growth rate of 8.4%.
- Our **consumer fixed segment** grew 37.3% to 537,000 broadband subscribers through the introduction of innovative products and services as well as population growth.

Outlook

Our expectations for our core markets:

Fixed services

We see moderate growth as remote working becomes a permanent fixture and in light of the proliferation of broadband packages at higher speeds. Wireless broadband solutions like fixed wireless access ("FWA") are also attractive for the home and SME segments.

Mobile services

The UAE presents characteristics of a mature and highly penetrated mobile market where OTT and VoIP apps will continue to exert pressure on voice revenues. Mobile connections should increase as population levels continue to increase. 5G will also provide us with further opportunities to monetise new innovative products and services.

ICT services

Demand for ICT services will continue increasing. Telecom operators are offering end-to-end enterprise solutions whereby they bundle connectivity with ICT services. Cloud, security and data centres will feature heavily as corporates adopt new ways of working.

PAY

+500,000

Mobile prepaid customer increase

5G

537,000

Broadband subscribers

A robust strategy to deliver future growth

Our strategy underpins all the activity within the business to drive long-term sustainable growth. Through building a strong, efficient and innovative business, we will deliver value to our customers, our employees and our shareholders, as well as other stakeholders including suppliers and the UAE Government.

Our **vision** is to continue on our journey of becoming a **'leading telecom and digital services provider'**, and we have identified the following strategic priorities and objectives to enable us to deliver that vision:

Offer innovative products and develop new revenue streams

Objectives:

Differentiate through segmented and innovative offerings

Cater for the digital lifestyle needs of our customers

Enable advanced ICT solutions for our customers

Move to digital-first and offer an outstanding customer experience

Objectives:

Adopt a digital-first approach in our products, services and channels

Radically simplify our product portfolio

Digitalise our customer journeys end to end across all touchpoints

Deliver best-in-class digital IT and state-of-the-art technology

Objectives:

Deploy the best gigabit network for mobile and fixed services

Deploy an IT stack which is quick to change and easy to maintain

Unlock value from advanced analytics use cases

Against this vision and strategy, digital enablement was our most powerful lever to drive results. We therefore initiated several strategic projects that will take the organisation to the next level on its transformation journey.

These projects will fulfill our ambition by building and investing in the key enablers of growth. They include mobile and fixed network expansion, IT transformation, customer experience, digitalisation of our customer interfaces, and growth in the new ICT business space.

For more information about our IT transformation programme see page 14.

We have made good progress against our strategy and vision in 2022:

- Improved competitiveness by delivering robust revenue growth and increasing value share
- Accelerated digital adoption with more than two million customers using the du app
- Improved customer experience (as measured by Net Promoter Score)
- Continued to focus on operational efficiencies, resulting in double digit EBITDA growth
- Progressed our IT modernisation and analytics-driven transformation
- Lead in 5G coverage and performance
- Continued to expand our fibre footprint
- Offered innovative and simple products and services to drive growth and monetise network investments

Be the best employer for best talent, by attracting and developing the right people

Objectives:

Build a future-ready and digitally-skilled workforce

Encourage collaborative ways of working and foster an engaged employee base

Unlock shareholder value through business excellence and innovation

Objectives:

Focused management and strengthen accountability through better alignment on each of the business areas

Structure business units as standalone profit centres for a higher level of efficiency

Our priorities against our strategy and vision in 2023 are to:

- Continue to focus on both growth and efficiencies, with contingency plans in place for adverse market conditions
- Maintain the winning momentum in mobile and fixed services, while addressing market gaps and focusing on B2C innovation
- Drive ICT growth with strong capability and partnerships build-up
- Further improve customer experience and deliver on digitalisation ambition
- Accelerate the adoption of advanced analytics and introduce new use cases
- Focus on fibre and 5G investments monetisation
- Deliver on delayering and transformation programmes supported by efficient operating model
- Focus on execution and manage the complexity of major projects

Strategy case study

IT transformation programme

The most important of our large strategic projects is the IT transformation programme. Launched in 2020, the project is the 'means' to deliver our vision of becoming a **leading telecom and digital services provider.**

Our journey to becoming a leading telecom and digital services provider

Programme vision...

1

Core and new business

Become the preferred operator in the UAE for connectivity and innovative service

Enable diversified and sustainable growth in new business (ICT and digital consumer services)

2

Customer engagement

Lead in digital-first and customer experience

Rethink our approach to serving, satisfying and delighting our customers

The programme has two main objectives:

- Migrate the Company off the current business support and control platform on to a more robust and advanced system
- Build for the future by focusing on improving the user experience and moving to digital-first

When complete, our customers and staff will benefit from enhanced automation, resulting in greater agility.

Our programme KPIs have improved year on year allowing us to focus more on value creation in our next phase of transformation. This progress is due to the hard work and dedication of a large team of people working on the project alongside various international and local partners.

The team is highly diverse. We have a good blend of people with external experience to challenge the status quo, and employees who know the business in depth. The team also includes a high percentage of women in senior positions.

Effecting cultural change is one of the hardest aspects of this type of project. For its success we are taking the whole Company on a journey to communicate why we have undertaken this programme and its importance for the business, our customers and employees. We monitor the evolution of the programme at various forums, and we communicate continuously on the progress of work.

3

Network, IT and data

Deliver network excellence across the UAE

Develop state-of-the-art IT, leverage data and deploy advanced analytics

4

People and talent

Become the best employer for best talent

Employ an agile and efficient operating model

Enabling the future of du

Our plan...

By hiring and retaining people with the best digital expertise, we bring industry best practice to implement the vision of the programme as well as the Company

By building a scalable and robust technology stack we will provide stability and reliability

By giving our customers the best digital customer experience we will increase our market share

Delivering on our winning strategy

"In 2022, the macro-economic environment was positive, our market growing, and our results were stellar."

What is your view of how the business has traded during 2022?

The COVID-19 pandemic had a significant impact on our revenues. Since then we have been on a recovery path that started in late 2021. That recovery has accelerated in 2022 thanks to the improvements in the UAE economy and the acceleration of our transformation. In 2022, the macro-economic environment was positive, our market growing, and our results were stellar. We performed strongly across most of our business lines, which have all shown robust growth.

How are you gaining competitive advantage within your marketplace?

In 2020, we changed our operating model to focus on a segmented approach. We also removed a number of layers in our organisation which further increased our dynamism, agility and focus. As a result, we have seen a progressive improvement in our results.

We focused on bringing several innovative solutions to the market to capture value. For example, our new product 5G Home Wireless was a well-identified and well-executed opportunity by the team. We saw a gap in the market and captured it with a very strong plug-and-play proposition. This product has been extremely well-received and has attracted a new segment of customers. (Read more on page 23.)

We have also been able to arrest the declining trend on mobile, through the launch of several innovative products including 'unlimited data with speed tiers' and 'non-stop data postpaid' plans. These products have been extremely successful in increasing customer uptake.

Overall, a better approach, a sharper focus, an improved innovation from a product perspective, and an enhanced execution are bringing strong results.

+37.3%

In 2022, we grew our broadband customer base by 37.3% from 391,000 to 537,000.

Fahad Al Hassawi
Chief Executive Officer

What role has operational efficiency played in your performance?

It is critical to our success that we gain value share while increasing the efficiency of the business. Delivering these objectives remains a challenge and the team has done a fantastic job in balancing these two priorities whilst continuing to optimise the cost structure.

Looking forward into 2023, what are your key operational priorities?

Our recent efforts have set the right conditions for sustainable revenue growth and profitability improvement. We have also proved that we can innovate to grow our business.

In light of this success, our key priorities remain the same, namely, to offer innovative products and develop new revenue streams, moving to digital-first, delivering the best digital IT and state-of-the-art technology, being the best employer and unlocking shareholder value. All whilst continuing to embed efficiency as an integral part of our culture.

I am optimistic that our team will continue to deliver on our objectives.

What are the main challenges and risks to your continued success?

Firstly, innovation. Innovating and continuing to do so is a challenge, as it is never straightforward to pinpoint the right future trend and to capitalise on it. We need to continue to be extremely precise and accurate about where we invest our money to ensure we deliver good returns.

Secondly, faultless execution which will continue to be essential to achieve the right result. Next, we need to maintain our delivery of growth, and we are confident that we will be able to do this in the year ahead. Part of the challenge, however, will be how we extract value from the slightly reduced growth trajectory expected in the year ahead, and how we keep our focus on execution. This is especially the case in the revenue streams which are new to us.

Finally, and most importantly for the long-term prospects of the business, we need to ensure that we continue to meet the expectations of our customers, which only increase over time.

Go to page 51 to read about our hybrid and solar powered generators.

What are your reflections on ensuring that you've got the right people strategy in place to deliver the ambitious targets that you're setting for the business?

I think growing the capabilities of our existing talent whilst recruiting the right people is key. Our recipe, which is increasing value share and improving efficiency, requires a balance between existing talent and recruiting new people who can challenge the status quo.

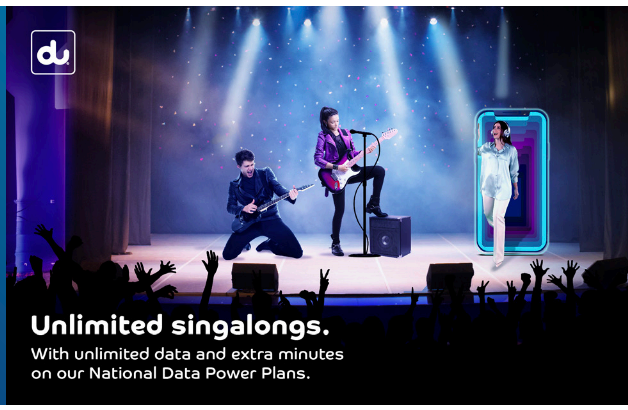
It is always healthy to regularly inject new talent to benefit from the different approach, thinking and experience that new people bring. To date, we have been adopting this recruitment strategy selectively in areas where we feel we need to accelerate the pace of change and transformation. For example, in FinTech, we have been building our capabilities by recruiting individuals with a skillset not typically found in the telecom industry.

What characteristics do you look for in your team to deliver success?

I think continuing to operate in the challenger mindset is extremely important for us. We should always aim to be agile, innovative and execution focused. We should also remain disciplined in the delivery of a successful transformation programme. From a customer point of view, we need to continue being passionate about delighting our customers by making sure we go the extra mile. This is at the heart of the organisation, starting from my position as CEO all the way to our teams on the frontlines, who are facing our customers and trying to meet their expectations. I have huge respect for all of them because they find the way to get things done, despite some of the challenges of our current legacy systems and processes.

New product case study

Unlimited postpaid plans



How important is diversity and inclusion in the way you view the future of du?

It is extremely important. From day one, we have worked to ensure that we have a highly diverse workforce with a good gender balance from different nationalities and backgrounds.

We are now going beyond that, by hiring people with experience not necessarily from the telecom market but who come with different experience in various sectors. I think this diversity brings a lot of value to us. It also allows us to continue to innovate and challenge the status quo by being humble and learning from others and their experiences.

How important do you feel your environmental strategy is to du in delivering its operational goals?

We are one of the most visible consumer-facing companies in the UAE. It is our duty and a matter of pride to lead as well as to be an enabler of good environmental practices. We are increasingly seeing environmental performance becoming a key differentiator for our customers, regulators and talent. To illustrate our commitment to the environmental sustainability of our business, we recently improved the energy efficiency in our base transceiver stations, and we are upgrading our generators to hybrid and solar power over the coming years.

Finally, how would you summarise the Company's prospects?

In 2021, we laid the foundation for a recovery. In 2022, we put the Company on track for a sustainable and profitable growth. This has been achieved by setting the right ambitions, executing our strategy and prioritising our customers. Our results confirm the relevance of our strategy and the efficiency of our operating model. We will continue on the same path to become a **leading telecom and digital services provider**.

In summary, we have set high expectations of ourselves, we are working very hard to meet them and are encouraged by our track record of achievement.

Fahad Al Hassawi
Chief Executive Officer

Traditional mobile postpaid plans are structured around a set voice and data allowance with monthly prices that vary according to the chosen voice and data bundle. This sets a mindset where customers worry about usage.

In May 2022, we freed our customers by introducing a complete line up of unlimited and non-stop data postpaid plans. Prices are set according to the chosen bandwidth (3 Mbps, 10 Mbps, 20 Mbps, Unlimited). We were the first to offer these plans and we are seeing positive results.

An exceptional year of operational delivery

In 2022, we focused on improving customer experience. To that end, we have expanded our 5G network and fibre footprint, introduced new products and simplified the customer journey.

We accelerated our transformation journey, designing and integrating our initiatives under key pillars and thereby laying a foundation for rapid change in the years ahead.

The IT transformation programme is well-established to support and develop the necessary infrastructure for the growing digital adoption and emerging technological trends.

In light of this, looking forward to 2023 we are confident in the delivery of our ambitious vision of becoming a **leading telecom and digital services provider**.

Investment

In 2022, we continued our bold infrastructure buildout programme. We invested AED 2,220m that served to expand mobile network coverage (notably 5G), roll out fibre across the country and modernise our IT infrastructure.

During the year, we connected 57,000 homes across the country to our fibre network. 5G coverage is also expanding. Our 5G mobile network covers 59% of the country and is available to 94% of the population. We added nearly 900 mobile sites across the nation and significantly improved indoor coverage.

These investments allow us to deliver services that meets our customers' current and future requirements.

2,220m

Capex AED
2021: AED 2,607m

94%

5G population coverage
2021: 91%

59%

5G country coverage
2021: 47%

Improved customer experience

Digital-first

On our journey to become a digital-first organisation, continuing to improve customer experience is what continues to drive us. We want to make it easier for our customers to do business with us at any touchpoint, be it sales, service installation or ongoing support.

We are embedding a digital-first approach to our products, services and retail channels. During the year, we started various initiatives to drive better customer service experiences.

UAE Pass

Our mobile customers are now able to renew their mobile line through our app thanks to the UAE Pass* which is now embedded into our mobile app. Whereas previously they would need to visit our shop to verify their biometrics, our customers can now fulfil the regulatory requirement at their leisure through their smartphone.

Retail design

We are transforming our retail shop design to improve customer experience. One significant change is the move away from the traditional retail counter. Instead of being counter-based, roaming customer representatives will now meet customers and advise them on their needs.

Customers can also use self-service kiosks which serve multiple purposes including browsing our digital catalogue to learn about our products. Further enhancements will allow customers to conduct more of their own transactions such as purchasing new products and enabling additional services.

In 2023, customers will be able to use the self-service kiosks to replace their SIM, renew their postpaid line, cancel their prepaid plan and pay in cash.

+57,000

Homes passed in 2022

3,000 km

Transport fibre laid in 2022

* UAE Pass is the UAE Government's digital identity and signature solution. It enables users to identify themselves to Government service providers through a smartphone-based authentication.

New products and services

Mobile plans

Traditional mobile postpaid plans are structured around a set voice and data allowance with monthly prices that vary according to the chosen voice and data bundle. This sets a mindset where customers worry about usage.

In May 2022 we freed our customers by introducing a complete line up of unlimited and non-stop data postpaid plans. Prices are set according to the chosen speed (3 Mbps, 10 Mbps, 20 Mbps, Unlimited). We were the first to offer these plans and we are seeing positive results.

5G Home Wireless

As a customer champion, we were the first to launch a 5G network fixed wireless access product across the nation. Our 5G network Home Wireless gives unlimited data connectivity through our high-performing mobile network and it provides consumers with an alternative to the traditional home broadband products.

Business Starter Plan

We launched Business Starter Plan (office wireless solution), a first in the country providing truly unlimited internet and business landline as a bundle at a very affordable prices. This product is targeted at start-ups and SOHO businesses that are looking to establish their operations quicker due to the fast installation, while keeping overhead costs low. This product has allowed us to truly offer fixed services across UAE.

Welcome to Happy Emirates

In conjunction with the General Directorate of Residency and Foreigners Affairs – Dubai (GDFRA), we provide all visitors arriving in Dubai ports a free pre-activated SIM with 1GB of free data. Once the SIM is activated, visitors can participate in the variety of offers specifically available for short-term visitors. These have proven very popular with visitors, with many praising this one-of-a-kind experience. Tourist SIMs supported and improved visitors' experience during Expo and the FIFA World Cup.

New product case study

5G Home Wireless plug and play

Following extensive consumer research we launched our new Home Wireless product – a simple and reliable broadband connection at an affordable price. It gives our residential customers unlimited data connectivity through our high-performing mobile network.

The product is simple to use, with instantaneous set-up that is, in effect, plug and play. Customers just unbox the router, insert the SIM, plug it in, turn it on and start using it!

Customers can walk into a retail shop, get a subscription and walk out with the router. Customers can also subscribe through our website or mobile app and get a router delivered within 24 hours.

Currently, we have two Home Wireless products on the market:

- **Home Wireless Plus:** AED 199 +VAT per month. This is for customers who want to enjoy unlimited data at their home at the most competitive price in the market. Customers are given a 5G network enabled router.
- **Home Wireless Entertainment:** AED 299 +VAT per month. Customers are given OSN+ and Amazon Prime. This is for the discerning customers who want the maximum network speed and the best entertainment content. Customers get a best-in-class premium 5G network-enabled router.

A solid performance – strong revenue growth and increased profitability

"I am very pleased with our 2022 results. We registered double-digit growth in most of our major financial indicators. We have fully recovered from COVID-19 related challenges as our revenues are ahead of those of 2019 and we have improved our profitability."

Kais Ben Hamida
Chief Financial Officer

A dynamic environment
The UAE's consistent and exemplary management of the pandemic allowed the country to rapidly normalise and the economy to recover, even surpassing 2019 levels. This encouraged in-bound migration and led to the growth in population. It also supported the increase of tourism activity which rebounded sharply with the return of in-person meetings, conventions, exhibitions and events such as Expo 2020 and the FIFA World Cup. High oil prices have also contributed to the highly dynamic nature of the UAE's economy.

An excellent performance
2022 was a remarkable year for du. It marks the year of full recovery from the COVID-19 slowdown. In 2022, we introduced new products and services, improved our customer experience and continued to execute our transformation programme. All these initiatives laid the foundations for our strong commercial momentum.

Our revenues grew 9.2% to AED 12.8bn with growth across nearly all segments. Our service revenues, which comprise mobile and fixed revenues, increased

Go to pages 100 to 103 to read our consolidated financial statements.

13.3% thanks to solid commercial momentum. During the year, we revamped our postpaid portfolio, fine-tuned certain of our prepaid offerings and launched/accelerated the growth of several innovative fixed services. We developed these products based on our insights into the needs and expectations of our customers.

Our gross profit was significantly improved thanks to strong growth in service revenues. Gross margins expanded by 2.2 percentage points. Through sound cost optimisation, we were able to contain the increase in our operating expenses. We launched several efficiency initiatives such as resources optimisation, contract re-negotiation and automation. Our EBITDA grew by 12% and our EBITDA margin increased by one percentage point from 39.3% in 2021 to 40.3% in 2022 – a superb performance.

We continued the deployment of our investment programme with capital expenditure of AED 2.2bn, a capital intensity of 17.4%. This investment served to expand and improve our 5G mobile coverage which reached 94% of the populated areas, connect more homes with fibre and modernise our IT infrastructure. Notwithstanding sustained investments, we generated AED 2.9bn in operating free cash flow.

A financial strategy aligned to our operational objectives

Our debt-free balance sheet remains strong, with a total available liquidity of AED 5.3bn. We ended the year with a net cash position of AED 1.5bn and committed available facilities of AED 3.8bn. This allows us to operate with a high level of flexibility from a business perspective.

Our strong balance sheet, in addition to the healthy cash flow generated from our operations, allows us to support the long-term needs of our business and to maintain a regular and generous dividend distribution.

In summary, our financial strategy is aligned with the strategic priorities of the business and the delivery of value to all stakeholders. I am very pleased with our 2022 results. We registered double digit growth in most of our major financial indicators. We have fully recovered from COVID-19 related challenges as our revenues are ahead of those of 2019 and we have improved our profitability.

Kais Ben Hamida
Chief Financial Officer

Our financial strategy

Given that we operate in a capital-intensive industry, our financial strategy is based on:

Continuously pursuing operational efficiency
We systematically seek to improve the operational efficiency of our business by regularly revisiting the way we spend and operate, to ensure a continuous improvement of our profitability and value creation for our shareholders.

Ensuring high levels of liquidity to be able to fund our business needs and support our dividend policy.

Maintaining a strong balance sheet to ensure easy access to capital and optimises funding costs.

Finance review

Simplified income statement

AEDm	2021	2022
Revenues	11,682	**12,754**
EBITDA	4,592	**5,143**
EBITDA margin	39.3%	**40.3%**
Depreciation, amortisation	-2,025	**-2,112**
Net finance costs	-79	**-59**
Federal royalty	-1,382	**-1,744**
Net profit	1,101	**1,220**
Number of shares (m)	4,533	**4,533**
EPS	AED 0.24	**AED 0.27**

Revenues
Revenues grew 9.2% to AED 12,754m (2021: AED 11,682m) thanks to sustained growth in service revenues. Our commercial efforts and our diverse product offering helped grow mobile and fixed service revenues. Mobile service revenues continued their recovery: revenues increased 8.4% to AED 5,748m, primarily driven by the postpaid segment. Fixed services revenues grew 22.4% to AED 3,475m boosted by the continued strong performance of the consumer segment. Other revenues for the year were AED 3,531m, a slight decrease of 0.3% over 2021.

AEDm	2021	2022	change
Mobile services	5,301	**5,748**	8.4%
Fixed services	2,839	**3,475**	22.4%
Service revenues	8,140	**9,222**	13.3%
Other revenues	3,542	**3,531**	-0.3%
Revenues	11,682	**12,754**	9.2%

EBITDA and margins
EBITDA increased to AED 5,143m (2021: AED 4,592m), up 12.0% on 2021 levels. The improvement reflects the strong growth in service revenues and a strict control of our operating expenses, despite inflationary pressures. As a result, our EBITDA margin expanded by 1.0 percentage point to 40.3%.

Depreciation and amortisation
Depreciation and amortisation charges for the year were AED 2,112m (2021: AED 2,025m), an increase of AED 87m or 4.3%. The increase is the result of our investment in key infrastructure projects and particularly the deployment of our 5G network over the last few years.

Net finance costs
Net finance cost of AED 59m for the year was 24.5% lower than the previous year (2021: AED 79m). The decrease of AED 19m is due to higher interest income on increasing interest rates and the repayment of outstanding debt.

Federal royalty
The Federal royalty charge for 2022 was AED 1,744m (2021: AED 1,382m). The higher charge is due to an increase in regulated revenues and regulated net profit before royalty.

Net profit and earnings per share
Net profit for the year was AED 1,220m (2021: AED 1,101m), up 10.8% on 2021. The impact of higher EBITDA was partially offset by greater depreciation charges and Federal royalty charges. Earnings per share was AED 0.27 (2021: AED 0.24), up 10.8% on 2021. The total number of shares issued at the balance sheet date was 4,533m.

Capital expenditure
In 2022, our capex started the path to normalisation following 2021 which was the peak of the 5G investment cycle. In 2022, we invested AED 2,218m (2021: AED 2,607m). This represents a capital intensity of 17.4% (2021: 22.3%). During the year, we expanded our 5G coverage, increased the number of homes passed and continued our IT transformation.

Cash flow
We generated AED 2,925m in operating free cash flow (EBITDA less capex) (2021: AED 1,985m).

AEDm	2021	2022	change
EBITDA	4,592	**5,143**	12.0%
Capex	-2,608	**-2,218**	-14.9%
Operating free cash flow	1,985	**2,925**	47.3%

Net debt
We maintained a solid balance sheet, ending the year with a net cash position of AED 1,546m (2021: net cash position of AED 1,816m, including AED 200m debt). During the third quarter, we repaid AED 200m drawn on our revolving credit facilities. As at 31 December 2022, we held AED 1,546m in cash and short-term deposits (31 December 2021: AED 2,016m).

Dividends
The Board of Directors recommended a total dividend per share of AED 0.24 which is subject to approval by shareholders at the Annual General Meeting. This implies a final dividend of AED 0.13 (2021: AED 0.11). If approved, total cash returns to shareholders for 2022 will amount to AED 1,088m. This represents a pay-out of 99.1% of the Distributable Net Profit.

+10.8%

Earnings per share
2022: AED 0.27

Back on track

Financial:

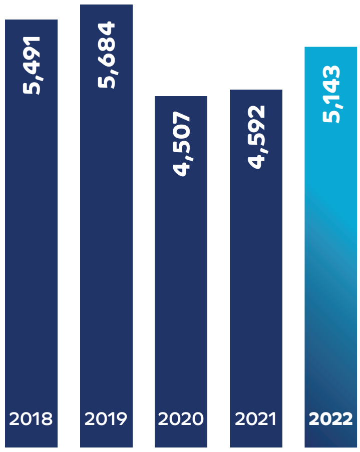
Strong commercial performance is driving revenue and profit growth.

Revenues (AED m)

Definition
Our total revenues as reported in the income statement.

Relevance
Revenue is a key indicator of our headline financial performance.

2022 performance
Revenues increased 9.2% as our commercial efforts contributed to the growth in mobile service and fixed service revenues.

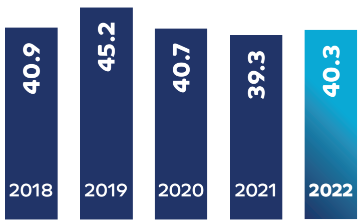


EBITDA (AED m)

Definition
Our earnings before interest, taxes, depreciation, amortisation, share of profit/losses from investments accounted for using equity method and application of IFRS 16.

Relevance
EBITDA measures the underlying profitability of our business. It is an indicator of our operating efficiency and the effectiveness of our cost management.

2022 performance
EBITDA increased by 12.0% due to strong growth in service revenues (and its inherent higher profitability) and control over operating expenses despite inflationary pressures.

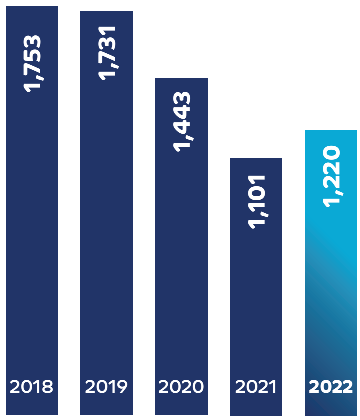


EBITDA margin (%)

Definition
The ratio of EBITDA over Revenues expressed as a percentage.

Relevance
The EBITDA margin allows us to monitor the impact of revenue mix on our cost base. It is a good indicator of our performance and the quality of our earnings.

2022 performance
EBITDA margins improved by 101 basis points. This reflects the strong growth in service revenues and control over operating expenses despite inflationary pressures.

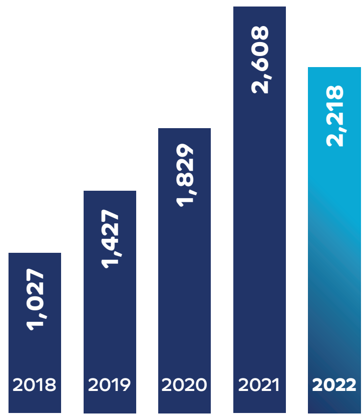


Net profit (AED m)

Definition
Our profit for the period as reported in our income statement.

Relevance
It is a key indicator of business efficiency and cost management. Dividend pay-out is based on our net profit after allowing for statutory reserves.

2022 performance
Net profit was AED 1,220m, up 10.8% on 2021. The increase is due to higher EBITDA, which was partially offset by greater depreciation charges and Federal royalty charges.



Capex (AED m)

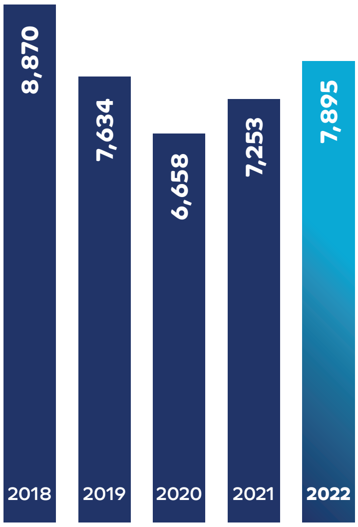
Definition
Amount of investment for property, plants and equipment, intangible assets as well as asset retirement obligations. It excludes investments in telecom licences and lease payments.

Relevance
This indicates how much we invest in our infrastructure to maintain and expand our business.

2022 performance
Total capex was AED 2,218m for 2022, vs. AED 2,608m in 2021. Our capex profile is continuing to normalise following two consecutive years of high capital intensity.

Operating:

"Our focus on customers and innovation is informing the way we create new services. That explains the commercial momentum we have been experiencing."

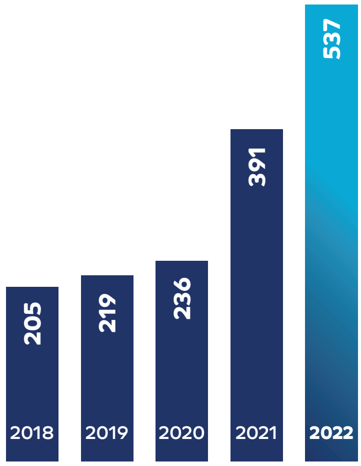


Mobile customer base (millions)

Definition
Total number of mobile customers. As per the TDRA definition, a customer is counted in the base if the customer has made a traffic activity in the last 90 days.

Relevance
We use it as a metric to gauge the effectiveness of our commercial strategy.

2022 performance
In 2022, our mobile customer base reached 7,895,000 as we attracted 643,000 new customers. This represents an 8.9% increase over the previous year. The Unlimited data plans contributed to postpaid net-adds of 143,000. Growth in the prepaid segment was driven equally by an increase in population as well as growth in tourism activity.



Broadband customer base (millions)

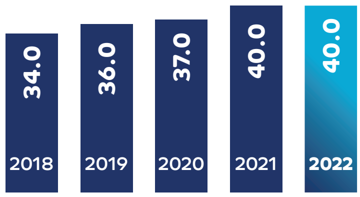
Definition
Total number of consumer broadband customers.

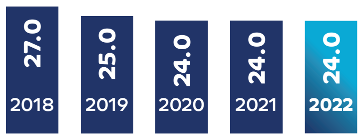
Relevance
We use it as a metric to gauge the effectiveness of our commercial strategy.

2022 performance
Growth in our broadband customer base continued strongly in 2022. We improved our commercial offering and were the first to introduce a 5G network Home Wireless in the country. Net-adds of 146,000 took our overall broadband customer base to 537,000.

People:

"We are working consistently to ensure a true diversity of talent and expertise within our business."





Emiratisation (%)

Definition
Ratio of UAE nationals as a percentage of our total headcount.

Relevance
Building a competitive knowledge economy is one of the six pillars of the UAE's National Agenda. The UAE aims to achieve this by unlocking the potential of its citizens and enabling them to be a driving force of its economic development. Emiratisation is one of the 11 Key Performance Indicators to track its progress in this field and we fully support the UAE Government in this aspect.

2022 performance
In 2022, we maintained the ratio of UAE nationals at 40%.

Gender balance (% female)

Definition
Ratio of female workers as a percentage of our total headcount.

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

2022 performance
In 2022, we maintained the ratio of female employees at 24%.

Go to page 40 to find out how we make people and society happier.

Keeping risk under control

Risk governance
We operate in a highly regulated, competitive and dynamic industry. This has various implications on our strategy, objectives and organisational goals. As such, and following the global pandemic, we have revamped our approach to risk management – aligning risk governance, operations and oversight to international standards; as well as to the Securities & Commodities Authority ("SCA") 2020 regulations with appreciable levels of compliance across all risk-specific obligations.

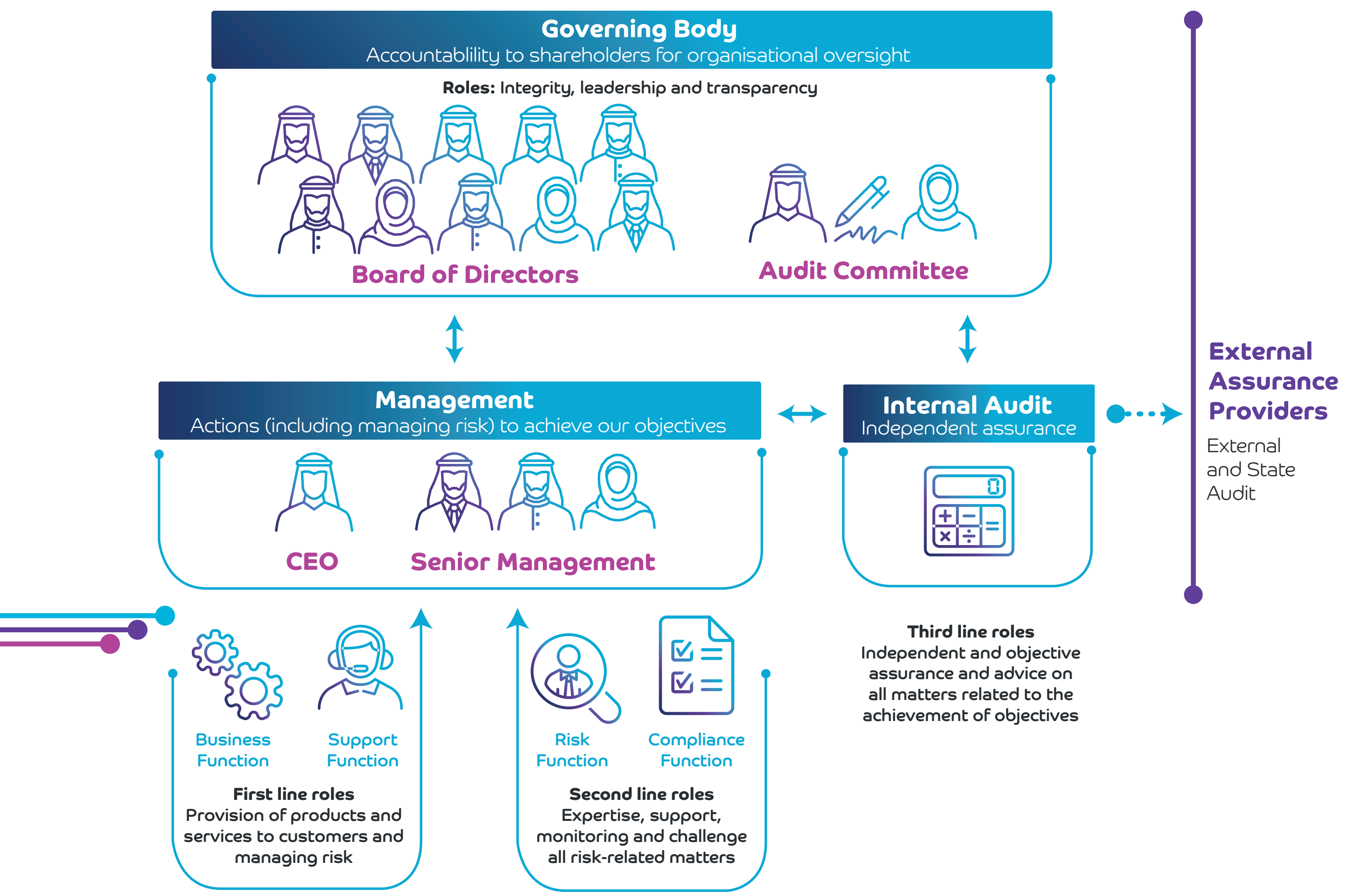
We have also revised and adopted a hybrid Enterprise Risk Management ("ERM") Framework based on internationally recognised risk management standards (ISO 31000:2018 and COSO 2017). This framework is a core part of our central governance structure as depicted in the chart below.

The revised ERM Framework consists of five main documents that support our continual efforts to integrate formal risk management activities into all business-as-usual operations and strategic decision-making processes:

1. Risk Management Policy
2. Risk Acceptance & Escalation Policy
3. Risk Appetite & Tolerance Framework
4. Risk Management Methodology
5. Project Risk Management Framework

To this end, the framework articulates clear risk governance roles and responsibilities as well as risk management activities and associated accountability across the Company (Board oversight through to entry-level staff). The framework was endorsed by the Audit Committee and approved by our Board of Directors.

Our ERM Framework



Risk management
Our revised framework allows for a holistic, structured and consistent approach to how we manage risk. It facilitates proactive management of uncertainties within our operating environment, and, to this end, enables risk-informed decision-making.

The revised framework categorises our risk universe into five main risk categories and 23 sub-categories that reflect all known possible scenarios/events with potential effect on our short-, medium- and long-term strategic objectives. The Board of Directors has also set the preferred risk appetites at both main and sub-categories levels, as well as approved the associated Risk Appetite & Tolerance Framework to facilitate the implementation and operationalisation of the set risk appetites.

Each risk sub-category is assigned to an owner at Executive level with responsibility to drive and project manage risk treatment plans for 'critical' and 'high' risks identified under their assigned risk sub-category; with the support of the Enterprise Risk Management team. This helps establish the right 'tone at the top', whilst enabling risk treatment prioritisation and execution in line with our Board-approved risk appetite.

Risk management process
Our risk management process (depicted below) forms the bedrock of our ERM operations and is a key component of the framework.

The process requires continuous scanning of the internal and external operating environments to identify and monitor events and scenarios with potential effect on our objectives. We do this to analyse such events and scenarios, and to ascertain their likelihood and potential impact on these objectives.

Based on the outcome of this analysis, a decision is made on the appropriate risk treatment(s) and a treatment plan is prepared and executed accordingly. The primary goal of the plan is to bring the risk exposure to an acceptable level in line with the associated risk appetite.

Our risk management process

1 **Establish context**
- Objectives
- Assessment criteria
- Stakeholders etc

2 **Identify**
- Top down and bottom up
- Event or scenario with effect on objective(s)
- Cause, impact and likelihood

3 **Analyse**
- Determine likelihood and potential impact on objective(s)
- Determine risk rating

4 **Evaluate**
- Score and prioritise risks based on rating, appetite etc.
- Effect on overall risk profile
- Decide on treatment(s)

5 **Treat**
- Prepare and implement appropriate treatment and plan(s)
- Terminate, treat, transfer, tolerate and/or leverage

Detailed risk assessment
All principal risks and status of the associated treatment plan(s) are discussed regularly with risk owners and executive management. We present a consolidated report on a quarterly basis to the Audit Committee of the Board for their information, input, support and guidance as deemed appropriate.
The following table highlights our principal risks.

Risk	Description	Risk treatment actions
Privacy	Exposure arising from growing expectations and regulations regarding Personally Identifiable Information ("PII") collected, processed and/or stored by us or our third-party partners	• A Privacy Framework is being put in place as part of a comprehensive treatment plan based on NIST Standard and aligned to UAE Data Privacy Law
Cyber attack	Exposure arising from risk(s) of cyber threats to confidentiality, integrity, and/or availability of du information, and related technology systems	• Ongoing review and implementation of security controls (aligned to international best-practice cybersecurity frameworks), continuously improving our overall resilience • Ongoing monitoring to identify and mitigate internal and external threats to confidentiality, integrity and availability of our information and related assets • Regular cybersecurity awareness campaigns/training for full-time and contract/third-party employees
Disruptive/new technologies	Risk (opportunity and threat) arising from exposure to new technologies, substitute products, new entrants, etc. and failure to innovate leveraging these technologies	• Ongoing drive to increase digital footprint demonstrates our commitment to develop innovation as a core organisational capability • Identify, prioritise and leverage new technologies/use cases with potential effect on our strategy • Initiate and drive programmes and hyper scaler partnerships to leverage prioritised technologies
Succession challenges and ability to attract and retain top talent	Uncertainty arising from succession challenges and ability to attract/retain top talent in a tightening labour market may have potential effect on our ability to successfully execute our strategy	• Several programmes initiated in collaboration with different human development bodies/institutes to upgrade employee skillsets in relevant areas • Succession planning strategy and methodology focusing on succession of critical roles (minimum of one internal candidate identified as a successor) • Development plans defined at both functional and leadership levels

Risk	Description	Risk treatment actions
Technology obsolescence	Exposure due to legacy technology infrastructure, increasing uncertainty around ability to meet, sustain and exceed our expectations related to quality, time-to-market, cost and innovation relative to our competitors and other 'born-digital' entrants	• Ongoing digital transformation project, improved customer engagement, user friendly technologies, faster product development and accessibility
Adverse economic conditions	Prevailing global economic slowdown and inflationary pressures may significantly affect growth opportunities or impact margins, thus increasing uncertainty around our associated objectives	• Key economic indices/fluctuations are considered as part of our operational budgeting, planning and review processes • New adjacent businesses, new products/offerings to increase stickiness and value share • Drive appropriate culture – cost efficient, digital native and lean operating model
Legal and regulatory non-compliance	Regulatory changes and increased scrutiny, with noticeable effect on the design of our processes, products or services and potential impact objectives	• Defined legal and regulatory compliance policies, processes and procedures • Proactive and ongoing external stakeholder engagements on current and emerging policy matters • Mandatory ongoing training for employees on key obligations and associated compliance processes

Go to page 12 to read about our strategic pillars.

Our sustainable approach

"Our approach contributes towards the UAE's ambition of making progress against the United Nations Sustainable Development Goals."

Our sustainability strategy
Our sustainability objectives are to 'make people and society happier', 'operate ethically and responsibly' and 'deliver the benefits of our services to all'. These objectives are further split into various priority focus areas, corresponding to the United Nations Sustainable Development Goals ("UN SDGs").

This approach helps to ensure that our various products and projects collectively create a positive impact and contribute to the UAE's ambition to make progress against the UN SDGs. We are also a member of the consortium of telecom operators in the Gulf Cooperation Council ("GCC") countries that aims to advance the sustainability agenda in the region.

About this report
The information covered in this report covers du's progress for the year ended 31 December 2022 in delivering against our sustainability objectives and material topics. We issue our report on an annual basis and previous reports can be found on our website (www.du.ae/sustainability). This report outlines the progress in the year against each of the three objectives and priority focus areas.

To guide our sustainability reporting, we have used the Global Reporting Initiative ("GRI"), the UN SDGs as well as the Dubai Financial Market ESG reporting guide. We self-declare that our 2022 Sustainability Report has been prepared in accordance with the GRI standards.

Our sustainability purpose:

Build a sustainable and responsible business by connecting and enhancing lives.

Our sustainability objectives:

Priority focus areas and SDGs:

Make our people and communities happier

Employee engagement and wellbeing | Community wellbeing

8 DECENT WORK AND ECONOMIC GROWTH

3 GOOD HEALTH AND WELL-BEING

Operate ethically and responsibly

Environmental footprint | Data privacy and security

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Deliver the benefits of our services to all

Customer happiness | Technology for good

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

Through frequent engagement with our key stakeholders, i.e. our employees, investors, customers, media, suppliers and civil society organisations, we have identified specific topics where we believe our organisation can have a positive impact. Below is a matrix identifying these material topics, all of which fall under our three sustainability objectives:

Level of concern to stakeholders	Somewhat important	Important	Very important	Most important
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 incentives	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	Entrepreneurs and SME development	

Current/potential impact on business

2022 highlights

Employee engagement and wellbeing

Average time of learning received per employee was 17 hours.

90%

of our employees completed non-mandatory learning.

We launched our Gender Balance Communication Guidelines.

The du team won the UAE Corporate Sports Challenge.

Community wellbeing

We collaborated with the Community Development Authority ("CDA") to conduct digital awareness training for senior citizens.

We introduced a charity feature in the du app to support charities for their fundraising campaigns.

AED 2m

We contributed AED 1m to the 1 Billion Meals campaign, and AED 1m to support Al Jalila Foundation's medical research.

Environmental footprint

170 sites now run on hybrid generators (up 41% since 2021), and 78 sites run completely on solar panels (up 30% since 2021).

Our retail store bags are now 100% paper and 100% biodegradable.

Our digital arm, Virgin Mobile UAE, rolled out a new biodegradable SIM.

Go to page 40 to find out how we make people and society happier.

Data privacy and security

We continued to work with UNICEF as their partner for cyber-safety awareness in the UAE.

We revamped our current Data Security and Privacy Policy.

We updated our data taxonomy with all our business owners to further secure our business.

Customer happiness

For people of determination and senior citizens, our 'You Matter' offer provided a 50% discount on their monthly fee on a postpaid plan of their choice. 100% of the recharge amount is added as a bonus credit with every balance recharge for prepaid plans.

4m

We continue to offer free WiFi access for everyone in the UAE. As of today, more than four million users have used this service across 500 locations.

Technology for good

We continued to invest in our 5G network. The use of 5G mobile technology has the power to radically change how people communicate and interact with one another and their surroundings.

We collaborated with Masdar City to build a 5G Centre of Excellence, combining physical infrastructure, open and shared data, and smart applications that will enable operational efficiencies for Masdar City management.

Go to page 50 to find out how we operate ethically and responsibly.

Go to page 58 to find out how we deliver the benefits of our services to all.

Make people and society happier

Employee engagement and wellbeing

Emiratisation
We are recognised in the UAE for offering first-rate career opportunities to UAE nationals by providing leadership training and development initiatives that support career growth. In 2022, Emirati talent comprised 40% of the workforce. Of this 50.2% were women. 43.7% of our senior management are Emirati.

During the year, we re-launched our Graduate Trainee Programme and had a total intake of 25 graduate trainees ("GTs"). We provide all our trainees the opportunity to rotate across different business units and expose them to new emerging technologies and projects.

In 2022, we partnered with Nokia in order to enhance the skillset of our Emirati talent, and conducted a training programme in the US.

We participated in various university and national career fairs such as Careers UAE 2022, the American University of Sharjah Career Fair, and the UAE Embassy Virtual Career Fair hosted from the US. This supported us in offering 42 internships across various departments in 2022.

In collaboration with the du Youth Council, we supported the Hama Project, a collaboration between the Prime Minister's Office and National Service and Reserve Authority focused on upskilling female national service recruits.

Emirati talent with the workforce

Emirati talent comprised 40% of the workforce. Of this 50.2% were women. 43.7% of our senior management are Emirati

Employee wellness

Creating a culture of enriching our employees' mental and physical wellbeing at work and in their personal lives is core to who we are as a company. This is put into action across all our offices via our unique HAPPY wellness model.

Elements of our wellness model	Examples of wellness activities in 2022
H Health and prevention	• COVID-19 safety awareness sessions at our office, retail stores, warehouse and online and booster vaccination drive • Blood donation drive at our offices in collaboration with the Dubai Health Authority ("DHA") • Health screening at our offices in collaboration with GMC Clinics and regular wellness awareness sessions
A Around you	• Family Carnival Day – we invited all our employees and their families for a day of sporting activities, children's entertainment, talent shows, food, drink and much more • Activation of the Fazaa and Esaad discount programmes for our employees
P Play	• UAE Corporate Sports – we achieved the highest total number of medals in this highly popular competition • Trainer visits – we participated in the Dubai Fitness Challenge by inviting a personal trainer to our offices to engage our staff in quick workout routines • Chess club activation – we launched a new chess club with two amazing chess tournaments. We also introduced chess training sessions for the children of our staff members • Ramadan sports tournament for our employees (football, paddle tennis and badminton) • A number of our female colleagues participated in the Sheikha Hind Tournament • More than 200 of our colleagues and their family members participated in the Conqueror Challenge obstacle course
P Passion	• Reading month book sales discount in collaboration with Magrudy • Photography competition for our staff members
Y Your mental wellbeing	• Our in-office yoga classes are a much-appreciated wellness activity amongst our employees • Wellness session for employees on 'How to live 100 years'

Learning and growth
We believe that it is our duty to provide the tools and opportunities for all our employees to learn.
We encourage our employees to own and drive their learning journey and offer training programmes at various career stages to strengthen areas of expertise, build new skills, and create learning and development paths.

In 2022, all of our employees were exposed to some form of learning and development, with the average learning time received per employee at 17 hours (16.85 hours in 2021). 90% of employees completed non-mandatory learning (70% in 2021). During the year, all of our employees received regular performance and career development reviews.

As part of our strategy, we focused on upskilling different teams in the organisation on agile methodologies through online, virtual and blended sessions leveraging our 'My Journey' platform. Overall a total of 50,000 training hours were completed, with 46% of learning being web-based and 45% blended.

We provided executive development in partnership with Harvard SPARK, Huawei and Henley Business School to develop our executives. A consultative selling skills programme was delivered to provide sales professionals with the skills and capabilities they need to move away from traditional product-based selling to a more value-based approach.

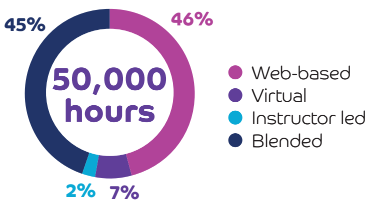
In our continuous effort to support our employees with their personal development, we introduced the LearningBytes initiative. This offers focused and bite-sized top-rated digital content on our My Journey platform that is accessible anytime and anywhere, and enables employees to apply learnings immediately.

In 2022, our internal speaker programme – You Talk – focused on insights from colleagues who are in a leadership role, who shared their vast experience and leadership insights with others. Towards the end of the year we recognised all our learners in a grand ceremony and awarded those who were committed to self-learning.

Employee engagement
We work hard to be the employer of choice for the best talent, and it is therefore extremely important to us that our people feel connected and engaged. Employee engagement is essential for us to deliver our business purpose and we place great importance on measuring how engaged our people are.

In 2022, we successfully re-launched our employee engagement survey and saw a healthy participation of 73%. The survey results were communicated to employees, and detailed meetings were held with line managers and department heads.

To gauge the progress, we had a mid-year pulse survey (participation rate of 73%) that yielded a 74% favourability index reiterating the importance of the programme and the commitment from employees and managers.



Completed hours by delivery type
Overall a total of 50,000 training hours were completed, with 46% of learning being web-based and 45% blended

73%

Participation rate in employee engagement survey

Employee benefits

We provide a variety of benefits to our full-time employees that contribute to creating a happy and inclusive work environment. In order to remain competitive in the local market, we assessed and maintained our employee benefits across all career bands and levels throughout the year.

Our work-from-home initiative, which enables staff to work in the comfort of their homes, ensures business continuity, and provides our employees with increased flexibility. Additionally, on-site amenities like relaxation areas, gaming zones, a canteen and a clinic, as well as financial benefits like telecom discounts, and complimentary discount programmes, help our employees maintain a healthy work-life balance. Spot awards are used to motivate and recognise staff members who go above and beyond in the performance of their duties.

Opportunities for people of determination

The total number of colleagues as of 31 December 2021 who are physically disadvantaged is four:

- 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 our colleagues

Gender balance

This year, our Gender Balance Council focused on delivering and sustaining initiatives to promote equal opportunities for women while driving inclusion within the organisation.

Aligned with the organisation's goals to continuously develop our colleagues' skillsets, we have designed and launched custom-made learning courses to address unconscious biases with the aim to support the creation of an equitable workplace. We also launched our first Gender Balance Communication Guidelines. These guidelines are inspired by international standards, principles and recommendations. The guidelines provide clear frameworks and tools to help our colleagues to design inclusive and gender sensitive communication campaigns.

In recognition of International Women's Day in March 2022, our senior management team embraced the call for action to be a change agent and pledged to #BreakTheBias by announcing a commitment to drive initiatives against gender bias, stereotypes and discrimination.

In honour of International Women in Engineering Day, we held a panel to understand how to #BreakTheBias and embrace gender diversity within the workplace with Samar Alshorafa, the founding CEO of 'She is Arab', which is focused on the challenges and changes to promote women careers in STEM related careers and fields.

Diversity

Our diversity strategy helps us broaden our talent pipeline, ensure a great employee experience, and serve our customers better. Our Gender Balance Council and our Youth Council both serve as catalysts for positive change. The numbers overleaf demonstrate our commitment to diversity across the three EITC brands covered in this report – du, edara and Virgin Mobile UAE.

8 DECENT WORK AND ECONOMIC GROWTH

3 GOOD HEALTH AND WELL-BEING

Total du employees

1,593

1,563 full time

30 part time

du employees by gender

459 full time
22 part time
481 FTE
0 FTC

1,104 full time
8 part time
1,090 FTE
22 FTC

Total edara employees

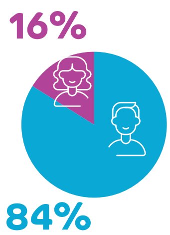
1,425

1,425 full time

0 part time

edara employees by gender

227 full time
0 part time
227 FTE
0 FTC



1,198 full time
0 part time
1,198 FTE
0 FTC

Total Virgin employees

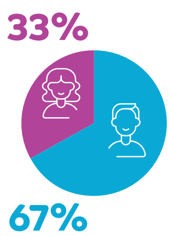
65

64 full time

1 part time

Virgin employees by gender

21 full time
0 part time
21 FTE
0 FTC



43 full time
0 part time
43 FTE
1 FTC

du employees by age

9%	82%	9%
age < 30	age 30-50	age 50+

Total du nationalities

74

du employees attrition rate by gender

19% female

18% male

edara employees by age

14%	84%	2%
age < 30	age 30-50	age 50+

Total edara nationalities

35

edara employees attrition rate by gender

28% female

25% male

Virgin employees by age

8%	86%	6%
age < 30	age 30-50	age 50+

Total Virgin nationalities

27

Virgin employees attrition rate by gender

50% female

18% male

Total number of du employees hired during 2022

Female 59 | Male 179

	age < 25	age 26-35	age 36-45	age 46-55	age 56+
238	16	80	101	35	6
296	13	74	135	63	11

Total number of du employees exited during 2022

Female 95 | Male 201

Total number of edara employees hired during 2022

Female 31 | Male 165

	age < 25	age 26-35	age 36-45	age 46-55	age 56+
196	8	145	40	3	0
378	18	199	138	19	4

Total number of edara employees exited during 2022

Female 69 | Male 309

Total number of Virgin employees hired during 2022

Female 4 | Male 12

	age < 25	age 26-35	age 36-45	age 46-55	age 56+
16	0	8	7	1	0
19	0	9	10	0	0

Total number of Virgin employees exited during 2022

Female 12 | Male 7

1,237
Total number of du employees entitled to parental leave

Number of du employees who took parental leave	Total number of du employees who returned work after parental leave	Total number still employed 12 months after their return to work
31 Mothers · 76 · 45 Fathers	31 Mothers · 76 · 45 Fathers	27 Mothers · 68 · 41 Fathers

100%
Return to work retention rates of employees that took parental leave

799
Total number of edara employees entitled to parental leave

Number of edara employees who took parental leave	Total number of edara employees who returned work after parental leave	Total number still employed 12 months after their return to work
17 Mothers · 61 · 44 Fathers	17 Mothers · 61 · 44 Fathers	17 Mothers · 61 · 44 Fathers

100%
Return to work retention rates of employees that took parental leave

67
Total number of Virgin employees entitled to parental leave

Number of Virgin employees who took parental leave	Total number of Virgin employees who returned work after parental leave	Total number still employed 12 months after their return to work
1 Mothers · 1 · 0 Fathers	0 Mothers · 0 · 0 Fathers	0 Mothers · 0 · 0 Fathers

0%
Return to work retention rates of employees that took parental leave

Community wellbeing

Digital wellbeing
We are UNICEF's cyber-safety awareness partner in the UAE. In 2022, we promoted an awareness campaign via SMS and our social media channels to stir a proactive discussion around what the Safety Internet Day entails for children as they navigate the rapidly changing digital sphere.

We also launched several initiatives in the field of online safety education, with the objective of ensuring a safer internet for the UAE community. These initiatives included activities specifically aimed at senior citizens and school-focused digital wellbeing sessions with Injaz UAE and EdComs Middle East.

Innovation
This year, we introduced a very useful charity feature in our du app, which enabled our customers to easily donate to registered charities in the UAE. This feature is available for all charities to use free-of-cost for their fundraising campaigns.

We also continue to support charities in the UAE by providing free-of-cost SMS campaigns to our database. These have been used by multiple charities for their fundraising campaigns. These campaigns would normally cost hundreds of thousands of dirhams. During the year, we completed a total of 33 SMS broadcast campaigns, each campaign reaching more than three million customers.

Community projects

Contributing to the 1 Billion Meals campaign
In 2022, Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Ruler of Dubai, launched the campaign to donate one billion meals to the poor and hungry around the world. We contributed AED 1m towards this campaign and its goal to fight hunger in the world. We also promoted the campaign free-of-cost via our SMS and social media channels to boost its fundraising initiative.

Supporting Al Jalila Foundation's medical research
During the year we continued supporting the Al Jalila Foundation, a philanthropic global healthcare organisation, with a donation of AED 1m. Our contribution will help fund the Foundation's latest projects, including research grants that have created training opportunities for more than 400 young students and post-doctoral associates in the UAE.

Our most successful blood donation drive yet
Our staff participated in our most successful blood donation drive with a total of 82 donors. Each blood donation has the potential to save up to four patients. This means our staff have helped to save close to 250 lives through donation. Our contribution to the DHA's 'My Blood for My Country' initiative was recognised by the DHA.

UNICEF'S cyber-safety awareness

We are UNICEF's cyber-safety awareness partner in the UAE

Supporting Charities

We broadcast 33 SMS Charity fundraising campaigns, reaching more than 99 million customers

Food distribution in Ramadan
During the month of Ramadan, we introduced a Clean Plate Challenge which encouraged people to share a personal goal on their social media channels to reduce food waste. For every goal shared, we donated AED 25 to the Tarahum Charity Foundation, a charity that provides food to families in need in the UAE.

We helped the Tarahum Charity Foundation distribute close to 1,000 boxes of grocery items to underprivileged families in the UAE, easily exceeding our internal targets. Around 30 du employees and external volunteers supported us in this distribution activity.

Employee volunteering
Our employees regularly volunteer in various social and environment-focused activities. This year, we had more than 200 colleagues volunteering for activities like teaching children about cyber-safety, clean-up hikes, desert clean-ups and planting UAE's national tree (the Ghaf tree).

Empowerment

Supporting the AccessAbilities Expo
We are committed to helping people of determination participate in society and increase their role in the community through numerous efforts and partnerships. In 2022, to support this commitment, we were the exclusive telecom partner of AccessAbilities Expo.

Built on the success of the previous three events, this year's AccessAbilities Expo provided significant opportunities to explore the best and latest innovations and technologies from around the world that will enhance the lives of people with determination. The AccessAbilities Expo had more than 10,000 people attend the event, with more than 250 exhibitors from 50 countries showcasing various assistive technologies.

Empowering SMEs
At our new headquarters, we host 'SME Day' once a month and invite SMEs to showcase their products and services to our employees. This initiative has been a huge success as it not only gives the SMEs a free-of-cost opportunity to sell their products to our employees, but also uses our social media platforms to market their brand to our customers.

Clean Plate Challenge
We donated AED 100,000 to the Tarahum Charity Foundation, a charity that provides food to families in need in the UAE

Operating ethically and responsibly

Environmental footprint

Energy-efficiency in our network
Our environmental footprint correlates to our network operations. As we upgrade our 5G network and see more wireless network traffic, we plan to continue improving our energy efficiency, especially in our base transceiver stations and data centres. Some of the sustainability initiatives that we continued to invest in during 2022 were:

Energy-efficiency hybrid generators

- Of 399 generator-run BTS sites, 170 are hybrid generators, helping us reduce diesel consumption by 50% and save 5,800 tCO_2 during the year
- Diesel savings of approximately 2.1 million litres/year (a total carbon footprint reduction of 5,762 tCO_2/year*)
- Additional 100 hybrid generators planned for installation in 2023

Solar energy

- 78 sites that run completely on solar panels, helping us save 360 tCO_2 during the year
- Diesel savings of approximately 1.4 million litres/year (a total carbon footprint reduction of 3,714 tCO_2/year)
- Additional 100 solar sites planned for installation in 2023

Free cooling systems

- Reduction of energy bills by 15-16% per site using the cooler air outside (during winter) to reduce the burden on air-conditioning
- 1,100 free cooling systems installed in our mobile sites
- Energy reduction of approximately 7,000 MWh/year (a carbon footprint reduction of approximately 3,500 tCO_2/year)

Data centres

- Consolidation of eight data centres into two geo-redundant data centres reducing energy consumption and increasing resiliency
- White space temperature raised to 26°C
- Installation of LED and solar powered streetlights
- Use of Indirect Evaporative Cooling ("IDEC") to enhance Power Usage Effectiveness ("PUE")

Free cooling systems
1,100 free cooling systems installed in our mobile sites

Solar energy
78 sites that run completely on solar panels, helping us save 360 tCO_2 during the year

Data centres
Consolidation of eight data centres into two

* 2.63 kg of CO_2 emitted from 1 litre of diesel.

Energy-efficiency in our non-technical sites
In 2022, we moved our headquarters to a new building that follows the highest standards of innovation, quality, and sustainability. The design of our new headquarters has various eco-friendly features that have helped us reduce our energy consumption.

Some of the other initiatives taken in 2022 were:
- Replacement of all mercury vapour lamps with LED lights in our warehouse enabling us to save 419,555 kWh (AED 180,408)
- Energy efficiency awareness at our Fujairah call centre during non-operational hours enabling us to save 113,067 kWh (AED 48,618)
- The aforementioned initiatives were replicated at other sites resulting savings of 30% (AED 1,137,638) in total

An overview of the energy and cost savings at our key non-technical sites can be found in table below:

Energy saving report – comparison between baseline year vs 2022

Site number	Site	Energy consumption in 2022 (kWh)	Energy savings in 2022 (kWh)	% savings in energy consumption	AED savings in energy consumption
1	Offices – AST, Dubai Hills, DIAC 8, 9 and Hamdan (baseline year: 2014)	3,512,203	1,713,632	33%	736,862
2	Retail shops – 37 Shops (baseline year: 2018)	912,547	97,591	10%	41,964
3	Call centre at Fujairah (baseline year: 2014)	383,168	13,067	23%	48,619
4	Warehouse at DIP (baseline year: 2017)	406,512	419,555	51%	180,409
5	Virgin office (baseline year: 2018)	101,457	20,784	17%	8,937
6	Al Salam Tower chiller energy saving (baseline year: 2018)	801,809	281,041	26%	120,848
Total		**6,117,696**	**2,645,671**	**30%**	**1,137,639**

Environment case study

Reducing greenhouse gas emission to support a green future

To reduce greenhouse gas emissions, we are implementing various initiatives to improve energy efficiency. One of these initiatives is to replace our diesel-powered generators with hybrid- and solar-power alternatives.

Some areas in the UAE are not connected to the electric grid. In these areas we had 399 mobile sites which were powered by diesel generators.

In 2022, we installed 50 hybrid generators, a 40% increase over the previous year. We now have 170 sites running on hybrid generators and we are planning to install a further 100 hybrid generators in 2023. Our new hybrid generators consume 50% less diesel than the old ones.

Furthermore, in 2022, we increased the number of solar-powered sites by 18 and we now have 78 sites which are exclusively powered by the sun. In 2023, we plan to install 100 more sites with solar energy.

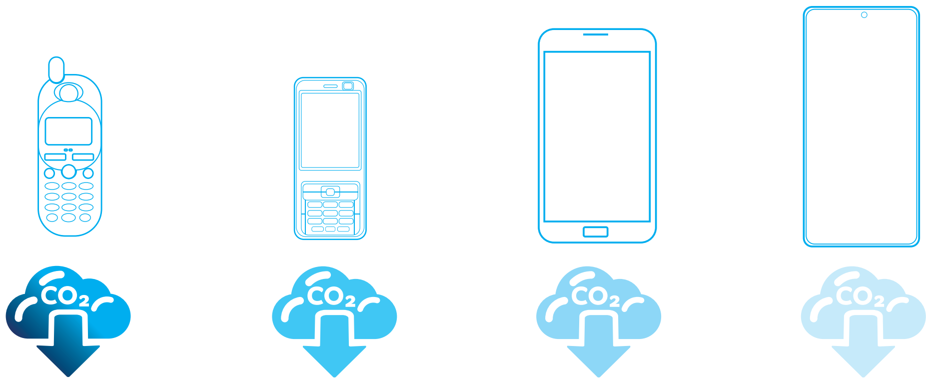
Greenhouse gas emissions
In 2022, our Scope 1 emissions resulted in 29,877 tCO_2e (27,599 tCO_2e in 2021). The main reason was the increase in our diesel and refrigerant consumption, especially in our data centres.

Our Scope 2 emissions, which capture our indirect energy emissions have resulted in 100,044 tCO_2e (93,930 tCO_2e in 2021). The increase was attributed to expansion of our 5G network.

Our overall energy and GHG emission intensity of our network is measured as per Wh per GB and CO_2e per GB across all networks. This can be seen in the graph below for 2022.

There were no major spillages during the year. Refrigerant usage in our mobile sites was as follows:

Gas	Usage
R22	2,431 kg
R410A	75 kg
141B	102 kg
R407	133 kg



	2G network	3G network	4G network	5G network
Energy (kWh)	26,834,211	47,280,853	46,173,460	40,219,218
Traffic (GB)	62,763	18,865,721	960,256,058	106,974,365
Wh/GB	427,548	2,506	48	376
gCO_2/GB	**171.02**	**1.00**	**0.02**	**0.15**

Energy and GHG emissions 2022

Environmental initiatives

New biodegradable SIM cards
Virgin Mobile UAE rolled out a new biodegradable SIM across all points of sale. The new SIM is the most sustainable option available in the UAE for customers whose devices cannot yet accept eSIMs. The biodegradable SIM is made from an oxo-biodegradable plastic that breaks down into tiny pieces and slowly degrades in the presence of oxygen and UV light. When placed in landfill, the degradation process can take between four to six months. In contrast, regular plastics take hundreds of years to decompose.

Cutting down on plastic waste
We distributed reusable water bottles to all our employees. We stopped selling plastic water bottles through vending machines or catering partners and installed water filters in our HQ to replace water dispensers.

New eco-friendly paper bags
We committed to phasing out plastic bags across our retail stores. Our new bags are 100% paper and 100% biodegradable. These eco-friendly bags replaced 150,000 plastic bags in 2022, significantly impacting our waste footprint.

Corporate Sustainability 101 course
To raise internal awareness around relevant sustainability issues, we have introduced an introductory course on corporate sustainability. 55% of our employees successfully completed the course in 2022. Our aim is to reach 100% completion in 2023.

Waste management
Our waste management strategy is focused on decreasing the generation of waste by using products that are sustainable, using less and diverting waste from landfill. Our office and warehouse operations result in waste that is either recycled, resold or sent to landfill (general waste). In 2022, we sent a total of 108.72 tonnes of general waste to landfill from our warehouse and command centre.

In 2022, we recycled a total of 55.78 tonnes of items generated at our offices warehouse and command centre:

Item description	Total in kg
Mixed metal	89
Mixed paper	32,622
Mixed plastics	4,545
Mixed recyclables	8,563
Old corrugated containers ("OCC")	5,390
PET water bottles	4,569

In 2022, we resold a total of 217.15 tonnes of items:

Item description	Total in kg
Batteries	144,900
E-waste	16,750
Metal	55,500

Data privacy and security

We have a dedicated function for 'Data Security and Privacy Management' within our Information Security and Risk Management ("ISRM") Department to keep our customers' information safe and safeguard their privacy and security online.

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

13 CLIMATE ACTION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We continue to enhance our organisation-wide internal awareness of the importance of customer data and privacy requirements. In 2022, we revamped our Data Security and Privacy Policy data taxonomy with all our business owners. We are working on Tokenisation, Identity Access Management, User Access Management Reconciliation and Recertification, Database Access Management and Privilege Access Management controls including User Access Governance platform to further secure our business.

Our Privacy Policy is available on our website www.du.ae/privacypolicy. It explains how we use the personal data that we collect or generate, both in relation to our website and in the course of carrying on our commercial activities and providing our products and services.

Other material issues

Health and safety
Our occupational health and safety ("H&S") system has been established in accordance with directives from the UAE Government, the revised ministerial decree – Federal Law no. 2 of 2011, articles 21 and 22, as well as the international standard OHSAS 18001-ISO 14001. All of our work locations, including call centres, warehouses, retail stores, core sites, data centres, points of presence, main distribution facilities, intermediate distribution facilities and mobility sites are covered by this system as well as our Hazard Identification Risk Assessment ("HIRA") process.

Each employee and contractor is responsible for identifying any risk or danger that could negatively impact them or others and disclosing such risks to either their immediate line management or the organisation's HSE department. Where possible, HSE appointed personnel to help with incident/accident investigations. All information pertaining to accidents and incidents is gathered by the HSE department for investigation.

Our internal reporting and analysis system (Maximo) records all HSE-related data. All our employees and those who work directly or indirectly under our direction, such as vendors, contractors, third parties and/or other parties who may be impacted by operations, are fully covered by our HSE management system and are required to strictly abide by all HSE policies both inside and outside of our premises. During the year, we trained 20 of our retail staff members with IOSH (Institution of Occupational Safety and Health) certification.

In 2022, eight employees reported ill health which was related stress. All of these were resolved satisfactorily. Overall, no serious hazard was reported last year, and corrective measures were taken to avoid future expected hazards.

Radio frequency fields
Our network fully complies with the strict regulations for emission guidance provided by the International Commission on Non-Ionising Radiation Protection ("ICNIRP"). We also have a mandate from the TDRA to periodically measure the electric field of our towers and the measurements have not exceeded 1.3% of threshold level allowed by the ICNIRP.

Grievance mechanisms
We have a fully documented grievance policy to address employee grievances. All grievances are captured and updated in our database with full details about the case and final action that has been taken. In 2022, we received five employee grievances, two of which were related to employee performance appraisals, with the remaining three related to other

issues (discrimination and harassment). All grievances were handled by a dedicated team within Human Resources and settled amicably.

Responsible procurement
In 2022, we worked with 707 suppliers to procure various goods and services. Of these 707 suppliers, 76% were headquartered in the UAE with whom we spent 88.5% of our total spend. We also worked with 12 Emirati SME suppliers.

Our Sourcing Policy continues to help us manage the social and environmental impacts of our vendor base. In 2022, we issued a new version of this policy with improved standards for Suppliers, Health & Safety and Conflict of Interest.

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.

Responsible marketing
We ensure that all our customer marketing and communication campaigns are responsible, honest, friendly and trustworthy. We give all our customers the choice to opt in or out from receiving our communication, and we are not involved in the sale of any banned or disputed products and services.

During the year, we were fined by our regulator in relation to a telesales campaign conducted by a partner in which incomplete marketing claims were made. We promptly addressed this and took immediate corrective actions.

Business continuity
To ensure that we continue to deliver our products and services at predefined levels during any instability, we have adopted a Business Continuity Management System ("BCMS"). This system enables us to build the required resilience to protect our people, processes, facilities and technologies, as well as our customers, vendors, partners, regulators and contractors.

In 2022, we completed the re-certification of ISO 22301-2019 security and resilience business continuity management systems. In addition, we qualified targeted employees with the ISO 22301-2019 lead auditor certificate to enhance the business continuity system governance and performance.

In July 2022, extensive floods in the Emirate of Fujairah impacted many parts of the national infrastructure. However, our network and services were not impacted due to our robust business continuity systems which ensured back-up facilities were available. Moreover, we complied with the TDRA requirement related to emergency and business continuity and participated in several national simulations where we reflected our capabilities to protect our assets and ensure the availability of services in the UAE.

Business ethics
We have a 'Code of Business Conduct and Ethics' policy that outlines our commitment to ethical behaviour, integrity and excellence. This fosters trust between the organisation and stakeholders affected by its actions including employees, suppliers, customers and the general public. The policy also covers various human rights issues such as discrimination, anti-harassment, bullying, grievance handling and whistleblowing, as well as anti-corruption and insider share dealing.

The policy, aligned with organisation's mission, as well as its values and principles, is publicly available for all our stakeholders at www.du.ae/employee-code-of-business-conduct-and-ethics. It is also communicated on an annual basis to all our staff via our online training platform.

We seek to conduct our 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 to our dedicated Compliance function.

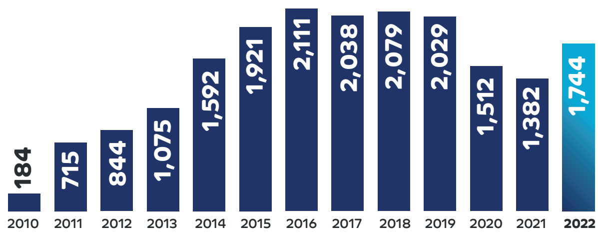
During the year, we had a total of five instances of non-compliance resulting in fines. This is a significant reduction from previous years. We consider all instances of non-compliance raised by our regulator as significant in nature.

	2020	2021	2022
Number of non-compliance instances which resulted in fines	37	8	**5**
Total value of fines (AED m)	14.6	2.6	**1.8**

With our whistleblowing policy, our employees 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. A team of independent professionals run and manage the du Concerns 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.

Financial performance
In 2022, we generated AED 12.8bn in revenues and a net profit of AED 1.2bn.

Since 2010, we have been paying royalties to the Federal Government as per an official directive from the Ministry of Finance. In 2022, the royalty charge was AED 1.7bn. The historical yearly figures are indicated below:



Royalty charge AEDm

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 2022 we did not receive any financial assistance from the Government.

Percentage of economic value distributed (AED 6.9bn)

- Operational expenses – 52.5%
- Royalty charge – 25.2%
- Employee wages – 16.7%
- Payment to Government – 5.6%
- Community investment/social contribution – 0.03%

The consolidated financial statements of the Company for the year ended 31 December 2022 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 PricewaterhouseCoopers and the published financial results are available on our website.

All entities included in the organisation'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)	3.0%	Financial asset at fair value

Shareholder structure

- The UAE Government, through its ownership of the Emirates Investment Authority, indirectly owns 50.1%
- The Abu Dhabi Government, through its ownership of Mamoura Diversified Global Holding PJSC (formerly Mubadala Development Company PJSC) indirectly owns 10.1%
- 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 and institutions

Deliver the benefits of our services to all

Customer happiness

Innovative offerings
We listen carefully to the voices of our customers and our retail staff. We use their feedback to improve our products and services. In 2022, we introduced a range of offers to promote digital inclusion.

- **For senior citizens:** We offer a 50% discount on the monthly fee on one postpaid plan of choice (postpaid) and 100% of the recharge amount as bonus credit with every balance recharge (prepaid). This offer is available for all UAE nationals who have the Thukar, Barakat Al Dar or Pension cards.
- **For people of determination:** Similar to our senior citizens offer, our You Matter offer provides people of determination a 50% discount on their monthly fee on a postpaid plan of their choice, and 100% of the recharge amount as bonus credit with every balance recharge for prepaid plans.
- **For teachers:** To empower UAE teachers, we introduced the Educator's Offer which delivers benefits such as open data on white-listed educational websites and national, international minutes.
- **For homeowners:** We introduced our popular plug and play Home Wireless mobility service to provide instant and unlimited 5G-powered capabilities for homeowners across the UAE. To find out read our case study on page 23.
- **For the community:** Through WiFi UAE, we continue to offer free WiFi access for everyone in the UAE. As of today, more than four million users have used this service across 500 locations (Dubai Metro trains and stations, Abu Dhabi Public Buses, RTA Taxis and more than 50 malls).

These innovative solutions help us realise our commitment to improving the quality of life of special segments in the society and bring them closer to the opportunities offered by digitalisation as part of our digital inclusion strategy.

Customer experience
We aim to create best-in-class customer experiences, as well as innovative products and services that cater to our millions of customers across the UAE community.

In 2022, by improving our processes and systems, we were able to bring down the bill issuance period from six to two days. For our individual customers, we also launched our self-service kiosks to perform key transactions such as ID renewal with ease. Our teams also rolled out retail hotlines in seven key stores for instant complaint resolution. Additionally, we've enabled customers to renew their IDs using UAE PASS in our digital channels.

For our Enterprise customers, our biggest launch was the interactive bill for corporate accounts. This offers a new means of simplicity and transparency. We have also empowered our corporate customers to digitally manage their voice, data and roaming bundles. Corporate accounts can now also be digitally renewed as part of our digital transformation process.

Innovation case study

Driving innovation in our industry

At GITEX Global 2022, visitors discovered a new digital universe driven by the technology revolution.

During the event, du announced collaborations with several entities including Abu Dhabi Department of Economic Development, Dubai Electricity & Water Authority ("DEWA") and Roads and Transport Authority ("RTA") to support the UAE Government's innovation roadmap.
du also signed a Memorandum of Understanding with Emirati Talent Competitiveness Council for the NAFIS programme, a federal initiative that aims to increase the contributions of Emirati citizens within the private sector.

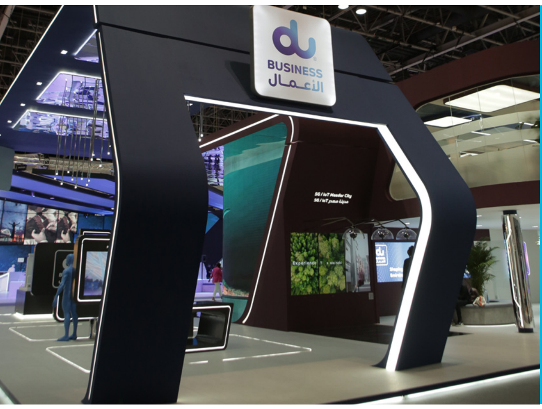
Technology for good

Digital transformation
During the year, we collaborated with world-leading companies and several Government entities in the UAE to accelerate the country's digital transformation agenda.

These collaborations – many of which were also showcased at GITEX Global 2022 – show how we are leading the UAE's innovation through future-forward concepts such as the metaverse and its application for industries such as Government, finance, education, healthcare and retail.

- **For public transport:** Our biggest collaboration is with Dubai's Road and Transport Authority ("RTA") to deliver the digital twin solution in Dubai Metro. Our digital twin solution will bring important social and environmental benefits by improving the efficiency of public transport and help reduce energy consumption and emissions.
- **For healthcare and education:** We collaborated with Microsoft and apoQlar to introduce one of the most innovative healthcare applications, VSI HoloMedicine® for the first time in the UAE. This application will help enhance surgical care and medical education with 3D Mixed Reality.
- **For smart cities:** We partnered with Masdar City to build a 5G Centre of Excellence. This will combine physical infrastructure, open and shared data, and smart applications that will enable operational efficiencies for Masdar City management and improve the daily quality of life for residents and tourists.
- **For building and property owners:** We upgraded the fire safety platform for the Hassantuk Alarm Receiving Centre, which significantly speeds up the response time to maintain the highest standards of fire safety for more than 25,000 buildings in the UAE.
- **For warehousing:** We partnered with Huawei and Sinotrans to deliver 5G-driven robot warehouse solutions for the logistics industry. This will extend human efficiency, reduce the overall cost of fulfilment and optimise the cost of products for end users.

We also invested in an internal initiative called 'Go Digital or Go Home' to promote digitisation in the workplace and offer a more resource-conserving and productive manner of working. Digital operations often demand fewer physical and electrical resources and are faster and more accurate. This makes the Company run better as a whole, cutting down on waste and increasing profits over time. Below is an estimate of the number of man hours saved using digitisation in 2022.



69,169

Man hours saved
Thanks to the 'Go Digital or Go Home' initiative

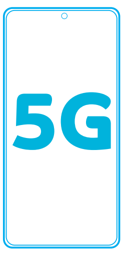
"5G mobile technology has the potential to revolutionise the way people interact with their environment and with each other."

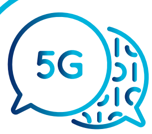
Network infrastructure

To support a more sustainable future, we are continuing to invest in 5G. 5G mobile technology has the potential to revolutionise the way people interact with their environment and with each other. It promises faster speeds, lower latency and more reliable connections, which could lead to a variety of positive impacts on the environment and society.

We will continue to make our network more sustainable by expanding our investments in renewable energy (solar and wind) and reducing our carbon footprint. We will also enhance our network using energy-saving technologies and smart infrastructure meters to enable full digitisation and better network operations.

5G positively impacts on society





Increased connections:
Improved 5G technology will enable faster and more reliable connections, allowing people to access the internet from virtually anywhere. This will make it easier for people to get information, talk to each other, and use services.

Increased efficiency:
Through connectivity with faster speeds and lower latency, 5G technology will lead to improved efficiency in many industries, such as transportation, healthcare and manufacturing. This will help people use less energy and produce less pollution.

Improved quality of life:
5G technology will lead to an improved quality of life for many people. It will enable faster access to healthcare, improved education and better access to entertainment.

Increased security:
5G technology will lead to improved security for both individuals and businesses. It will enable better authentication and encryption, which could help protect people's data and privacy.

Improved economic growth:
5G technology will lead to improved economic growth as it will enable faster and more reliable connections, which could lead to increased productivity and innovation. This could also lead to more jobs and higher wages.

Corporate Governance Report of EITC

Corporate Governance Report of Emirates Integrated Telecommunications Company PJSC ("EITC" or the "Company") for the financial year ended 31 December 2022.

1. Statement of procedures taken to complete the corporate governance system during the year 2022, and method of implementing thereof

EITC is highly committed to maximising stakeholders' value while ensuring compliance with the provisions of all applicable laws and regulations including those prescribed by the Securities & Commodities Authority of the UAE (the **"SCA"**) and the Dubai Financial Market (the **"DFM"**). This can be evidenced from EITC's corporate governance procedures which are 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 protecting shareholder rights and ensure fair treatment to all shareholders including minority shareholders;

Transparency and disclosure through accurate and timely disclosures on all material matters; and

Responsibility to recognise 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 31 December 2022 is prepared and presented by the Board of Directors of EITC (the **"Board"**) to the Company's shareholders in accordance with the SCA Corporate Governance Procedures.

During the year 2022, EITC transitioned to a post-pandemic normalcy, and continued its effective governance, efficient management and continuous support of its stakeholders abiding with all applicable laws and regulations. The Company consistently delivered on its commitment to provide the required technological and telecommunication needs of the country with innovation and dynamism. The new values of Dedication, Agility, Curiosity and Openness adopted by the Company during the year helped the Company to maintain sustainable growth.

The Board is formed in accordance with EITC's Articles of Association and applicable laws and 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 member of the Board strives to ensure, at all times, ethical and professional conduct in their behaviour 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.

The Integrated Report of EITC for the year ended 31 December 2021 was prepared and disclosed to the shareholders in accordance with SCA Corporate Governance Procedures. The Board invited the shareholders to the Annual General Meeting on 21 March 2022 (the **"AGM"**) which was duly conducted remotely in accordance with the directives provided by the SCA. The shareholders approved the dividend policy of the Company and the payment of AED 0.21 per share as the total dividend amount for the year 2021. The shareholders ratified the appointment of Mr Abdulla Belhoul replacing H.E. Mohamed Hadi Al Hussaini as a Director of the Company. The shareholders approved the appointment of PricewaterhouseCoopers as the external auditors of the Company for the year 2022. The shareholders passed a special resolution to amend the Articles of Association of the Company to comply with the amended UAE Commercial Companies Law (UAE Law No. 32 of 2021). The detailed results of the AGM along with the relevant supporting documents can be accessed on https://www.du.ae/about-us/investor-relations.

The Board continued with the support of two permanent committees, the Audit Committee and the Nomination & Remuneration Committee and one non-permanent committee, the Investment 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 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 2022, the Board and Committee meetings were held considering the relevant regulatory and strategic timelines and the agenda included 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.

The Board considered the recommendations received from external consultant, GCC Board Directors Institute, on the Board evaluation exercise conducted in 2021 and ensured that the recommendations were implemented to the extent possible. The annual Board evaluation for the year 2022 will be performed through the external consultant, Nasdaq Corporate Solutions and their recommendations will be considered by the Board.

EITC has committed to build state-of-the-art infrastructure for the benefit of the public, government and private sectors. The Board directed the digital transformation journey of the Company in 2022 by updating the business process and re-strategising the operations. During the year, the Board reviewed and approved the corporate governance policies, procedures and frameworks to improve the processes, define the responsibilities, enhance the governance and controls for the long-term interest and sustainability of the Company. The Company focused on holistic development with several initiatives towards digital transformation, enterprise risk management, culture and employee engagement, gender balance, corporate social responsibility and sustainability.

The Board ensured the overall wellbeing of employees by continuously monitoring several corporate and human resources-related policies and procedures, and encouraging several cultural activities during the year. Training programmes and e-learning platforms were initiated to update employees on their duties and obligations under these policies and procedures including the insiders and share dealing and code of conduct. The Board encouraged a work environment in accordance with the highest international standards of personal and professional integrity, honesty and ethical conduct fostering the culture of mutual respect. The Board supported the Youth Council members' initiatives for the empowerment of youth to contribute in building the Company and the nation.

During the year, the Company moved to a new headquarters in Dubai Hills, bringing the team together in a modern environment as part of its ongoing transformation journey to being a **leading telecom and digital services provider**.

The Board expressed sincere appreciation to the Management and employees for excellent performance on all fronts during 2022 and encouraged them to maintain the positive momentum with an ambitious futuristic vision ensuring long-term sustainable value creation for all stakeholders.

2. Statement of ownership and transactions of Board members, their spouses and children in EITC's shares during 2022

The Board members are regularly updated regarding their duties and obligations in relation to ownership/trading in EITC shares.

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 EITC shares held by each Board member (including their spouse and children) as on 31 December 2022:

No.	Name	Position/ kinship	Total sale during 2022	Total purchase during 2022	Owned shares as on 31 December 2022
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 Al Shehi	Spouse	0	0	247
6.	Hassa Abdulrazzaq Balouma	Board member	0	0	562

Board of Directors

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.

At the AGM held on 21 March 2022, the shareholders ratified the appointment of Mr Abdulla Belhoul to replace H.E. Mohamed Hadi Al Hussaini as Director of the Company.

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. Their details as at 31 December 2022 are as follows:

Mr Malek Sultan Al Malek
Chairman (effective 6 October 2021)
Independent Non-Executive

First appointment
21 March 2018

Representing
Emirates Communications and Technologies Company LLC

H.E. Sara Awadh Musallam
Vice Chairperson
(effective 21 March 2021)
Independent Non-Executive

First appointment
15 April 2020

Representing
Emirates Investment Authority

Mr Ahmad Abdulkarim Julfar
Board member
Executive

First appointment
21 March 2018

Representing
Public shareholders (until 25 March 2021) Emirates Investment Authority (from 25 March 2021)

Mr Khaled Abdulla Al Qubaisi
Board member
Independent Non-Executive

First appointment
19 April 2018

Representing
Emirates Investment Authority
(until 25 March 2021)
Public shareholders
(effective 25 March 2021)

Committee chair

Audit Committee

Nomination & Remuneration Committee

Investment Committee

Full biographies can be found on pages 66 to 71.

Mr Mohamed Hamad Al Shehi
Board member
Independent Non-Executive

First appointment
21 March 2018

Representing
Emirates Investment Authority

Mr Abdulla Khalifa Belhoul
Board member
Independent Non-Executive

First appointment
6 October 2021

Representing
Emirates Communications and Technologies Company LLC

Mr Ziad Abdulla Galadari
Board member
Non-Executive

First appointment
14 March 2007

Representing
Public shareholders

Mr Atish Shashinath Gude
Board member
Independent Non-Executive

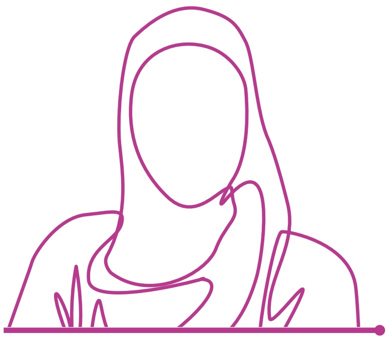
First appointment
25 March 2021

Representing
Emirates Investment Authority

Mr Wesam Alabbas Lootah
Board member
Independent Non-Executive

First appointment
15 April 2020

Representing
Emirates Investment Authority



Ms Hassa Abdulrazzaq Balouma
Board member
Independent Non-Executive

First appointment
25 March 2021

Representing
Emirates Investment Authority

Meet the Management Team on page 76.

3. Board of Directors (continued)

3.1 Board composition

Mr Malek Sultan Al Malek
Chairman (effective 6 October 2021)
Independent Non-Executive

First appointment
21 March 2018

Representing
Emirates Communications and Technologies Company LLC

Mr Malek Al Malek is one of the leading business figures in the UAE. He has extensive experience in various areas including technology, information and education. He is currently the Chairman of TECOM Group and Group CEO of Dubai Holding Asset Management, one of Dubai's leading holding companies, a strategic partner and contributor to achieving the ambitious visions of Dubai economy. He is also the Director General of Dubai Development Authority.

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

- Chairman of Dubai Institute of Design and Innovation
- Chairman of Centre of Excellence for Applied Research and Training ("CERT") ("HCT")
- Board Member of Mohammed Bin Rashid Library
- Board Member of Higher Colleges of Technology
- Board Member of Higher Committee for Future Technology and Digital Economy-Dubai
- Board Member of Dubai Waste Management Company
- Council Member of Dubai Freezone Council
- Council Member of Dubai Urban Planning 2040 Executive Council (Supreme Committee)
- Council Member of Dubai Media Council

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

H.E. Sara Awadh Musallam
Vice Chairperson (effective 21 March 2021)
Independent Non-Executive

First appointment
15 April 2020

Representing
Emirates Investment Authority

H.E. Sara 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 plc for several years.

H.E. Sara Musallam is currently the Chairperson of the Federal Authority for Early Education and Chairperson for 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 Quality of Life 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 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

H.E. Sara Musallam 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 a 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
Executive

First appointment
21 March 2018

Representing
Public shareholders (until 25 March 2021)
Emirates Investment Authority (from 25 March 2021)

Mr Ahmad Abdulkarim Julfar has 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 Julfar 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 Julfar holds a Bachelor's degree in Civil Engineering and Computer Science from Gonzaga University in Washington, 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
19 April 2018

Representing
Emirates Investment Authority (until 25 March 2021)
Public shareholders (effective 25 March 2021)

Mr Khaled Abdulla Al Qubaisi is the Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala Investment Company PJSC. 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 offers long-term stable returns across business cycles.

He is a member of the Investment Committee at Mubadala, which is mandated to develop the organisation'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 Al Qubaisi also holds the following positions in several leading organisations/companies in the UAE:

- Chairman of National Central Cooling Company PJSC (Tabreed)
- Chairman of Finance House PJSC
- Director 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 Abu Dhabi Racing Company LLC

Mr Khaled Al Qubaisi was 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.

3. Board of Directors (continued)

3.1 Board composition (continued)

Mr Mohamed Hamad Al Shehi
Board member
Independent Non-Executive

First appointment
21 March 2018

Representing
Emirates Investment Authority

Mr Mohamed Hamad Al Shehi 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 recognised organisations.

Mr Mohamed Al Shehi holds the position of 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 NAS Neuron Health Services LLC
- 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 Al Shehi has an Executive Master's degree in Business Administration from Zayed University, and a Bachelor's in Accounting from the United Arab Emirates University.

Mr Abdulla Khalifa Belhoul
Board member
Independent Non-Executive

First appointment
6 October 2021

Representing
Emirates Communications and Technologies Company LLC

Mr Abdulla Belhoul is currently the CEO of TECOM Group PJSC. He leads the executive team responsible for the group's portfolio of 10 business districts focusing on strategic sectors, namely technology, media, education, manufacturing, science and design, in addition to a set of services and business solutions aimed at enhancing returns and growth of the targeted sectors and contributing to cementing Dubai's position as a global hub for business and talent.

Prior to that, he held the position of CEO of Dubai Industrial City in 2010 after which he assumed the responsibility of Chief Commercial Officer at TECOM Group, and in 2020 his role expanded and he became Chief Commercial Officer of Dubai Holding Asset Management ("DHAM") where he led the efforts to grow and develop the group's extensive portfolio of 10 business districts, 20 retail destinations and 15 residential communities. He also oversaw the departments and teams responsible for customer service and experience, including digital transformation and smart services.

Between 2007 and 2010, he held several leadership positions at Dubai Holding, where he oversaw the construction of several major landmarks in the Emirate. Prior to that, he held various management positions at the Dubai World Trade Centre and Dubai Civil Aviation Department between 2002 and 2007, contributing to creating additional business value by improving revenue and re-engineering value for internal and external stakeholders. Abdulla previously served on the Board of Directors of Emirates Central Cooling Systems Corporation (EMPOWER) and the Board of Directors of Dubai Creek Harbor LLC.

Mr Abdulla Belhoul also currently serves on the Board of the following leading entity in the UAE:

- Board Member of Axiom Telecom

Mr Abdulla Belhoul 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 programmes, including the INSEAD Executive Development Programme.

Mr Ziad Abdulla Galadari
Board member
Non-Executive

First appointment
14 March 2007

Representing
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 in hosting international events and global conferences.

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

Mr Atish Shashinath Gude
Board member
Independent Non-Executive

First appointment
25 March 2021

Representing
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 Gude 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 capitalise 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 Gude has an MBA from the University of Chicago and a BS in Computer Engineering from Syracuse University.

Mr Atish Gude also holds the following positions in several leading entities:

- Advisory Board of Data Motion
- Investor/Advisor as CareMESH
- Advisory Board of BloomCloud 360
- Strategic Advisor of Onclave Networks
- Operating Partner of Snowhawk LLP

3. Board of Directors (continued)

3.1 Board composition (continued)

Mr Wesam Alabbas Lootah
Board member
Independent Non-Executive

First appointment
15 April 2020

Representing
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 Centre and Emaar.

He is the Chief Executive Officer ("CEO") of the Smart Dubai Government Establishment, the technology arm of Smart Dubai Department, the government entity entrusted with Dubai's citywide smart transformation envisioned by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai. He also serves as the Chairman of the Executive Committee of Dubai Cooperative Society and acts as an advisory council member of Dubai Chamber of Digital Economy.

Since becoming CEO in 2015, in record time Wesam 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 humanising technology to influence life's experiences. He pioneered the 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
- Director and Owner of The Teal Hat Technologies
- Director and Sole Shareholder of WL Holdings Limited
- Vice Chairman of Board of Directors of Dubai Clear LLC

Mr Wesam Lootah holds a Master's degree in Computer Science and Engineering from Pennsylvania State University 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
25 March 2021

Representing
Emirates Investment Authority

Ms Hassa Abdulrazzaq Balouma is the Acting Chief Strategic Assets Officer at Emirates Investment Authority ("EIA"). She is responsible for oversight and value generation in EIA's portfolio companies and strategically held corporate investments and for investing directly in important sectors in UAE.

Previously, Ms Balouma was in the Private Asset Department at EIA which 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 also served as the Chairperson of the Board of Oumolat and Arab Mining Company ("ARMICO").

Ms Hassa Balouma 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:

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

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

3. Board of Directors (continued)

3.2 Female representation on the Board

EITC currently has 20% of the total Board membership represented by females.

3.3 Remuneration and allowances of the Board members

1. Total remuneration paid to the Board for 2021

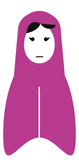
At the last Annual General Meeting held on 21 March 2022, the shareholders approved the policy for payment of remuneration to the Board and accordingly also approved payment of AED 9,998,138 as the Board remuneration for the fiscal year ended 31 December 2021. This sum was distributed to all members of the Board as remuneration for services rendered by them in the year 2021.

2. Proposed total remuneration to be paid to the Board for 2022

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 2023 is 9,414,000. This amount will be distributed to the members of the Board as remuneration for 2022 and it also includes the attendance fees to be paid to the Board members for attending Committee meetings as detailed in the paragraph below.

3. Proposed attendance fees to be paid to the members of the Board Committees for the year 2022

	Attendance fees for the members of the committees' meetings			
Name	**Committee name**	**Number of meetings attended**	**Attendance fee at AED 21,000 per meeting**	**Total attendance fee for the year 2022 (AED)**
Malek Sultan Al Malek	Investment Committee	10	210,000	210,000
Sara Awadh Musallam	Audit Committee	6	126,000	126,000
Ahmad Abdulkarim Julfar	Investment Committee	10	210,000	210,000
Khaled Abdulla Al Qubaisi	Nomination & Remuneration Committee	5	105,000	105,000
Ziad Abdulla Galadari	Audit Committee	6	126,000	126,000
Abdulla Khalifa Belhoul	Audit Committee	6	126,000	231,000
	Nomination & Remuneration Committee	5	105,000	
Mohamed Hamad Al Shehi	Audit Committee	6	126,000	231,000
	Nomination & Remuneration Committee	5	105,000	
Wesam Alabbas Lootah	Investment Committee	10	210,000	210,000
Hassa Abdulrazzaq Balouma	Nomination & Remuneration Committee	5	105,000	105,000
Atish Shashinath Gude	Investment Committee	10	210,000	210,000



20%

Female representation on the Board

EITC currently has 20% of the total Board members represented by females.

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

During the year 2022, Mr Ahmad Abdulkarim Julfar was paid 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 resident) received USD 128,913 in 2022 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 2022

During the year 2022, five (5) 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. The Board members were provided the option to attend the meetings electronically. Some of the matters considered extensively by the Board in 2022 were strategy, operations, transformation programme, compliance, sustainability, human resources management, subsidiary governance, succession planning, risk management, governance, and 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.	11 February 2022	9	None	Khaled Al Qubaisi
2.	9 May 2022*	8	Khaled Al Qubaisi, Hassa Balouma	None
3.	21 July 2022	10	None	None
4.	31 October 2022	10	None	None
5.	12 December 2022*	9	None	Ziad Galadari

* Board meetings held to consider ongoing operational matters

3.6 Number of the Board resolutions passed during 2022 along with the dates of passing these resolutions

In accordance with the applicable provisions from SCA Corporate Governance Procedures, four (4) 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.	Date
Board Resolution No. 1/2022 passed by circulation	17 February 2022
Board Resolution No. 2/2022 passed by circulation	23 March 2022
Board Resolution No. 3/2022 passed by circulation	28 April 2022
Board Resolution No. 4/2022 passed by circulation	1 June 2022

3. Board of Directors (continued)

3.7 Delegation of authorisation by the Board during the year 2022

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 authorised and the relevant limitations. The Board agreed matters reserved for the Board and its Committees within the Governance Manual. During the year 2022, the Board did not delegate any of its reserved matters to the Management.

3.8 Transactions with related parties

No new related party transactions were entered with any related party during the year 2022 (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.

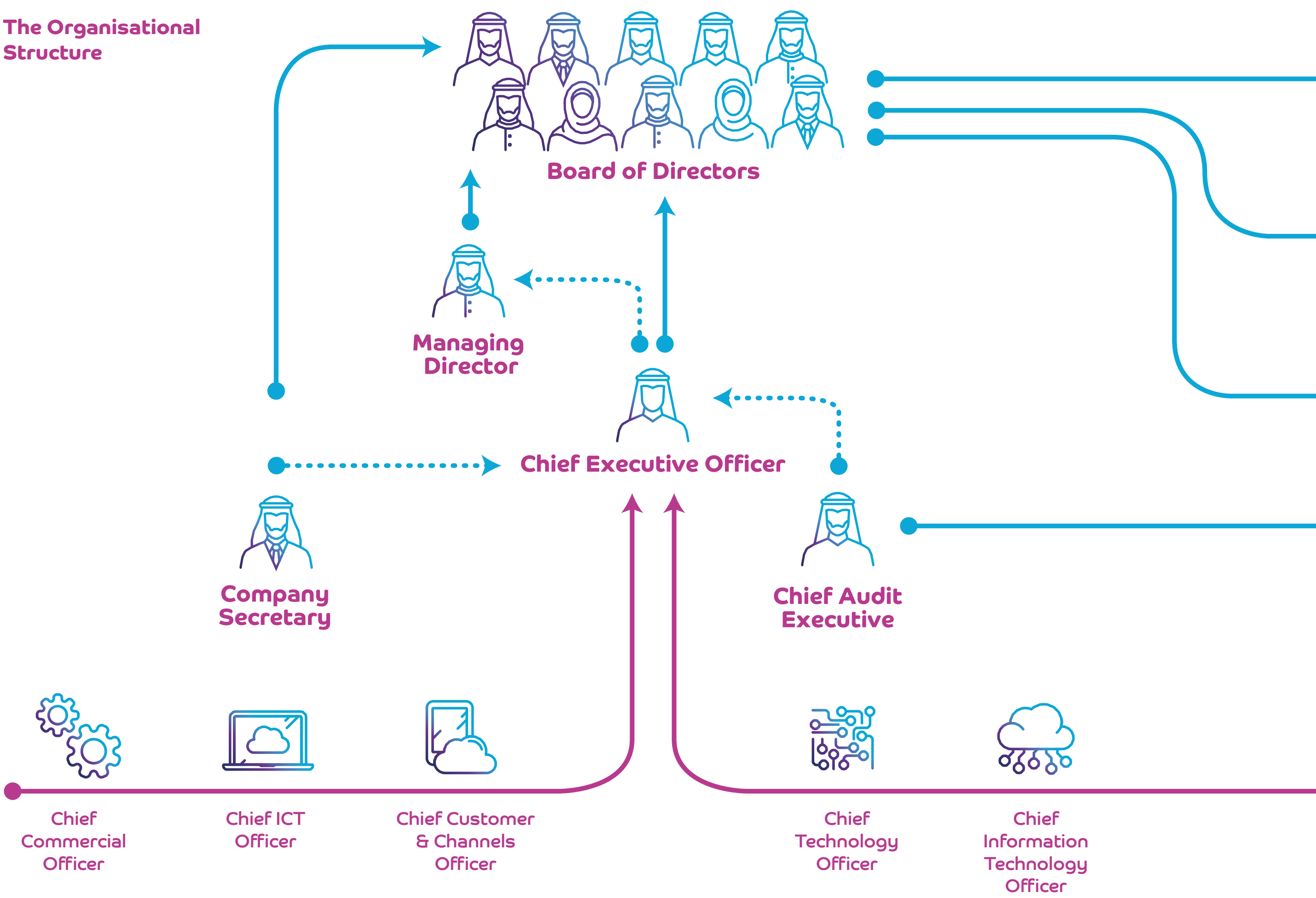
3.9 Organisational structure

The organisational structure of EITC as of 31 December 2022 is shown below.

3.10 Statement of Management's remuneration

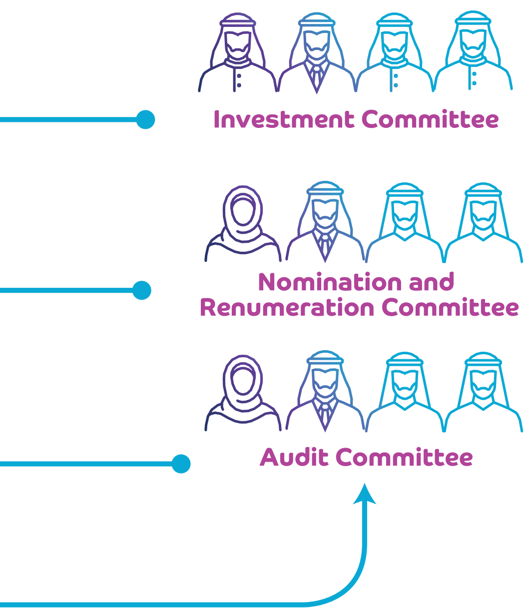
The Management's remuneration for the year ended on 31 December 2022 is reflected in the below table and the calculation is based on yearly total salaries and other cash benefits, excluding 2022 PBVP (Performance-Based Variable Pay).

The Organisational Structure



Position	Date of joining	Total salaries and other allowances paid in 2022 (AED)	Any other cash/in-kind benefits for 2022 (AED)	Total performance -based variable pay paid for 2022 (AED)	Long-Term Incentive Plan (2019-2021) paid in 2022 (AED)
Chief Executive Officer	23 April 2006	3,120,000	748,110	4,000,000	N/A
Chief HR & Shared Services Officer	2 November 2021	2,040,000	153,220	1,584,000	N/A
Chief Financial Officer	14 July 2019	2,400,000	155,220	1,828,800	1,800,869
Chief ICT Officer (Acting)	1 August 2021	1,920,000	42,046	921,600	N/A
Chief Strategy & Corporate Affairs Officer (Acting)	4 April 2010	1,090,800	209,307	646,282	N/A
Chief Technology Officer	7 September 2008	1,843,200	121,433	1,221,120	N/A
Chief Customer & Channels Officer[1]	4 March 2018	833,000	594,398[2]	N/A	1,800,869
Chief Information Officer	1 April 2019	1,800,000	197,210	983,040	1,356,819
Chief Commercial Officer	1 August 2016	2,160,000	1,874,288[3]	1,296,000	N/A

1 Chief Customer Channels Officer – last date of service was 22 June 2022 – position is yet to be filled.
2 Chief Customer & Channels Officer – payment includes all prorated amounts due, gratuity and other deductions as per policy.
3 Chief Commercial Officer – amount includes AED 1.6m retention.



Management Team

3.11 Management Team

The Management Team is responsible for strategic, commercial, financial and organisational matters.

As at 31 December 2022 the team consisted of eight members.

During the year the Chief Customers & Channels Officer resigned to pursue a role outside the Company. The role remains vacant as at year end.

Fahad Al Hassawi
Chief Executive Officer

Joined in 2006

Appointed CEO in September 2020

University of Miami: Master's in Industrial Engineering

Khalifa University: Bachelor of Engineering

UAE national

Saleem Alblooshi
Chief Technology Officer

Joined in 2008

Appointed CTO in November 2017

INSEAD: Master's in Business Administration

Khalifa University: Bachelor of Engineering

UAE national

Kais Ben Hamida
Chief Financial Officer

Joined in July 2019

Sorbonne University: MSc in Economics

Ecole des Ponts ParisTech: MSc in Engineering

Ecole Polytechnique: BSc of Statistical Modeling and Financial Engineering

French national

Karim Benkirane
Chief Commercial Officer

Joined in August 2016

Appointed Chief Commercial Officer in November 2020

HEC Paris

French national

Peter Larnholt
Chief Information Officer

Joined in April 2019

University of Borås: Degree in Computer Microelectronics

Swedish national

Ibrahim Nassir
Chief HR & Shared Services Officer

Rejoined in November 2021

University of Miami: Bachelor of Business Administration

UAE national

Hanan Ahmad
Chief Strategy and Corporate Affairs Officer (Acting)

Joined EITC in 2010

Appointed Chief Strategy and Corporate Affairs Officer (acting) in June 2020

Sorbonne-Assas International Law School: LL.M. in International Business Law

Richmond American University London: Bachelor in Business Administration

UAE national

Martin Tarr
Chief ICT Officer (Acting)

Joined in August 2021

University of London: Bachelor of Arts in Classics

British national

External auditor

4. External auditor

4.1 Overview of the Company's auditor

PricewaterhouseCoopers was appointed as the Company's external auditor for the fiscal year 2022. PricewaterhouseCoopers provides audit and assurance, consulting, tax and related services to public and private clients spanning 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	PricewaterhouseCoopers, Emaar Square (Dubai) Audit Partner: Murad Alnsour
Number of years served as the Company's external auditor	1 year
Total audit fees for 2022 in (AED)	AED 1,333,333
Fees and costs of other services other than auditing the financial statements for 2022 (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 2022 (if any). In the absence of another external auditor, this matter is explicitly stated.	Refer to paragraph 4.3 below

* External auditors – known audit firms in line with EITC choice of auditors.

4.3 Statement of fees, costs and services provided by external auditor firms in 2022

Audit/Consulting Firm	Details of service	Amount (AED)
PricewaterhouseCoopers	Consulting services and tax-related services	25,994,720
Ernst and Young	Consulting, advisory and tax-related services	9,685,265
Deloitte & Touche (M.E.)	Consulting services and tax-related services	790,702
Total		**36,470,687**

4.4 There are no qualified opinions made by EITC's external auditor in the interim or annual financial statements for the year 2022

Audit Committee

H.E. Sara Awadh Musallam
Chair

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, the review of its work mechanism and for ensuring 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 an 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. There was no change in the composition of the Audit Committee during 2022. The current members of the Audit Committee are:

- H.E. Sara Awadh Musallam (Chair)
- Mr Ziad Abdulla Galadari
- Mr Mohamed Hamad Al Shehi
- 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
- Recommend the 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 enquiries 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 the 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 audit 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 whistleblowing and fraud
- Set 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 transactions 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. The Audit Committee reviews, on an annual basis, its terms of reference and submits its recommendations to the Board.

5.6
During the year 2022, six (6) meetings of the Audit Committee were held as mentioned below at which all the members were present:

Meeting number	Date of meeting	Main purpose of the meeting	Absentees
Audit Committee meeting no. 1/ 2022	10 February 2022	Review of annual financials for the year 2021, audit, internal control, risk management, Insiders Committee and governance related matters	None
Audit Committee meeting no. 2/ 2022	11 April 2022	Review of internal control, risk and compliance matters, internal audit, state audit	None
Audit Committee meeting no. 3/ 2022	28 April 2022	Review Q1 2022 financials, risk management and governance related matters	None
Audit Committee meeting no. 4/ 2022	19 July 2022	Review Q2 2022 financials, audit, internal control, risk management and governance related matters	None
Audit Committee meeting no. 5/ 2022	26 October 2022	Review Q3 2022 financials, audit, internal control, risk management, corporate sustainability and governance related matters	None
Audit Committee meeting no. 6/ 2022	29 November 2022	Review audit, internal control and governance related matters	None

Nomination & Remuneration Committee

Mr Khaled Abdulla Al Qubaisi
Chair

6. Nomination & Remuneration Committee

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

6.2
The Nomination & Remuneration Committee is a permanent committee formed by EITC's Board 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 & Remuneration Committee is reviewed by the Board on a periodic basis. There was no change in composition of the Nomination & Remuneration Committee during 2022. The current members of the Nomination & Remuneration Committee are:

- Khaled Abdulla Al Qubaisi (Chair)
- Mohamed Hamad Al Shehi
- Hassa Abdulrazzaq Balouma
- Abdulla Khalifa Belhoul

6.4 The Nomination & 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 that the procedures of nomination for Board membership are followed 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.
- Emiratisation matters

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

6.6
During the year 2022, five (5) meetings of the Nomination & Remuneration Committee were held as mentioned below at which all the members were present:

Meeting number	Date of meeting	Absentees
Nomination & Remuneration Committee meeting no. 1/ 2022	9 February 2022	None
Nomination & Remuneration Committee meeting no. 2/ 2022	21 April 2022	None
Nomination & Remuneration Committee meeting no. 3/ 2022	23 August 2022	None
Nomination & Remuneration Committee meeting no. 4/ 2022	3 October 2022	None
Nomination & Remuneration Committee meeting no. 5/ 2022	29 November 2022	None

Investment Committee

Mr Ahmad Abdulkarim Julfar
Chair

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, the review of its work mechanism and for ensuring 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. There was no change in the composition of the Investment Committee during 2022. 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. The Investment Committee reviews its terms of reference on an annual basis, and submits its recommendations to the Board.

7.5
During the year 2022, ten (10) meetings of the Investment Committee were held, the details of which are mentioned below at which all the members were present:

Meeting number	Date of meeting	Absentees
Investment Committee meeting no.1/ 2022	31 January 2022	None
Investment Committee meeting no.2/ 2022	1 February 2022	None
Investment Committee meeting no.3/ 2022	17 March 2022	None
Investment Committee meeting no.4/ 2022	20 April 2022	None
Investment Committee meeting no.5/ 2022	20 July 2022	None
Investment Committee meeting no.6/ 2022	13 September 2022	None
Investment Committee meeting no.7/ 2022	24 October 2022	None
Investment Committee meeting no.8/ 2022	21 November 2022	None
Investment Committee meeting no.9/ 2022	28 November 2022	None
Investment Committee meeting no.10/ 2022	12 December 2022	None

Insiders Committee

Mr Ali Al Ali
Chair

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, the review of its work mechanism and for ensuring 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 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)
- Moodhi Almandiry (Human Resources)*
- Hiam Almohtadi (Legal)
- Mohammad AlMehrezi (Finance)

* Effective July 2022 (replaced Ali Al Mansoori).

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 an up-to-date register of insiders including both permanent and temporary insiders.
- Submit periodic statements and reports to the Dubai Financial Market
- 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 2022 were:

- Review and update of the list of insiders and submission to the DFM on a quarterly basis, and as and when required (in accordance with the applicable regulations)
- Notification of employees and Board members before commencement and after completion of every closed period, reminding them about prohibition of trading in closed periods
- Promotion of employee awareness (via E-learning platforms) of their obligations in relation to insiders and share dealing
- Respond to the queries received from employees generally in relation to insiders and share dealing.
- Compliance with the provisions of the applicable laws and regulations

8.6
The Insiders Committee met five (5) times during the year 2022 as follows:

Meeting number	Date of meeting
Insiders Committee meeting no. 1/ 2022	12 January 2022
Insiders Committee meeting no. 2/ 2022	30 June 2022
Insiders Committee meeting no. 3/ 2022	25 July 2022
Insiders Committee meeting no. 4/ 2022	8 September 2022
Insiders Committee meeting no. 5/ 2022	8 December 2022

Internal control system

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.

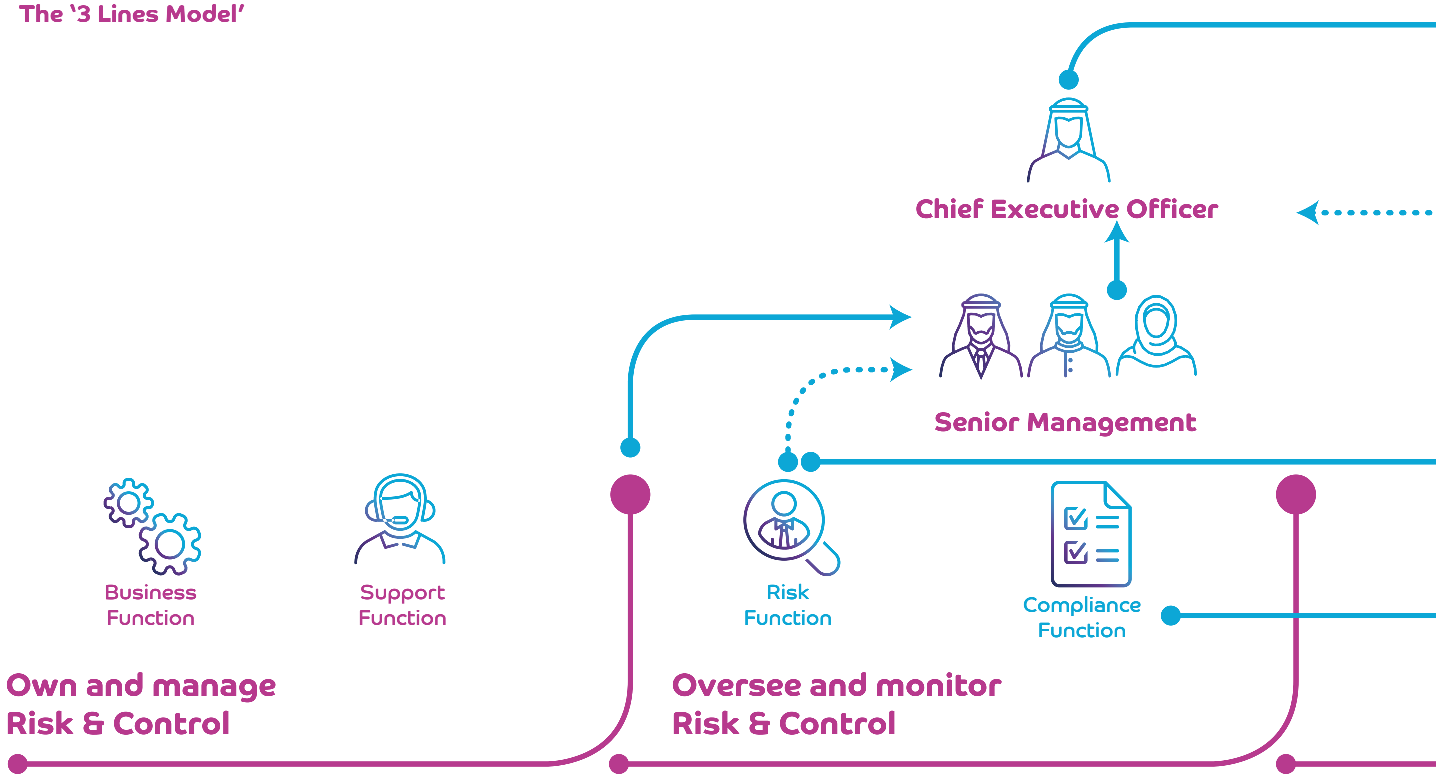
Internal control system process

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, limiting any damage to reputation or fines/penalties

Internal control within EITC is established via the implementation of '3 Lines Model'.

The '3 Lines Model'

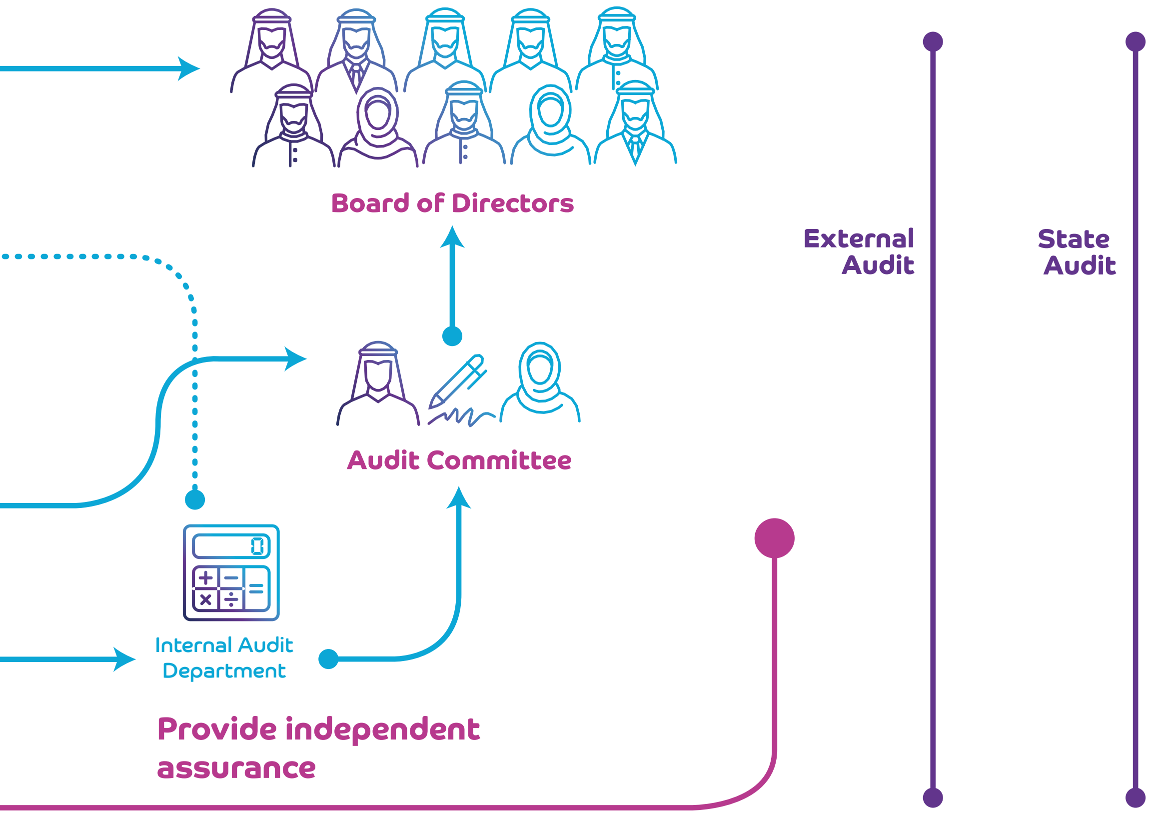


The First Line Role:
Includes business and process owners whose activities create and/or manage risks. The first line owns the risks, and design and execute the Company-wide controls to respond to those risks on day-to-day basis. They serve as the first line because controls are designed into systems 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 Strategy & Corporate Affairs Department while Compliance function reports to Internal Audit Department.

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 (third 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 first and second lines
- With regards to ensuring consistency with UAE laws and all other regulations, oversight is provided by the second 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



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

9. Internal control system (continued)

9.1 Role of the Board in internal control (continued)

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 2022, EITC continued to enhance and strengthen compliance and ethics management by:

- Conducting continuous monitoring of the external compliance requirements and proactively identifying and reporting non-compliances through various compliance activities
- Conducting mystery shopping across EITC retail stores (both du and Virgin Mobile) by formulating mystery shopping checklist, based on applicable regulations
- Conducting field visit exercises across all EITC direct stores (including Virgin Mobile) and providing recommendations for mitigating any non-compliance identified
- Initiating a Company-wide Code of Business Conduct & Ethics ("COBC&E") policy sign-off and assessment, across all levels, to promote ethics-oriented culture and embed 'integrity' in the decision-making process across the Company
- Successfully collating the updated list of active policies and procedures across EITC

9.2 Name and qualifications of the Internal Audit Department Head

The Internal Audit Department was headed by Mr Rashid Al Sheikh, until November 2022 when he stepped down. Effective 9 November 2022 Mr Zain-Ul-Abidin Qureshi was appointed as Acting Head of Internal Audit Department. Mr Qureshi holds a Chartered Accountancy degree from the Institute of Chartered Accountants of Pakistan ("ICAP") and has over 24 years of experience in the area of accounting, finance and audit.

9.3 Name and qualifications of the Compliance Officer

The EITC Compliance function is headed by Muna Ali, who is the Compliance Officer of EITC. She has vast experience in areas of compliance, ethics, risk, audit, finance and accounting. In line with the SCA mandate regarding roles and responsibilities of the Compliance Officer, she oversees the EITC compliance function covering critical areas like compliance with applicable laws and regulations, the COBC&E, on-the-ground mystery shopping and compliance field visits. She plays a key role in formulating the EITC compliance strategy and defining the compliance roadmap, which puts her in a pivotal position to foster a compliance-oriented culture across EITC. In her capacity as advisory role to Board and Audit Committee. Muna liaises with Audit Committee members, and senior management staff of EITC in relation to compliance-related matters across the Company. She holds a Master's degree in Finance from the British University in Dubai ("BUiD") and a Bachelor's degree in Accounting.

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 assigned by various functions including technical, financial and operational audits, forensic/whistle blowing, compliance and Quality Assurance & GRC. Following such investigations, they provide recommendations and reporting their findings to Audit Committee. In 2022, there were no significant issues noted that required disclosure.

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

The Internal Audit Department has issued two reports to the Audit Committee indicating the critical/high observations noted during 2022 and also shared the 2023 audit plan for Audit Committee's review and approval. 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.

EITC Enterprise Risk Management ("ERM") Framework

In 2022, we focused our efforts on revamping enterprise risk management – strengthening risk governance, operations and oversight, through the adoption of a revised ERM Framework premised on a hybrid of international risk management standards (ISO 31000:2018 and COSO 2017). The revised EITC ERM Framework is a core part of our central governance structure based on the Institute of Internal Auditors' 'Three-Lines-Model'. The ERM Framework consists of the following five main documents:

(1) Risk Management Policy
(2) Risk Acceptance & Escalation Policy
(3) Risk Appetite & Tolerance Framework
(4) Risk Management Methodology
(5) Project Risk Management Framework

These facilitate a structured and holistic approach to anticipate, identify, assess, treat, monitor and report on uncertainties within our operating environment with the potential to affect our strategic and operational objectives. The framework articulates clear risk governance roles and responsibilities as well as risk management activities and associated accountability across all levels of EITC, thus promoting a risk-aware culture and risk-informed decision-making at EITC.

The revised framework was approved by the Board of Directors in May 2022.

EITC ERM – maturity improvement highlights

Following the implementation of the revised ERM Framework, and our ongoing efforts to strengthen risk management at EITC, the organisation's risk management maturity improved significantly in 2022. Key highlights of the improvements in risk maturity include:

- Conducted awareness sessions on the revised ERM framework for management teams across all EITC divisions to facilitate a common understanding and align expectations
- Revised EITC's risk universe – defined five main risk categories and 23 risk subcategories (principal risks) allowing for a holistic view of EITC's enterprise risk profile and quarter-to-quarter comparisons
- Recommended risk appetite per subcategory for Audit Committee approval and subsequently assigned each subcategory to a senior manager in order to drive risk oversight and accountability at EITC
- Developed and implemented a formal Project Risk Management Framework to standardise strategic project risk governance and processes for risk identification, assessment and mitigation
- Refreshed EITC's overall risk profile and identified top risks as perceived by executive and operational management teams
- Developed and executed a formal Project Risk Management Plan for a key strategic project resulting in the identification, mitigation and reporting on project risks.
- Regular quarterly ERM reporting to the Audit Committee – adequately addressing all the Committee's requirements and requests

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 Middle East and Africa. His experience spans technology governance, risk, compliance, privacy, information security, BCM, ethics and audit management. He holds an MBA from the University of Cumbria (UK) and several certifications in governance, risk and compliance. He is responsible for driving an enterprise risk-aware culture that facilitates the identification and treatment of risks and thus allows for risk-informed decision-making that will improve the likelihood of achieving our organisational goals. The role has a direct reporting line to the Audit Committee with operational and administrative reporting to the Chief Strategy & Corporate Affairs Officer.

10. Details of violations committed during 2022

During the year 2022, EITC received five violations from Telecommunications and Digital Government Regulatory Authority ("TDRA") of the UAE as follows:

- Three 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
- One violation related to non-compliance to regulatory requirements emanating from 'TDRA Instruction with respect to international calls masked with National Numbers'. EITC has sent a detailed response to TDRA on the violation including the reasons and root cause for the incident and also highlighted the various measures put in place to avoid/reduce the instances of such spoofing. Internal Audit has also conducted a technical review to provide an independent assessment of the action taken by the Management
- One violation related to non-compliance to regulatory requirements emanating from 'Price Control – Regulatory Policy and procedure, Consumer Protection Regulation and a TDRA Instruction to cease specific marketing activities'. EITC is currently in the process of reviewing the actions provided by TDRA to take necessary steps

11. Statement of contributions made by the Company during the year 2022 in the development of the community and the preservation of the environment

Our sustainability objectives are to 'make our people and communities happier', 'operate ethically and responsibly' and deliver the benefits of our services to all. During 2022, we invested significantly in a range of projects that enhanced our community contribution, as well as our environmental footprint.

We are UNICEF's cyber-safety awareness partner in the UAE. During the year, we showcased an awareness campaign via SMS and its social media channels to stir a proactive discussion around what Safety Internet Day entails for children as they navigate across the rapidly changing digital sphere.

We also launched several initiatives in the field of online safety education, including ones specifically aimed at senior citizens, with the objective of ensuring a safer internet for the UAE community. These initiatives includes school-focused digital wellbeing sessions with Injaz UAE and EdComs Middle East.

This year, we contributed towards the 1 Billion Meals campaign and also financially supported Al Jalila Foundation's medical research. In 2022, we introduced a very useful charity feature in our du app, which enabled du customers to easily donate to registered charities in the UAE whenever they wish to through a click of a button. We also partnered with the Tarahum Charity Foundation to distribute close to 1,000 boxes of grocery items for underprivileged families in the UAE.

We have signed Memorandums of Understanding with seven other GCC operators to focus on sustainability issues such as climate change, cyber-safety, data privacy and security. We have held multiple knowledge-sharing workshops to date. We also signed a MoU with Nokia to use technology and digital products to accelerate our journey to net zero.

We committed to phasing out plastic bags across our retail stores with new eco-friendly paper ones. These bags are 100% paper, and 100% biodegradable. To cut down single-use plastic at the office, we distributed reusable water bottles to our employees. We have stopped selling plastic bottles through vending machines or catering partners.

We continue to invest in various energy-efficient innovations in our base transceiver sites, data centres, offices and warehouses. These include hybrid generators, renewable energy, free-cooling system, LED lighting and more.

Details on these initiatives, as well as other social and environmental projects can be found in our 2022 Sustainability Report on pages 36 to 61 of this report.

During the year 2022, EITC contributed AED 2,186,850 in cash to support a range of social initiatives and campaigns. EITC also contributed more than AED 6,000,000 in-kind to support SMS campaigns for UAE-based charity organisations.

12. General information

12.1 Statement of the Company's share price in the market during 2022

	Lowest price	Highest price	Closing price
January 2022	6.33	6.73	6.50
February 2022	6.40	6.80	6.58
March 2022	6.50	6.88	6.50
April 2022	6.48	6.79	6.59
May 2022	5.80	6.69	5.99
June 2022	5.68	6.05	5.70
July 2022	5.67	6.45	6.12
August 2022	6.00	6.20	6.08
September 2022	5.85	6.10	5.88
October 2022	5.69	5.95	5.73
November 2022	5.60	5.85	5.71
December 2022	5.58	5.89	5.80

12.2 Performance of the Company's shares in 2022 compared to the DFM General Market and Communication Services indices

	DFM General Index	DFM Communication Services Index	EITC share price
January 2022	3,203.08	1,097.15	6.50
February 2022	3,354.64	1,110.65	6.58
March 2022	3,526.60	1,097.15	6.50
April 2022	3,719.63	1,112.34	6.59
May 2022	3,347.24	1,011.07	5.99
June 2022	3,223.29	962.12	5.70
July 2022	3,337.96	1,033.01	6.12
August 2022	3,443.11	1,026.26	6.08
September 2022	3,339.15	992.50	5.88
October 2022	3,331.76	967.18	5.73
November 2022	3,323.96	963.80	5.71
December 2022	3,336.07	978.99	5.80

Share price (3 Jan – 26 Dec 2022)

12. General information (continued)

12.3 Statement of the shareholders' ownership distribution as at 31 December 2022

Investor/ shareholder	Type of customer	Number of investors	Percentage
UAE	Government	4	0.1681
	Banks	7	0.4196
	Companies	112	86.3895
	Individuals	92,031	12.2072
	Sole proprietors	3	0.0013
	Market maker	1	0.0004
GCC countries	Companies	15	0.0349
	Individuals	165	0.2462
	Government	(nil)	(nil)
Arabs	Companies	1	0.0001
	Individuals	446	0.2421
	Government	(nil)	(nil)
Other nationalities	Banks	1	0.0000
	Companies	44	0.1230
	Individuals	567	0.1675

12.4 Statement of shareholders owning 5% or more of the Company's capital as at 31 December 2022

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 at 31 December 2022

Share(s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares
Less than 50,000	92,399	111,382,817	2.457
From 50,000 to less than 500,000	782	118,894,377	2.623
From 500,000 to less than 5,000,000	184	257,549,623	5.682
More than 5,000,000	32	4,045,079,172	89.238
Total	**93,397**	**4,532,905,989**	**100.000**

Our investor communications

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.
- Mechanisms for stakeholders to submit their queries, comments and opinions.
- Minutes of the General Assembly meetings.

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

12.6 Investor/shareholder relations

The Company ensures a regular and effective communication with its founding shareholders and public investors, through addressing their queries relating to dividends, Board proposals and shareholder resolutions as well as providing regular updates on financial performance.

During 2022, the Company held four conference calls with analysts and investors to present its financial results for the three quarters of 2022 and for full year 2021. Certain members of the management team attended several investor conferences where an update on the Company's business and operations were provided. The Company has also been regularly communicating with the shareholders to allow them to fully exercise their rights, 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 up to 2015 and also provided SCA with the relevant reports.

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

- Annual and periodic financial statements, the annual reports and analysts' presentation
- 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

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

For investor enquiries or information about EITC's stock, financial reports and related items, please email Investor.Relations@du.ae

For all queries relating to shareholder matters such as dividends, Board proposals, shareholder resolutions, please email shareholder.relations@du.ae; or phone: +971 4 5686000.

Information about our Company's share price.

Corporate governance reports.

Ownership structure and ratios.

Formation of EITC Board, Committees and Company's structure.

Details of the approved dividends and dividend policy.

12. General information (continued)

12.7 Special Resolutions passed by the General Assembly in the year 2022

At the Annual General Assembly of EITC held on Monday, 21 March 2022, two (2) special resolutions were passed by the shareholders to amend the Articles of Association of the Company to comply with the amended UAE Commercial Companies Law (UAE Law No. 32 of 2021) and approve the voluntary contributions of an amount of AED 7,846,035 to be made to the community by EITC in 2022.

12.8 Company Secretary

Ali Al Ali has been 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 Université 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 Université 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 shareholder 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 2022

- Announcement of Federal Royalty calculation mechanism for the period 2022-2024
- Announcement to the shareholders to collect unclaimed cash dividends for the period prior to 1 March 2015 (in accordance with SCA directives)
- Announcement of the consolidated financial statements for the year ended on 31 December 2021
- Annual General Assembly held virtually/remotely at which shareholders approved dividend distribution of AED 0.21 per share for 2021 among other matters
- Payment of AED 0.11 per share for the first half of the year 2022 as interim dividend (in accordance with the dividend policy)
- 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 which was equal to 5% or more of the Company's capital.

12.11 Statement of Emiratisation percentage

The Board sought to acquire young and motivated Emirati talents, and this has contributed to achieving the Emiratisation 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 2022, we managed to achieve 40% Emiratisation against a target of 38.5%. This target was achieved by:

- Proactively ear-marking roles for UAE Nationals.
- Hiring fresh graduates into permanent roles.
- Introducing the Emiratisation KPI for all senior manager Balanced Score Cards.
- 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 and TDRA directives in regard to any changes affecting UAE nationals.

The Emiratisation percentage in the Company from 2018-2022 is as follows:

Year	Emiratisation percentage
2018	34%
2019	36%
2020	37%
2021	40%
2022	40%

12.12 Statement of innovative projects and initiatives carried out or being developed during 2022 by EITC

Partnership with Masdar City to implement a Smart City Platform

du has established a partnership with Masdar City, a global leader in sustainable innovation, to build a 5G Centre of Excellence ("CoE") in Abu Dhabi. Under the agreement, du works with Masdar City to create a Smart City platform that combines data, infrastructure and applications to improve the daily lives of residents and tourists.

The CoE will showcase exponential technologies, such as an advanced Command and Control Centre, and will work to implement the Smart City vision of integrated approaches to disruptive technologies. The partnership aims to make Masdar City the first 5G-enabled sustainable city in the world.

The Smart City vision encompasses an integrated approach to champion disruption with scalable and phased implementation, and flexible frameworks and standards to achieve cost efficiency and agility. du will leverage world-class sustainable Internet of Things ("IoT") technology to deliver a complete view on the sustainability of Masdar City's assets while facilitating processes such as asset benchmarking, performance and predictive analytics, along with insights on digital operations.

In addition to the Smart City, the CoE will deliver transformative and disruptive technological innovations with a key focus on environment, social and governance factors.

du joined UAE's Champions 4.0 Network

du joined the Champions 4.0 Network under the Memorandum of Understanding, which was signed at the Abu Dhabi International Petroleum and Energy Conference ("ADIPEC"). The agreement aims to enhance the adoption of advanced technologies and their integration into the daily operations of industrial companies in the country. As part of the network, du supports five small and medium enterprises ("SMEs") through its extensive expertise in technology, to promote the adoption of advanced technologies and create new industrial investment opportunities.

The Champions 4.0 Network is designed to support technology transformations as well as enhance the capabilities of SMEs.

The Champions 4.0 Network is one of the main pillars of the Ministry of Industry and Advanced Technology's Industry 4.0 programme and it plays an important role in supporting the growth of the industrial sector. The network brings together the leading companies that have the capabilities to contribute to the technological transformation of the industrial sector and enhance the capabilities of SMEs.

Malek Sultan Al Malek
Board Chairman

Sara Awadh Musallam
Audit Committee Chair

Khaled Abdulla Al Qubaisi
Nomination & Remuneration Committee Chair

Zain-Ul-Abidin Qureshi
Head of Internal Audit Department (Acting)

Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Emirates Integrated Telecommunications Company PJSC ("EITC" or "the Company") and its subsidiaries (together the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements from pages 11 to 72, which include significant accounting policies and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

Key Audit Matters	• Revenue recognition and complexity of related IT systems • Federal Royalty

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Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC (continued)

Our audit approach (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition and complexity of related IT systems The Group reported revenue of AED 12,754 million from telecommunication and related activities during the year ended 31 December 2022. We focused on this area as the generation of the financial information in respect of revenue recognition is heavily dependent on information technology (IT) systems, reflecting a high volume and complexity of the Group's transactions. A significant portion of our audit effort was directed towards this area as we placed high reliance on the Group's IT systems and key internal controls, which is a normal practice for an audit of a large telecommunications business. Further, there is an inherent risk related to revenue recognition given the complexity of the IT systems and the mix of business products and services, including a variety of plans available for consumer and enterprise customers, different tariff structures, roaming and international hubbing ('wholesale') agreements, and site sharing agreements.	Our audit procedures included a combination of internal controls testing and substantive testing, which covered the following: - assessed the accounting policies adopted by the Group and testing whether the management has appropriately applied these to the Group's transactions and balances; - obtained an understanding of the significant revenue processes including performance of an end to end walkthrough of the revenue process to identify the relevant controls, including IT systems, interfaces, management's revenue assurance reconciliations and other similar reports. - tested the relevant infrastructure IT environment in which billing, rating and other relevant support systems reside, including testing the controls in place around systems that generate revenues; - tested of the operating effectiveness of these controls to obtain sufficient, appropriate evidence that they operated effectively throughout the year as intended; - performed data analysis and substantive analytical procedures for significant revenue streams; - tested key reconciliations performed by the Revenue Assurance team;

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Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
We have considered this matter as a key audit matter due to the critical estimates and judgements made by the management in determining the revenue for the year, underpinned by complex IT systems and processes in the revenue cycle. Refer to Notes 2.3 and 3.19 for the critical accounting estimates and judgements and accounting policies made by the management, respectively. Details of the Group's revenue are disclosed in Note 34 to the consolidated financial statements.	- carried out test call samples in order to obtain assurance over the rating and duration of calls by extracting data from support systems; - tested third party key reconciliations to wholesale revenue recognised in the general ledger; -inspected significant new contracts and assessed management's regulatory determination for these contracts, along with their other accounting treatment. We considered the application of the Group's accounting policies to amounts billed and accrued, and the accounting implications of new postpaid, fixed line and broadcast business initiatives to assess whether the Group's accounting policies were appropriate for these initiatives and were consistently followed. In addition, we tested the adequacy of the related disclosures contained in the consolidated financial statements.
Federal royalty The federal royalty is a significant charge levied against regulated revenues and against regulated profits of the Group, based on fixed percentages as disclosed in Note 27 to the consolidated financial statements. The royalty charge for the year ended 31 December 2022 is AED 1,744 million with an accrual of AED 1,830 million as at that date. We considered this to be a key audit matter as the royalty calculations are subject to management's judgement, 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 the guidelines provided by the UAE Ministry of Finance ("MoF") are amended and/or as revenue streams are reclassified by the MoF for the purposes of the royalty calculations. Refer to Note 2.3 to the consolidated financial statements for critical accounting estimates and judgements used by management for federal royalty.	In responding to this risk, our audit procedures included the following: - we obtained an understanding of, and we have tested management's controls around the calculation and approval of the federal royalty charge; - we obtained an understanding of the guidelines provided to the Group by the MoF and inspected other relevant correspondence. We have traced management's assumptions made in their computation model for federal royalty to the key elements of the MOF guidelines and correspondence. - we tested (i) the accuracy of the segregation of items between regulated and other activities and items which management judged as not being subject to the federal Royalty or which may be set off against revenue which is subject to federal royalty within management's computation model; and (ii) the accuracy of the calculations contained within the model. - we tested the appropriateness of the related disclosures in the consolidated financial statements

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Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC (continued)

Other information

Management is responsible for the other information. The other information comprises the Board of Director's report but does not include the consolidated financial statements and our auditor's report thereon, 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.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC (continued)

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

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

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

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Independent auditor's report to the shareholders of Emirates Integrated Telecommunications Company PJSC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 1 to the consolidated financial statements the Group has not purchased or invested in shares during the year ended 31 December 2022;

vi) note 15 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and

viii) note 26 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2022.

PricewaterhouseCoopers
13 February 2023

Murad Alnsour
Registered Auditor Number 1301
Dubai, United Arab Emirates

Consolidated statement of financial position

	Notes	As at 31 December 2022 AED 000	2021 AED 000
Assets			
Non-current assets			
Property, plant and equipment	6	**9,425,711**	9,068,070
Right-of-use assets	7	**1,415,750**	1,649,765
Intangible assets and goodwill	8	**962,204**	859,195
Lease receivable	9	**125,111**	139,422
Investments accounted for using the equity method	10	**7,863**	24,272
Financial asset at fair value through other comprehensive income	11	**4,517**	18,368
Contract costs	13A	**198,665**	125,699
Trade receivables, contract assets and other assets	13	**239,546**	231,049
Total non-current assets		**12,379,367**	12,115,840
Current assets			
Inventories	14	**95,235**	58,469
Lease receivable	9	**17,213**	16,371
Contract costs	13A	**283,752**	250,445
Trade receivables, contract assets and other assets	13	**2,153,779**	2,173,938
Due from related parties	15	**94,597**	48,655
Term deposits	16	**674,628**	1,374,248
Cash and bank balances	17	**871,081**	641,380
Total current assets		**4,190,285**	4,563,506
Total assets		**16,569,652**	16,679,346
Equity and liabilities			
Equity			
Share capital	23	**4,532,906**	4,532,906
Share premium	24	**232,332**	232,332
Other reserves	25	**2,126,590**	2,018,485
Retained earnings		**1,878,324**	1,748,164
Total equity		**8,770,152**	8,531,887
Non-current liabilities			
Lease liabilities	18	**1,321,259**	1,553,484
Contract liabilities	12	**218,211**	247,073
Provision for employees' end of service benefits	20	**197,166**	238,438
Other provisions	21	**208,801**	198,588
Total non-current liabilities		**1,945,437**	2,237,583
Current liabilities			
Trade and other payables	22	**4,642,888**	4,592,913
Lease liabilities	18	**737,952**	671,502
Contract liabilities	12	**467,489**	438,734
Due to related parties	15	**5,734**	6,727
Borrowings	19	**–**	200,000
Total current liabilities		**5,854,063**	5,909,876
Total liabilities		**7,799,500**	8,147,459
Total equity and liabilities		**16,569,652**	16,679,346

To the best of our knowledge, the financial information included in these consolidated financial statements fairly presents in all material respects the financial position, 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 13 February 2023 and signed on its behalf by:

Sara Awad Issa Musallam
Board Member

Kais Ben Hamida
Chief Financial Officer

The notes on pages 104 to 146 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of comprehensive income

	Notes	For the year ended 31 December 2022 AED 000	2021 AED 000
Revenue	34	**12,754,492**	11,681,970
Operating expenses	26	**(9,551,929)**	(9,089,523)
Expected credit losses (net off recoveries)		**(173,566)**	(156,033)
Other income	35	**1,637**	130,574
Federal royalty on regulated revenue*	27	**(1,303,275)**	(1,071,699)
Finance income	28	**33,924**	27,560
Finance costs	28	**(93,406)**	(106,347)
Share of loss of associate and joint venture	10	**(7,913)**	(5,563)
Profit before royalty on regulated profit		**1,659,964**	1,410,939
Federal royalty on regulated profit*	27	**(440,403)**	(310,195)
Profit for the year		**1,219,561**	1,100,744
Other comprehensive income/(loss)			
Items that will not be re-classified to profit or loss			
Actuarial gain/(loss) on defined benefit obligations	20	**29,795**	(5,042)
Fair value changes on financial asset at fair value through other comprehensive income	11	**(13,851)**	–
Other comprehensive income/(loss) for the year		**15,944**	(5,042)
Total comprehensive income for the year attributable to shareholders of the Company		**1,235,505**	1,095,702
Basic and diluted earnings per share (AED)	29	**0.27**	0.24

* Refer to note 27 regarding presentation of comparative for federal royalty.

The notes on pages 104 to 146 form an integral part of these consolidated financial statements.

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 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
Actuarial loss on defined benefit obligations	–	–	–	(5,042)	(5,042)
Total comprehensive income for the year	–	–	–	1,095,702	1,095,702
Transfer to other reserves	–	–	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
At 1 January 2022	4,532,906	232,332	2,018,485	1,748,164	8,531,887
Profit for the year	**–**	**–**	**–**	**1,219,561**	**1,219,561**
Fair value changes on financial asset at fair value through other comprehensive income	**–**	**–**	**(13,851)**	**–**	**(13,851)**
Actuarial gain on defined benefit obligations	**–**	**–**	**–**	**29,795**	**29,795**
Total comprehensive income for the year	**–**	**–**	**(13,851)**	**1,249,356**	**1,235,505**
Transfer to other reserves	**–**	**–**	**121,956**	**(121,956)**	**–**
Final cash dividend paid*	**–**	**–**	**–**	**(498,620)**	**(498,620)**
Interim cash dividend paid**	**–**	**–**	**–**	**(498,620)**	**(498,620)**
At 31 December 2022	**4,532,906**	**232,332**	**2,126,590**	**1,878,324**	**8,770,152**

* For the year 2021, a final cash dividend of AED 0.11 per share amounting to AED 498,620 thousand was approved by the shareholders at the Annual General Meeting held on 21 March 2022 and paid on 18 April 2022.

** For the year 2022, an interim cash dividend of AED 0.11 per share amounting to AED 498,620 thousand was paid on 17 August 2022.

For the year 2022, a final cash dividend of AED 0.13 per share amounting to AED 589,278 thousand is proposed.

The notes on pages 104 to 146 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of cash flows

	Notes	2022 AED 000	2021 AED 000
		For the year ended 31 December	
Cash flows from operating activities			
Profit for the year		**1,219,561**	1,100,744
Adjustments for:			
Depreciation and impairment of property, plant and equipment	6	**1,607,280**	1,473,014
Depreciation of right-of-use assets	7	**350,859**	367,607
Amortisation and impairment of intangible assets	8	**154,084**	184,623
Impairment of investment in joint venture	10	**8,496**	–
Loss on disposal of property, plant and equipment and intangible assets		**1,296**	142
Provision for employees' end of service benefits	20	**24,099**	23,539
Release of provision for employees' end of service benefits	20	**–**	(27,674)
Release of loss allowance for inventory obsolescence	14	**(5,361)**	(8,574)
Loss allowances	13	**195,294**	178,118
Finance income	28	**(33,924)**	(27,560)
Finance costs	28	**93,406**	106,347
Share of loss of associate and joint venture	10	**7,913**	5,563
Changes in working capital	30	**1,452,653**	1,184,794
Cash generated from operations		**5,075,656**	4,560,683
Federal royalty paid	27	**(1,412,797)**	(1,507,186)
Payment of employees' end of service benefits	20	**(40,059)**	(22,350)
Net cash generated from operating activities		**3,622,800**	3,031,147
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,288,093)**	(1,869,109)
Purchase of intangible assets		**(276,556)**	(129,064)
Proceeds from disposal of property, plant and equipment and intangible assets		**423**	826
Interest received		**25,064**	32,068
Margin on guarantees released		**157**	–
Term deposits released (net)		**700,000**	655,000
Net cash used in investing activities		**(1,839,005)**	(1,310,279)
Cash flows from financing activities			
Repayment of lease liabilities		**(282,618)**	(251,850)
Proceeds from borrowings		**–**	200,000
Payment of borrowings upfront fee		**–**	(18,112)
Repayment of borrowings		**(200,000)**	–
Dividends paid		**(997,240)**	(1,133,227)
Interest paid on lease liabilities		**(70,957)**	(82,767)
Interest paid others		**(3,122)**	(6,907)
Net cash used in financing activities		**(1,553,937)**	(1,292,863)
Net increase in cash and cash equivalents		**229,858**	428,005
Cash and cash equivalents at 1 January		**638,877**	210,872
Cash and cash equivalents at 31 December	17	**868,735**	638,877

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

The notes on pages 104 to 146 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2022

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 2022 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 2022.

The Company has either directly or indirectly the following subsidiaries:

		Shareholding		Country of
Subsidiaries	**Principal activities**	**2022**	2021	**incorporation**
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**

UAE Federal Law No. 32 of 2021 concerning Commercial Companies (the "New Companies Law") was issued on 20 September 2021 to replace UAE Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law") and came into force on 2 January 2022. In compliance with the New Companies Law, EITC adjusted its affairs within the statutory time-frame of one year starting from 2 January 2022, pursuant to Article 359 of the New Company Law.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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 assets 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 has 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) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It 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.
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 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.

2. Basis of preparation (continued)

2.1 New standards, amendments and interpretations (continued)

(b) New standards and interpretations not yet adopted by the Group (continued)

- Disclosure of Accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2 (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
- Definition of Accounting Estimates – Amendments to IAS 8 (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions with equal amounts of deferred tax assets and liabilities such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions, that on initial recognition, give rise to equal taxable and deductible temporary differences.
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (issued on September 2022 and effective for annual periods beginning on or after 1 January 2024). Lease liability in a sale and leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants – Amendments to IAS 1 (issued on October 2022 and effective for annual periods beginning on or after 1 January 2024). Non-current liabilities with covenants amends IAS 1 presentation of financial statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

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. Basis of preparation (continued)

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.

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.

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.

2. Basis of preparation (continued)

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

Key sources of estimation uncertainty (continued)
(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 ("CGUs") 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 CGUs 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.

(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 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 CGUs when there is indication of impairment. Management did not identify any impairment indicators in the current or prior year for individual CGUs. 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.

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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3. Summary of significant accounting policies (continued)

3.1 Consolidation (continued)
(a) Subsidiaries (continued)
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.

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 the 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 the 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.

3.2 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.

3. Summary of significant accounting policies (continued)

3.2 Property, plant and equipment (continued)

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.

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 re-measurement 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:

	Years
Land and building	1-25
Furniture and fixtures – space	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.

3. Summary of significant accounting policies (continued)

3.3 Leases (continued)

Group as a lessee (continued)
ii) Lease liabilities (continued)
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 re-measured 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.

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

Goodwill
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 (CGUs). 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.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the 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.

3. Summary of significant accounting policies (continued)

3.4 Intangible assets (continued)

Licences and indefeasible rights of use

Separately acquired licences and rights of use are shown at historical cost. Licences and rights of use acquired in a business combination are recognised at fair value at the acquisition date. Licences 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 licences and rights of use over their estimated useful lives as shown below:

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

Computer software

Acquired computer software is 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 three to 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 recognition 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 Associate 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.

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 Other Comprehensive Income ("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.

3. Summary of significant accounting policies (continued)

3.5 Associate and joint venture (continued)
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 impairment loss 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.

3.7 Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs 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 are recognised initially at fair value and subsequently measured at amortised cost using effective interest rate method, less provision for impairment.

Contract costs (subscriber acquisition cost) are incurred to obtain a contract to provide goods or services to the customer, which the Group capitalises as these costs are expected to be recovered. These costs are amortised over the average customer life with the Group for each segment and tested for impairment regularly.

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.

3.11 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.

3. Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

3.11.1 Non-derivative financial assets (continued)
(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 listed equity investments under this category.

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 the 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.

3.12 Share capital
Ordinary shares are classified as equity.

3.13 Dividends 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. Summary of significant accounting policies (continued)

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.

3.16 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.

Re-measurement 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.

3. Summary of significant accounting policies (continued)

3.16 Employee benefits (continued)
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.

3.17 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 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 probability of default using the Group's historical information 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.

3.17.2 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. Summary of significant accounting policies (continued)

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 is 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.

The core principle of IFRS 15 is that an entity should recognise 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 a 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.

3. Summary of significant accounting policies (continued)

3.19 Revenue recognition (continued)

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.

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 telecommunication 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.

Variable consideration

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.

Contract modification

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.

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 catch-up 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.

3. Summary of significant accounting policies (continued)

3.19 Revenue recognition (continued)

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 the 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.

3.22 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. 32 of 2021 concerning Commercial Companies (the "New Companies Law") 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 is 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 and Risk Management department. Both departments undertake both regular and ad hoc 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 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 exposure without requiring approval from senior management. These limits are reviewed periodically.

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, 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, due from related parties and due from other telecommunication operators 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 receivables, contract assets, due from related parties and due from other telecommunication operators 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 term deposits and bank balances.

	Term deposits		Cash and bank balances	
Ratings	**2022 AED 000**	2021 AED 000	**2022 AED 000**	2021 AED 000
Aa3/AA-	**–**	–	**200,122**	75,174
A1/A+	**–**	–	**200,083**	37,387
A2/A	**100,000**	–	**134,572**	11,766
A3/A-	**–**	–	**8,439**	34,657
Baa1/BBB+	**575,000**	1,375,000	**310,923**	307,959
Baa2/BBB	**–**	–	**–**	121,394
Others	**–**	–	**17,425**	53,333
	675,000	1,375,000	**871,564**	641,670
Less: loss allowance	**(372)**	(752)	**(483)**	(290)
	674,628	1,374,248	**871,081**	641,380

(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.

(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

5. Financial risk management (continued)

5.1 Financial risk factors (continued)
(c) Market risk (continued)

(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.

5.2 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.

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 equity. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position, less cash and bank balances and term deposits.

	2022 **AED 000**	2021 AED 000
Total borrowings (note 19)	**–**	200,000
Less: Cash and bank balances/term deposits (notes 16 and 17)	**(1,545,709)**	(2,015,628)
Net debt	**(1,545,709)**	(1,815,628)
Total equity	**8,770,152**	8,531,887
Gearing %	**(18%)**	(21%)

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 2022.

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Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

5. Financial risk management (continued)

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).

	In AED 000			
	Level 1	Level 2	Level 3	Total
At 31 December 2022				
Financial asset at fair value through other comprehensive income (note 11)	**4,517**	**–**	**–**	**4,517**
	4,517	**–**	**–**	**4,517**
At 31 December 2021				
Financial asset at fair value through other comprehensive income (note 11)	–	–	18,368	18,368
	–	–	18,368	18,368

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 2021	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-offs	–	(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
Additions	–	1,551,147	57,487	–	352,648	1,961,282
Addition: asset retirement obligations	–	5,357	–	–	–	5,357
Transfers	–	557,237	25,805	–	(583,042)	–
Disposals/write-offs	(30,902)	(260,701)	(84,603)	–	–	(376,206)
At 31 December 2022	**21,630**	**23,998,336**	**340,258**	**4,403**	**343,115**	**24,707,742**
Depreciation/impairment						
At 1 January 2021	33,449	12,444,290	288,694	3,849	96,244	12,866,526
Reclassifications (note 6.1)	–	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-offs	–	(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
Reclassifications	–	–	–	–	–	–
Charge for the year	2,365	1,461,274	23,635	210	3,675	1,491,159
Disposals/write-offs	(30,902)	(259,097)	(84,489)	–	–	(374,488)
Impairment charge	–	116,121	–	–	–	116,121
At 31 December 2022	**20,479**	**14,994,508**	**246,071**	**4,403**	**16,570**	**15,282,031**
Net book value						
At 31 December 2022	**1,151**	**9,003,828**	**94,187**	**–**	**326,545**	**9,425,711**
At 31 December 2021	3,516	8,469,086	34,644	210	560,614	9,068,070

The carrying amount of the Group's buildings include a nominal amount of AED 2 (2021: AED 2) in relation to plots of land granted to the Group by the UAE Government.

6.1 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 of property, plant and equipment ("PPE") to allowance for inventory obsolescence.

7. Right-of-use assets

	Land and buildings AED 000	Furniture & fixtures – space AED 000	Motor vehicles AED 000	Total AED 000
Cost				
At 1 January 2021	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
Additions	57,809	–	–	57,809
Re-measurement	68,259	–	–	68,259
Disposals	(94,770)	–	–	(94,770)
At 31 December 2022	**2,655,596**	**945**	**–**	**2,656,541**
Depreciation				
At 1 January 2021	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
Charge for the year (note 26)	350,759	100	–	350,859
Disposals	(85,546)	–	–	(85,546)
At 31 December 2022	**1,240,391**	**400**	**–**	**1,240,791**
Net book value				
At 31 December 2022	**1,415,205**	**545**	**–**	**1,415,750**
Net book value				
At 31 December 2021	1,649,120	645	–	1,649,765

The Group leases several assets including shops, technical sites, offices, warehouses, billboards and motor vehicles. The average lease term is 8.04 years. Short-term and low value leases are also included in right-of-use assets.

8. Intangible assets and goodwill

	2022 AED 000	2021 AED 000
Goodwill	**413,220**	413,220
Intangible assets	**548,984**	445,975
	962,204	859,195

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 CGU is as follows:

	2022 AED 000	2021 AED 000
Fixed line business	**413,220**	413,220
	413,220	413,220

The Group tests goodwill for impairment annually. The recoverable amount of the CGUs is determined using the Discounted Cash Flow method based on the five-year business outlook.

In 2022, the estimated recoverable amount of the fixed line business CGU exceeded its carrying amount by approximately 162%.

The key assumptions for the fixed line business CGU value-in-use calculations at 31 December 2022 include:

- 5-year revenue growth projections
- A pre-tax discount rate of 9.49% (2021: 8.26%) 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

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, management has identified that any reasonably possible change in key assumptions could not cause the carrying amounts to exceed the recoverable amounts.

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Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

8. Intangible assets and goodwill (continued)

Intangible assets

	Software in use AED 000	Capital work in progress AED 000	Telecom-munications licence fees AED 000	Indefeasible rights of use AED 000	Total AED 000
Cost					
At 1 January 2021	2,444,079	183,895	124,500	207,359	2,959,833
Additions	19,017	124,633	–	–	143,650
Transfers	108,489	(108,489)	–	–	–
Disposals/write-offs	(225,054)	(41,208)	–	–	(266,262)
At 31 December 2021	2,346,531	158,831	124,500	207,359	2,837,221
Additions	36,006	221,087	–	–	257,093
Transfers	122,392	(122,392)	–	–	–
Disposals/write-offs	(4,032)	–	–	–	(4,032)
At 31 December 2022	**2,500,897**	**257,526**	**124,500**	**207,359**	**3,090,282**
Amortisation/impairment					
At 1 January 2021	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
Disposals/write-offs	(225,007)	(41,208)	–	–	(266,215)
At 31 December 2021	2,085,042	106	98,739	207,359	2,391,246
Charge for the year	146,512	–	6,223	–	152,735
Impairment charge	1,349	–	–	–	1,349
Disposals/write-offs	(4,032)	–	–	–	(4,032)
At 31 December 2022	**2,228,871**	**106**	**104,962**	**207,359**	**2,541,298**
Net book value					
At 31 December 2022	**272,026**	**257,420**	**19,538**	**–**	**548,984**
At 31 December 2021	261,489	158,725	25,761	–	445,975

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 and Digital Government Regulatory Authority ("TDRA") to the Group to grant the licence to operate as a telecommunications service provider in the UAE.

Indefeasible right of use represents 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	
	2022 AED 000	2021 AED 000	**2022 AED 000**	2021 AED 000
Lease receivable	**17,213**	16,371	**125,111**	139,422

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.

	2022 AED 000	2021 AED 000
Maturity analysis:		
Not later than 1 year	**19,917**	19,337
Later than 1 year and not later than 5 years	**85,828**	83,328
Later than 5 years	**58,939**	81,357
	164,684	184,022
Less: unearned interest on lease receivable	**(22,360)**	(28,229)
	142,324	155,793

The interest income on lease receivable is presented in note 28.

10. Investments accounted for using the equity method

Investments	Principal activities	Shareholding **2022**	Shareholding 2021	Country of incorporation
Dubai Smart City Accelerator FZCO	To run accelerator programmes 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 associate and joint venture

	2022		
	Associate AED 000	**Joint venture AED 000**	**Total AED 000**
At 1 January	**2,492**	**21,780**	**24,272**
Impairment loss	**–**	**(8,496)**	**(8,496)**
Share of loss for the year	**(364)**	**(7,549)**	**(7,913)**
At 31 December	**2,128**	**5,735**	**7,863**

	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

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10. Investments accounted for using the equity method (continued)

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

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

	2022		
	Associate AED 000	**Joint venture AED 000**	**Total AED 000**
Non-current assets	**8,511**	**43,688**	**52,199**
Current assets	**547**	**28,328**	**28,875**
Current liabilities	**(11)**	**(5,414)**	**(5,425)**
Non-current liabilities	**–**	**(38,142)**	**(38,142)**
Net assets	**9,047**	**28,460**	**37,507**
Revenue	**–**	**8,951**	**8,951**
Loss for the year	**(1,547)**	**(15,098)**	**(16,645)**

	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)

11. Financial asset at fair value through other comprehensive income

	2022 AED 000	2021 AED 000
Listed shares		
Anghami	**4,517**	18,368

During the year 2022, total loss of AED 13,851 thousand was recognised in other comprehensive income.

12. Contract liabilities

	Current		Non-current	
	2022 AED 000	2021 AED 000	**2022 AED 000**	2021 AED 000
Contract liabilities	**467,489**	438,734	**218,211**	247,073

Revenue recognised during the year for the contract liabilities was AED 283,016 thousand (2021: AED 229,400 thousand).

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's 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 receivables, contract assets and other assets

	2022 AED 000	2021 AED 000
Trade receivables	**1,732,395**	1,822,391
Due from other telecommunication operators*	**293,786**	205,341
Contract assets	**489,874**	439,103
Less: provision for impairment of trade receivables and due from other telecommunication operators	**(706,965)**	(712,797)
Trade receivables and contract assets – net	**1,809,090**	1,754,038
Prepayments**	**149,778**	147,611
Advances to suppliers	**352,470**	397,445
Other receivables	**81,987**	105,893
Total trade and other receivables	**2,393,325**	2,404,987
Non-current***	**239,546**	231,049
Current	**2,153,779**	2,173,938
Total trade and other receivables	**2,393,325**	2,404,987

* Due from other telecommunication operators are presented after netting of payable balances (where right to set off exists) amounting to AED 1,417,486 thousand (31 December 2021: AED 1,133,698 thousand).

** Prepayments include unamortised loan fees amounting to AED 14,264 thousand (31 December 2021: AED 16,818 thousand) 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 AED 11,676 thousand and receivable amounting to AED 47,074 thousand against settlement of a legal dispute which will be collected over period of three years.

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

	2022 AED 000	2021 AED 000
At 1 January	**712,797**	700,553
Charge for the year	**195,294**	178,039
Write-off during the year	**(201,126)**	(199,486)
Transfer of provision from due from related parties	**–**	33,691
At 31 December	**706,965**	712,797

13A. Contract costs

	Current		Non-current	
	2022 AED 000	2021 AED 000	**2022 AED 000**	2021 AED 000
Contract costs	**283,752**	250,445	**198,665**	125,699

Contract costs (subscriber acquisition cost) are incurred to obtain a contract to provide goods or services to the customer, which the Group capitalises as these costs are expected to be recovered.

Contract costs in prior year was included within contract assets.

14. Inventories

	2022 AED 000	2021 AED 000
Goods held for sale	**110,290**	78,885
Less: allowance for inventory obsolescence	**(15,055)**	(20,416)
At 31 December	**95,235**	58,469
Inventories recognised as an operating expense during the year	**964,083**	945,903
Release of allowance for inventory obsolescence recognised as an operating expense during the year	**(5,361)**	(8,574)

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 LLC. 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

	2022 AED 000	2021 AED 000
Due from related parties	**94,597**	48,655
Due to related parties	**5,734**	6,727

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

	2022 AED 000	**2021 AED 000**
At 1 January	**–**	33,691
Reclassified to trade receivables, contract assets and other assets	**–**	(33,691)
Expected credit losses during the year	**–**	–
Closing balance	**–**	–

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

15. Related party balances and transactions (continued)

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 value of transactions with related parties.

	2022 AED 000	2021 AED 000
Net revenue	**720,361**	725,707
Rent and services	**34,388**	59,550
Recharge of operating expenses incurred on behalf of joint venture	**755**	3,020

Key management compensation

	2022 AED 000	2021 AED 000
Short-term employee benefits	**30,162**	35,088
Employees' end of service benefits	**448**	377
Post-employment benefits	**1,085**	1,139
Long-term incentives	**4,926**	4,000
	36,621	40,604

Board of Directors fees during the year were AED 11,086 thousand (2021: AED 10,992 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.

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 to 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

	2022 AED 000	2021 AED 000
Term deposits*	**674,628**	1,374,248

* Term deposits represented net of loss allowance.

Term deposits represent bank deposits with maturity periods exceeding three 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:

	2022 AED 000	2021 AED 000
Cash at bank (on deposit and call accounts)*	**870,266**	640,564
Cash on hand	**815**	816
Cash and bank balances	**871,081**	641,380
Less: margin on guarantees (note 31)	**(2,346)**	(2,503)
Cash and cash equivalents	**868,735**	638,877

* Cash at bank represented net of loss allowance.

18. Lease liabilities

	2022 AED 000	2021 AED 000
At 1 January	**2,224,986**	2,308,623
Lease liabilities during the year	**57,809**	143,608
Interest expense during the year	**70,957**	82,767
Payments made during the year	**(354,072)**	(334,617)
Re-measurement during the year	**68,259**	33,063
Disposals during the year	**(8,728)**	(8,458)
Closing balance	**2,059,211**	2,224,986

	Current		Non-current	
	2022 AED 000	2021 AED 000	2022 AED 000	2021 AED 000
Lease liabilities	**737,952**	671,502	**1,321,259**	1,553,484

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 seven years; and (b) a revolving credit facility of AED 1,981 million equivalent and a maturity of five years extendable to seven years. The Financing proceeds will be used for general corporate purposes.

The details of borrowings are as follows:

	Current	
	2022 AED 000	2021 AED 000
Bank borrowings	**–**	200,000
	–	200,000

The transaction costs allocated to the Financing have been capitalised and is being amortised to profit or loss over the term of the agreement. Unamortised transaction costs as at 31 December 2022 are presented within note 13 as a prepayment. In September 2022, the Group paid the outstanding amounts under the revolving credit facility, totalling AED 200 million.

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 2022 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:

	2022 AED 000	2021 AED 000
At 1 January	**238,438**	254,037
Current service cost	**24,099**	23,539
Interest cost	**4,483**	5,844
Actuarial (gain)/loss recognised in other comprehensive income*	**(29,795)**	5,042
Release of past service cost**	**–**	(27,674)
Benefits paid during the year	**(40,059)**	(22,350)
At 31 December	**197,166**	238,438

* Actuarial gain recognised in other comprehensive income relates to re-measurement of the employees' end of service benefits obligation net gain from changes in financial assumptions amounting to AED 29,282 thousand (2021: loss of AED 4,079 thousand), net gain from experience adjustments amounting to AED 513 thousand (2021: loss of AED 963 thousand) and demographic assumptions amounting to AED nil (2021: AED nil).

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

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

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

	2022	2021
Average period of employment (years)	**5.87**	7.38
Average annual rate of salary increase	**2.00%**	2.00%
Average annual rate of salary increase for next two years	**1%**	1%
Discount rate	**4.24%**	2.10%

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	
	2022	2021	2022	2021	2022	2021
Withdrawal rate	**10%**	10%	**0.68%**	(0.14%)	**(0.75%)**	0.15%
Mortality age	**1 year**	1 year	**0.04%**	(0.04%)	**(0.04%)**	0.04%
Average annual rate of salary increase	**1%**	1%	**6.81%**	7.56%	**(6.20%)**	(6.83%)
Discount rate	**1%**	1%	**(5.55%)**	(6.29%)	**6.19%**	7.08%

Expected contribution to defined benefit obligations for the year ending 31 December 2023 is AED 28,012 thousand.

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 the period up to 10 years from when the asset is brought into use.

	2022 AED 000	2021 AED 000
At 1 January	**198,588**	184,581
Additions during the year (net)	**3,258**	5,844
Adjustment for change in discount/inflation rates	**–**	669
Unwinding of discount	**6,955**	7,494
At 31 December	**208,801**	198,588

The provision is recognised based on the following significant assumptions:

	2022	2021
Average period of restoration (years)	**10**	10
Inflation rate	**2.06%**	2.06%
Discount rate	**3.86%**	3.86%

22. Trade and other payables

	2022 AED 000	2021 AED 000
Trade payables and accruals	**2,087,312**	2,259,681
Due to other telecommunication operators*	**340,454**	443,533
Accrued federal royalty (note 27)	**1,830,421**	1,499,540
Valued Added Tax ("VAT") payable	**24,841**	20,622
Other payables and accruals	**359,860**	369,537
	4,642,888	4,592,913

* Due to other telecommunication operators are presented after netting of receivable balances (where right to set off exists) amounting to AED 1,417,486 thousand (31 December 2021: AED 1,133,698 thousand).

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

23. Share capital

	2022 AED 000	2021 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

	2022 AED 000	2021 AED 000
Premium on issue of common share capital	**232,332**	232,332

25. Other reserves

	Statutory reserves (note 25.1) AED 000	Other reserves (note 25.2) AED 000	Total AED 000
At 1 January 2021	1,908,411	–	1,908,411
Transfer from retained earnings	110,074	–	110,074
At 31 December 2021	2,018,485	–	2,018,485
At 1 January 2022	2,018,485	–	2,018,485
Transfer from retained earnings	121,956	–	121,956
Fair value changes on financial asset at fair value through other comprehensive income	–	(13,851)	(13,851)
At 31 December 2022	**2,140,441**	**(13,851)**	**2,126,590**

25.1 In accordance with the UAE Federal Law No. 32 of 2021 concerning Commercial Companies (the "New 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.

25.2 This relates to the change in the fair value of financial asset at fair value through other comprehensive income.

26. Operating expenses

	31 December	
	2022 AED 000	2021 AED 000
Interconnect costs	**2,768,016**	2,842,683
Depreciation and impairment on property, plant and equipment (note 6)	**1,607,280**	1,473,014
Product costs	**1,303,426**	1,167,403
Staff costs	**1,053,655**	996,419
Network operation and maintenance	**857,081**	783,357
Commission	**463,784**	398,158
Telecommunication licence and related fees	**389,359**	359,365
Depreciation on right-of-use assets (note 7)	**350,859**	367,607
Marketing	**245,996**	203,532
Amortisation and impairment on intangible assets (note 8)	**154,084**	184,623
Outsourcing and contracting	**103,545**	107,186
Others	**254,844**	206,176
	9,551,929	9,089,523

During the year ended 31 December 2022, the Group has paid AED 2,187 thousand (2021: AED 1,576 thousand) for various social contribution purposes.

27. Federal royalty

The royalty rates payable to the UAE Ministry of Finance for the period from 2017 to 2022 are 15% on regulated revenue and 30% on regulated profit after deducting royalty on regulated revenue.

	2022 AED 000	2021 AED 000
Total revenue for the year (note 34)	**12,754,492**	11,681,970
Broadcasting revenue for the year	**(149,832)**	(148,236)
Other allowable deductions	**(3,916,226)**	(3,924,101)
Total regulated revenue	**8,688,434**	7,609,633
Profit before royalty on regulated revenue	**2,963,242**	2,482,638
Allowable deductions	**(191,968)**	(307,209)
Total regulated profit	**2,771,274**	2,175,429
Royalty on regulated revenue – 15% of total regulated revenue	**1,303,265**	1,141,445
Adjustment to charge	**10**	(69,746)
Royalty on regulated revenue	**1,303,275**	1,071,699
Royalty on regulated profit – 30% of regulated profit (after deducting royalty on regulated revenue)	**440,403**	310,195

27. Federal royalty (continued)

Movement in the royalty accruals is as follows:

	2022 AED 000	2021 AED 000
At 1 January	1,499,540	1,624,832
Payment made during the year	(1,412,797)	(1,507,186)
Charge for the year	1,743,678	1,381,894
At 31 December (note 22)	1,830,421	1,499,540

In 2022, presentation of federal royalty was disaggregated as royalty on regulated revenue and royalty on regulated profit. The disaggregation reflects components of the royalty regime for telecommunication operators in the UAE, as applicable to the Group's operations. The comparative amounts for year 2021 are disaggregated to conform with current year presentation.

Federal royalty for the year 2022 is to be paid within four months from the year ended 31 December 2022.

28. Finance income and costs

	2022 AED 000	2021 AED 000
Finance income		
Interest income	28,055	21,169
Finance income on lease receivable	5,869	6,391
	33,924	27,560
Finance costs		
Interest expense on lease liabilities	70,957	82,767
Interest expense others*	22,449	23,580
	93,406	106,347

* 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

	2022	2021
Profit for the year (AED 000)	1,219,561	1,100,744
Weighted average number of shares (000)	4,532,906	4,532,906
Basic and diluted earnings per share (AED)	0.27	0.24

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

	2022 AED 000	2021 AED 000
Change in:		
Inventories	**(31,405)**	11,618
Contract costs	**(106,272)**	(61,856)
Trade receivables, contract assets and other assets	**(169,946)**	(491,992)
Trade and other payables	**1,807,318**	1,502,073
Contract liabilities	**(107)**	132,120
Due from related parties	**(45,942)**	91,214
Due to related parties	**(993)**	1,617
Net changes in working capital	**1,452,653**	1,184,794

	2022 AED 000	2021 AED 000
Non-cash transactions:		
Accruals for property, plant and equipment	**324,712**	603,677
Accruals for intangible assets	**19,463**	14,539
Additions to right-of-use assets	**126,068**	176,671

	2022 AED 000	2021 AED 000
Loss allowances:		
Trade receivables, contract assets and other assets	**195,294**	178,039
Loss allowance on term deposits	**(380)**	79
	194,914	178,118

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

31. Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 60,624 thousand (2021: AED 71,837 thousand). Bank guarantees are secured against margin of AED 2,346 thousand (2021: 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 1,166,993 thousand (2021: AED 1,033,232 thousand).

32. Financial instruments and risk management

32.1 Credit risk

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

		Carrying amount		Fair value	
	Notes	2022 AED 000	2021 AED 000	2022 AED 000	2021 AED 000
Non-derivatives					
Financial asset at fair value through other comprehensive income	11	**4,517**	18,368	**4,517**	18,368
Lease receivable	9	**142,324**	155,793	**142,324**	155,793
Trade receivables, contract assets and other assets*	13	**1,891,077**	1,859,931	**1,891,077**	1,859,931
Due from related parties	15	**94,597**	48,655	**94,597**	48,655
Term deposits	16	**674,628**	1,374,248	**674,628**	1,374,248
Cash and bank balances	17	**871,081**	641,380	**871,081**	641,380
		3,678,224	4,098,375	**3,678,224**	4,098,375

* For the purpose of the exposure to credit risk on financial assets disclosure, non-financial assets (prepayments and advances to suppliers) amounting to AED 502,248 thousand (2021: AED 545,056 thousand) have been excluded from trade receivables, contract assets and other assets.

Impairment of financials assets and due from other telecommunication operators
The ageing of trade receivables, contract assets, due from related parties and due from other telecommunication operators as follows:

31 December 2022

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – trade receivables, contract assets and due from related parties	739,012	143,469	341,837	1,092,549	2,316,867
Loss allowance	(43,917)	(25,202)	(115,405)	(509,024)	(693,548)
Expected loss rate	5.94%	17.57%	33.76%	46.59%	

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – due from other telecom operators	140,794	85,270	278,085	1,207,123	1,711,272
Loss allowance	(2)	–	(52)	(13,363)	(13,417)
Expected loss rate	0%	0%	0%	1.11%	

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

32. Financial instruments and risk management (continued)

32.1 Credit risk (continued)

Impairment of financials assets and due from other telecom operators (continued)

31 December 2021

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – trade receivables, contract assets and due from related parties	928,938	215,955	179,967	985,289	2,310,149
Loss allowance	(35,921)	(26,514)	(76,671)	(563,823)	(702,930)
Expected loss rate	3.87%	12.28%	42.61%	57.22%	

	Not past due AED 000	Past due 0-30 days AED 000	Past due 31-180 days AED 000	More than 180 days AED 000	Total AED 000
Gross carrying amount – due from other telecom operators	167,992	155,488	183,955	831,604	1,339,039
Loss allowance	(4)	–	(21)	(9,842)	(9,867)
Expected loss rate	0%	0%	0.01%	1.18%	

Non-financial assets prepayments and advances to suppliers amounting to AED 502,248 thousand (2021: AED 545,056 thousand) have been excluded from contract assets, trade and other receivables and due from related parties. The above gross carrying amount and due from other telecommunication operators amount excludes netting amounting to AED 1,417,486 thousand (31 December 2021: AED 1,133,698 thousand) (note 13).

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 due; 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 maturities of financial liabilities along with fair values:

31 December 2022

	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	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**2,059,211**	**2,059,211**	**2,059,211**	**374,241**	**363,711**	**253,668**	**1,067,591**
Trade payables and accruals	**2,087,312**	**2,087,312**	**2,087,312**	**2,087,312**	**–**	**–**	**–**
Due to other telecommunication operators	**340,454**	**340,454**	**340,454**	**340,454**	**–**	**–**	**–**
Accrued royalty	**1,830,421**	**1,830,421**	**1,830,421**	**1,830,421**	**–**	**–**	**–**
Other payables and accruals	**359,860**	**359,860**	**359,860**	**359,860**	**–**	**–**	**–**
Due to related parties	**5,734**	**5,734**	**5,734**	**5,734**	**–**	**–**	**–**
	6,682,992	**6,682,992**	**6,682,992**	**4,998,022**	**363,711**	**253,668**	**1,067,591**

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	–	–	–
Lease liabilities	2,224,986	2,224,986	2,224,986	361,663	309,839	246,389	1,307,095
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	–	–	–
	7,004,004	7,004,004	7,004,004	5,140,681	309,839	246,389	1,307,095

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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 2022		31 December 2021	
	Thousand		Thousand	
	EUR	GBP	EUR	GBP
Trade receivables	13,786	538	7,943	345
Trade payables	(104)	(83)	(1,148)	(245)
Net exposure	13,682	455	6,795	100

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

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
EUR 1	3.8957	4.3715	3.9325	4.1507
GBP 1	4.5705	5.0011	4.4429	4.9500

Sensitivity analysis

A 10% 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.

	2022 AED 000	2021 AED 000
Increase/(decrease) in profit		
EUR	(5,330)	(2,971)
GBP	(208)	(50)

Conversely a 10% weakening of the AED against the above currencies at 31 December will have 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	
	2022 AED 000	2021 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.

	2022 AED 000	2021 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.

32.5 Financial instruments by category

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

	2022 AED 000	2021 AED 000
Financial asset at fair value through other comprehensive income	**4,517**	18,368
Financial assets measured at amortised cost		
Lease receivable	**142,324**	155,793
Trade receivables, contract assets and other assets*	**1,891,077**	1,859,931
Due from related parties	**94,597**	48,655
Term deposits	**674,628**	1,374,248
Cash and bank balances	**871,081**	641,380
	3,673,707	4,080,007
Financial liabilities measured at amortised cost		
Lease liabilities	**2,059,211**	2,224,986
Borrowings	–	200,000
Trade and other payables**	**4,618,047**	4,572,291
Due to related parties	**5,734**	6,727
	6,682,992	7,004,004

* Non-financial assets (prepayments and advances to suppliers) amounting to AED 502,248 thousand (2021: AED 545,056 thousand) have been excluded from trade receivables, contract assets and other assets.

** Non-financial liability (Value Added Tax) amounting to AED 24,841 thousand (2021: AED 20,622 thousand) has been excluded from trade and other payables.

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Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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.

The following table presents the recognised financial instruments that are offset in the statement of financial position, as at 31 December 2022 and 31 December 2021.

	31 December 2022			31 December 2021		
	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 receivables, contract assets and other assets	**3,810,811**	**(1,417,486)**	**2,393,325**	3,538,685	(1,133,698)	2,404,987
Financial liabilities						
Trade and other payables	**6,060,374**	**(1,417,486)**	**4,642,888**	5,726,611	(1,133,698)	4,592,913

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.

31 December 2022

	Mobile AED 000	**Fixed AED 000**	**Wholesale AED 000**	**Others AED 000**	**Total AED 000**
Segment revenue					
Timing of revenue recognition					
Over time	**5,747,598**	**3,474,941**	**1,806,917**	**913,246**	**11,942,702**
At a point in time	**777,407**	**4,466**	**–**	**29,917**	**811,790**
	6,525,005	**3,479,407**	**1,806,917**	**943,163**	**12,754,492**
Segment contribution	**3,300,750**	**2,866,843**	**1,442,014**	**615,020**	**8,224,627**
Unallocated costs					
Other income					**(5,195,630)**
Federal royalty					**(1,743,678)**
Finance income/costs and share of profit of investments accounted for using equity method (net)					**(67,395)**
Profit for the year					**1,219,561**

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

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

In 2021, the Group has recognised AED 130,109 thousand under other income against settlement of a legal dispute.

36. Comparatives

In order to conform with current year presentation, the comparative figures for the previous year have been re-presented, where necessary. Such re-presented figures did not affect the previously reported profit, comprehensive income or equity.

Other information

Corporate information

About du
Operating under the steadfast umbrella of Emirates Integrated Telecommunications Company ("EITC"), du is an integral driver of the UAE's economic, social and digital transformation. Thriving on digitally innovating all facets of the contemporary telecom experience, we touch the lives of millions of customers every day as a dedicated enabler of connectivity, continuity and growth across consumer and enterprise segments. Whether delivering state-of-the-art Smart City infrastructure, bespoke enterprise ICT solutions, Government communications, secure data solutions, or the very best in home entertainment and value, we are a reliable telco and ICT player shaping the future of communication for a more connected tomorrow.

About Emirates integrated Telecommunications Company PJSC
The Emirates Integrated Telecommunications Company PJSC ("EITC") was founded in 2005. We are the UAE's second licensed telecommunications operator. We operate under two brands: du (launched in 2007) and Virgin Mobile UAE, the region's first digital service (started operations in September 2017). We are listed on the Dubai Financial Market ("DFM") and trade under the DU ticker (Bloomberg DU UH, Refinitiv DU.DU). Our core shareholders are Government-related entities (Emirates Investment Authority 50.12%, Emirates International Telecommunications 19.7%, Mamoura Diversified Global Holding PJSC 10.06%) and the remainder held by public shareholders.

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www.du.ae

Commercial licence number
576513

Registrar
First Abu Dhabi Bank

Auditor
PricewaterhouseCoopers (Dubai Branch)
Emaar Square, Building 5
P.O. Box 11987
Dubai
United Arab Emirates

Find out more online
For more information about du, please visit www.du.ae where the latest shareholder information can be accessed, including:

- Current share price
- Key financial information
- Financial calendar
- Shareholder services and notices
- Corporate governance
- Results and presentations
- Regulatory disclosure

du's 2022 annual report and accounts and the notice for the Annual General Meeting can also be viewed and downloaded at www.du.ae/about-us/investor-relations.

Go to page 89 for general shareholder information.

Glossary

Broadband
An internet access technology that delivers high-speed data over a fibre-optic cable or a mobile network.

Broadband customer base
Total number of consumer broadband customers.

Capex
Cash paid for property, plants and equipment, intangible assets as well as asset retirement obligations. It excludes investments in telecom licences and lease payments.

Cloud
Refers to the IT infrastructure that allows services (computing capacity, data storage, software and platforms) to be accessed over the internet.

Consumer segment
Retail customers.

Cybersecurity
The practice of protecting critical systems and sensitive information from digital attacks.

Data centre
A dedicated building facility that houses IT infrastructure.

datamena
datamena is the brand name of our carrier-neutral transit and content hub through which we provide an interconnection platform for international carriers, content and service providers in the Middle East.

Digital-first company
A company that enhances its business with technology to i) create a great customer experience and ii) allow its services to be primarily delivered digitally.

Dividend
The amount of profit distributed to shareholders.

du Samacom Teleport
du's teleport facility

EBITDA
Our earnings before interest, taxes, depreciation, amortisation, share of profit/losses from investments accounted for using equity method and application of IFRS 16.

EBITDA margin
The ratio of EBITDA over revenues expressed as a percentage.

Emirates Integrated Telecommunications Company ("EITC")
EITC is the name of our legal corporate entity.

Enterprise segment
Customers from the private and Government sectors.

Enterprise solutions
Telecoms and ICT services for the enterprise segment.

Enterprise Risk Management ("ERM")
The risk management methods we use to identify and mitigate risks that can pose problems for our business operations.

FinTech
A generic term that refers to companies which use new technologies to provide financial services.

Fixed wireless access ("FWA")
A technology that provides a broadband connection over a mobile network instead of fibre-optic network.

Homes passed
A home with a fibre optic connection.

Home Wireless
This is the brand of our FWA products.

Information and communication technology ("ICT")
Technologies that are used to process and transmit data, mainly computing, audio, video, multimedia, internet and telecommunications.

Internet of Things ("IoT")
IoT is a network in which devices collect and exchange data through their embedded electronics, software, sensors or network connectivity.

IT stack
The technologies, software and tools used to build applications.

Mobile application development
Process of creating software applications for use on a portable mobile device.

Mobile customer base
This is our total number of mobile customers. As per the TDRA definition, a customer is counted in the base if the customer has made a traffic activity in the last 90 days.

Net profit
Our profit for the period as reported in our income statement.

OpenRAN ("ORAN")
It is a Radio Access Network system which is based on non-proprietary technology that allows mobile network equipment from multiple vendors to interact seamlessly.

Operating free cash flow
EBITDA less Capex.

Over-the-top ("OTT")
OTT refers to the delivery of media services over the internet through the infrastructure of telecom operators.

Postpaid
A mobile service plan with a fixed-term contract where billing is settled on a monthly basis.

Prepaid
A no-contract mobile service plan where credit must be purchased in advance.

Revenue
Our total revenues as reported in the income statement.

Securities and Commodities Authority ("SCA")
SCA is the financial regulator of the United Arab Emirates.

Smart City
Initiative to improve Dubai Government services and make it more accessible through digitisation and automation.

Smart Dubai
The Government office charged with facilitating the Emirate of Dubai digital transformation.

Technology stack
Technology infrastructure that is used to build an application.

Teleport
The ground-based telecom infrastructure of global satellite communications network.

Transfer speed
The speed at which data is transmitted.

Voice over IP ("VoIP")
VoIP is a technology that allows the transmission of voice calls over data networks.

Voice over LTE ("VoLTE")
It is a technology that permits voice calls over a 4G LTE mobile network.

WiFi UAE
It is a country-wide initiative that gives free high-speed wireless internet connection in public areas.

WTA Teleport
An industry body that represents teleport operators.

4G LTE
It is a variant of the 4th generation mobile network standards. 4G LTE allows fast data transfer speed.

5G network
The 5th generation of mobile network standards that delivers high-speed data rates and reduced latency compared to a 4G network.

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