Annual Report 2023

Digitalisation. Innovation. Transformation.

Emirates Integrated Telecommunications Company PJSC

Theme of the year

In 2023, we accomplished significant milestones, heralding an era of digitalisation, innovation and transformation. In a year marked by extraordinary success and historic performance, we continued to invest for the future and execute our strategy, with focus on market leadership and pioneering technological innovations.

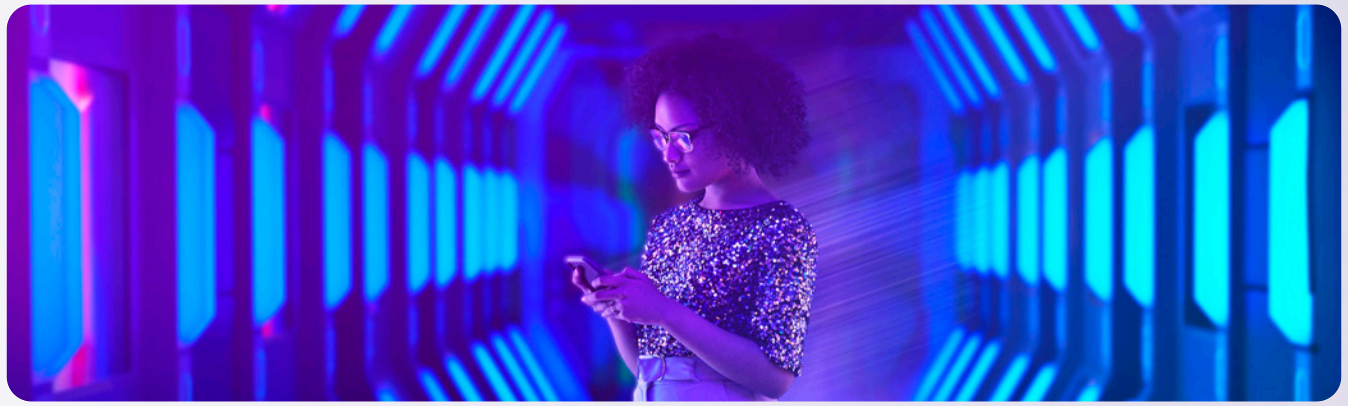
Accelerating digitalisation remained a priority, as we applied cutting-edge technologies to enhance efficiency and performance throughout our organisation. We continued to set new industry standards with customer-centric digital solutions and advanced 5G deployment, in line with UAE's national strategies, positioning EITC as a leader in the digital realm.

At the core of our organisation culture is innovation, a driving force in our ability to adapt to the rapidly evolving market landscape and seize growth opportunities. In 2023, we launched innovative and ground-breaking retail concepts enhancing customer experiences while fortifying our brand value. We also formed strategic partnership with key UAE enterprises as well as global tech giants, providing state-of-the-art solutions for our customers.

Laying the foundation for the future, we made great strides in the transformation of our IT and technology platforms to deliver and improve digital-first customer experiences, leveraging AI and advanced technologies.

Overall, our stellar financial and operational performance in 2023 was a testament to our strategic foresight, continuous innovation and customer-centric approach, reinforcing our position as a leader in the telecommunications industry and a visionary in the digital era.

At a glance



Financial highlights 2023

2023 was characterised by exceptional financial results, shattered previous records across our key financial KPIs.

↑ 6.9% **Revenue** AED 13,636 m

2023	13,636
2022	12,754

↑ 6.2% **Mobile revenues**

2023	AED 6,105 m
2022	AED 5,748 m

↑ 8.6% **Fixed revenues**

2023	AED 3,774 m
2022	AED 3,475 m

↑ 6.3% **Other revenues**

2023	AED 3,757 m
2022	AED 3,532 m

↑ 36.8% **Net profit** AED 1,668 m

2023	1,668
2022	1,220

↑ 12.8% **EBITDA** AED 5,800 m

2023	5,800
2022	5,143

↑ 23.2% **Operating free cash flow** AED 3,602 m

2023	3,602
2022	2,923

↑ 41.7% **Dividend** 34 fils

2023	34
2022	24

Operational highlights 2023

In 2023, our business performance has been excellent, with significant growth in all metrics.

↑ 8.3% **Mobile customer base** Net-adds of 659,000

2023	8,554,000
2022	7,895,000

Homes passed

2023	679,000
2022	610,000

Fibre transport in kilometres

2023	37,200 km
2022	34,000 km

↑ 9.6% **Fixed customer base** Net-adds of 68,000

2023	604,000
2022	536,000

Data centres in the UAE

8 2023

5 2022

5G network population coverage in the UAE

98.5% 2023

94.0% 2022

Employees

Total number of employees

2023	2,861
2022	3,083

Number of nationalities employed

2023	72
2022	74

Percentage Emiratisation

2023

40% UAE

60% Expats

Male/Female split

2023

75% Male

25% Female

Awards

Majra CSR Award 2023

du was recognised as one of the leading companies in the UAE to comply with CSR standards, and was honoured with the Community Impact Medal by the National CSR Fund

Telecom Review Excellence Awards 2023

Best Operator - Middle East Award (du)

Telecom Review Excellence Awards 2023

Best Smart Infrastructure Management Solution Award (du)

Telecom Review Excellence Awards 2023

Best Regional Cloud Provider (du)
Best Government Initiative (du)

MENA Digital Media Awards 2023

Best Integrated Media Campaign (du)
Best Performance Campaign (du)

MENA Digital Media Awards 2023

Best Use of Data Award (du)
Best Use of Technology Award (du)

Global Business Magazine 2023

Best Customer Service Provider UAE (Telecom) 2023 (Virgin Mobile)

Future Data Summit and Awards 2023

Best Innovative CX Award (Virgin Mobile)

ITP.Net Security Leaders Awards 2023

Innovative Government Initiative – Cyber Defence Facility (du)

W.Media – Middle East Cloud and Data Centre Awards 2023

Innovation in Energy Efficiency (du)

For more information visit our website: **www.du.ae**

Contents

Overview

01

About du

We lead the way in a digitally connected future of mobile and fixed services, broadband connectivity, home entertainment and ICT services across the UAE.

From the inception of our Company in 2006, we have continuously expanded and improved our offerings within an industry that plays a crucial role in the economic, social and digital transformation of the country.

By embracing a digital-first approach, we strive to create a smooth, efficient and enjoyable experience for both our customers and colleagues as we develop our business.

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

Our values

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

- Serving with dedication
- Encouraging curiosity
- Operating with agility
- Creating openness

Our purpose

Our purpose is to:

- Delight our customers
- Be the employer of choice for the best talent
- Create optimal value for our shareholders
- Contribute to the transformation of our community

Our strategy

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 the best talent, by attracting and developing the right people
- Unlocking shareholder value through business excellence and innovation

Our strategy guides our tireless efforts to deliver on our purpose. We use our talent, skills and energies to connect, inspire and reward our customers every day.

Our journey

Testament to hard work

Our commitment over the past 17 years has been advantageous for our customers, partners and nation. This reflects the unwavering dedication and effort of our team. The financial results of 2023 clearly exhibit our capacity to achieve strong and sustainable growth, generating value for our shareholders.

The emergence of new advancements like 5G and mobile apps has transformed the industry, shifting its focus from voice-oriented to data-oriented. Our impressive history serves as evidence of our capability to seize such opportunities through inventive thinking and ingenuity. Going forward, we will continue making investments to enhance and expand our telecommunications infrastructure.

Emirates Integrated Telecommunications Company

is the name of our legal corporate entity. We provide telecom services under two brands.

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

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

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 1 billion 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 stand-alone private 5G network solution based on OpenRAN (ORAN).

2023

du achieves major network milestone as 5G traffic now is the most dominant traffic on our mobile network.

Year in review

We demonstrated outstanding progress and performance during 2023, marking a year of strategic partnerships and technological advancements. The Company introduced new initiatives, ranging from deploying the innovative store designs to enhance customer experiences, forming strategic partnerships and embracing sustainability. These efforts align with our commitment to digital transformation, customer satisfaction and supporting the UAE's economic and social development goals, underscoring our role as an innovator and key contributor to the region's telecommunication landscape.

A year of executing on our strategy and growth

Jan - Feb

Racing ahead as first to deploy 5G common core network
du became the first Field Test Qualified Operator (FTQO) of the Global Certification Forum (GCF) to deploy a 5G common core network.

Introducing innovative concept store at Dubai Hills Mall
du launched a new and innovative concept store in Dubai Hills Mall, featuring modern digital signage, self-service kiosks, product category segmentation and advanced retail analytics to provide a more efficient and enhanced retail experience for customers.

Mar - Apr

Appointing Hanan Ahmad as the first Emirati woman in EITC's senior management team
The appointment, as EITC's new Chief Regulatory Affairs and Risk Officer, signified the Company's dedication to developing Emirati human capital, in line with our commitment to contributing to the UAE's goal for a knowledge-based economy.

Showcasing generative AI capabilities
du showcased the immense potential of Generative AI capabilities specifically ChatGPT technology powered by Microsoft Azure OpenAI services.

May - Jun

Announcing EITC's 2030 net zero ambitions
du announced aims to achieve net zero Scope 1 and 2 emissions by 2030 and Scope 3 by 2050, focusing on energy efficiency and renewable energy sources, and establishing a clear climate action roadmap.

Winning awards at the Employee Happiness Summit & Awards 2023
du won Gold in L&D Strategy and Silver in Workplace Design at the Employee Happiness Summit & Awards 2023. The awards emphasise employee happiness through learning opportunities, eco-friendly materials and wellness spaces.

Launching the UAE's first Arabic sustainability podcast
du launched the first Arabic podcast in the UAE that primarily focus on addressing urgent sustainability concerns and creating a wealth of sustainability-related knowledge in Arabic.

Receiving Majra's Platinum tier impact seal
du was selected as one of the leading companies in the UAE to comply with corporate social responsibility (CSR) standards, awarded by the National CSR Fund.

Jul - Aug

Contributing to UAE's sustainability efforts
du contributed to UAE's sustainability efforts by collaborating with EEG, recycling over 14,000 kg of waste as part of EEG's 'For Our Emirates We Plant' initiative.

Achieving major milestone in next-generation 5G technology implementation
du utilised multi-carrier aggregation technologies to improve data speeds for UAE users. This will enable high-bandwidth, low-latency applications like artificial intelligence, 8K video streaming, metaverse and ultra-high-definition (UHD) cloud gaming. EITC also introduced advanced 5G home wireless services.

Achieving new 5G traffic milestone
Over half of du mobile network traffic is now driven by 5G usage. This milestone is testament to our enhanced connectivity, superior quality, speed and latency, encouraging more of our customers to 5G.

Sep - Oct

Celebrating technological innovation, partnerships and regional ICT progress at Envision
Endorsed by the Ministry of Industry and Advanced Technology (MoIAT), Envision focuses on technological innovation and sustainable development, bringing together renowned industry leaders and regional visionaries to discuss the latest trends in smart cities, agritech, sustainability and industry 4.0.

Launching Happiness SIM for blue-collar workers
du partnered with the Ministry of Human Resources and Emiratisation (MoHRE) to launch Happiness SIM, with aims to enhance connectivity and value for blue-collar workers.

Breaking new ground in 5G advanced trial
du achieved speeds of 10 Gbps over the 6 GHz band during a 5G-Advanced trial in collaboration with the Telecommunications and Digital Government Regulatory Authority (TDRA).

Setting the industry standard with 5G population coverage
du set the standard with a 98.5% population coverage of 5G in the UAE, demonstrating our commitment to providing future-ready network experiences.

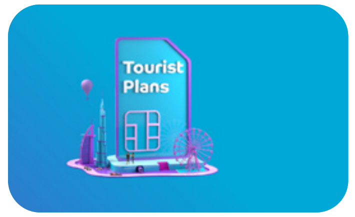
Launching the first pop-up workspace 'Work Getaway'
Providing entrepreneurs with a new, scenic work experience, the workspace was launched in collaboration with F&B partner Flat12 at Sunrise Beach in Dubai.

Nov - Dec

Becoming the first telco in the region to get access to the prestigious Cisco Networking Academy
We signed an MoU with Cisco to pave the way for unparalleled opportunities for upskilling and career development of EITC employees.

Winning four awards at the Telecom Review Excellence Awards
EITC won the Best Operator-Middle East award and three other awards for Best Smart Infrastructure Management/Solution, in recognition of significant milestones and growth in telecommunications sector.

Unveiling eco-friendly free Tourist SIM to accelerate sustainable connectivity
The Tourist SIM offers various benefits including 1 GB free data for 24 hours, 5G network availability and unlimited data plans, with the option to make international calls, empowering travellers to stay connected, stream content and share their experiences across the world.



Stakeholder engagement

EITC is committed to engaging with its key stakeholders – our customers, employees, suppliers, community and shareholders – to foster shared value and achieve mutual goals. This approach ensures high-quality, innovative products and services and aligns business strategies with shareholder interests, providing a robust foundation to fulfil our mandate as a responsible and impactful leader in the telecommunications sector.

Stakeholder group	How we engage	How often we engage	Key items discussed	Key actions implemented	How we create value for this stakeholder group
Our customers	We use a multitude of digital channels and assisted channels to gather customer feedback and provide support.	Customer feedback is collected on a consistent and real-time basis.	Feedback on touchpoints, network, overall customer experience, products and services.	Network and infrastructure investments, enhanced channel processes and provided personnel training and knowledge building.	Being in constant touch with our customers about their experience and expectations ensures we are responsive to their feedback and needs.
Our employees	We use various channels including Workplace, the HR Hub app, townhalls, annual employee engagement survey, periodic pulse checks and company-wide reviews.	Ongoing and on predetermined frequency for employee-wide activities.	Engagement, career development, benefits, rewards, company performance, collaboration, wellness, diversity and inclusion.	Onsite nutritionist and physiotherapist services, telemedicine for maternal support, comprehensive training programmes in collaboration with leading organisations and a structured salary progression policy.	Creating a happy, vibrant, engaging inclusive work environment, with learning and development opportunities including on-the-job training. Competitive compensation and benefits beyond the legislated requirements in a fair and transparent way.
Our suppliers	We support and engage with our suppliers based on a three-tier model focused on each supplier's criticality to the business. On an annual basis, we undertake a Voice of Supplier survey to gauge satisfaction.	Monthly, quarterly and annually.	New services and technologies available in the market, future technology roadmap, industry practices, and tracking ongoing or planned projects.	Developed EITC's sustainable procurement policy and strategy, emphasising the concept of fairness and transparency as a principle across the organisation. Workshop with the suppliers to provide overview of the procurement processes.	Working closely with our suppliers ensures stable and predictable demand, fosters long-term relationships and transparency to make certain that our relationship is mutually beneficial.
Our community	We identify community service organisations and charities that represent the community. We then undertake an annual survey and conduct forums to understand their needs and expectations.	As and when required to discuss key issues and partnership opportunities.	Areas of partnerships, especially in areas related to EITC's sustainability objectives, including charity, social development and empowerment, environmental protection, cyber-safety awareness and employee volunteering.	Partnership with Emirates Red Crescent and participation in activities by Dubai Cares, Emirates Environmental Group, the Senses Centre for Special Needs and more.	By supporting and sponsoring various initiatives, including offering free-of-cost SMS and social media awareness campaigns. Actively participating in their activities to support their causes, including volunteering and partnering on key initiatives.
Our shareholders	We provide information and updates to shareholders through our website, Securities and Commodities Authority (SCA) and Dubai Financial Market (DFM) disclosures/website, as well as regular correspondence with shareholders.	Ongoing, at least quarterly.	Company performance, financial results, dividends, notices and other shareholder-related matters, in accordance with SCA and relevant regulatory requirements.	Implemented all requisite actions in accordance with SCA and relevant regulatory requirements.	Value creation for our shareholders is provided through our financial performance and distribution of dividends.

Shareholders' information

50.12%
Emirates Investment Authority

20.12%
Public shareholders

19.70%
Emirates Communications and Technologies Company LLC

10.06%
Mamoura Diversified Global Holding PJSC
(previously known as Mubadala Development Company PJSC)

Share ownership structure

	Permitted	Actual
UAE	100%	98.94%
Foreign	49%	1.06%

Share information

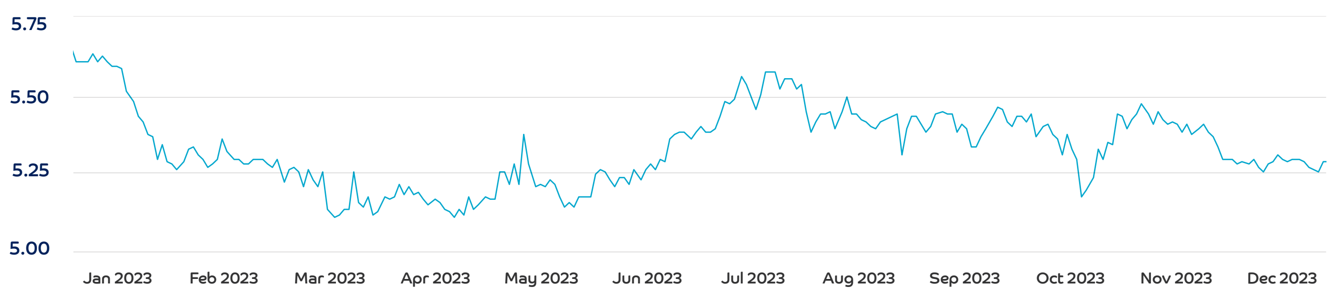
Listing date: 21 April 2006
Exchange: DFM
Symbol: DU
ISIN: AEE000701012

Number of shares issued
4,532,905,989

Closing price as at 31 December 2023
5.19

Market cap as at 31 December 2023
AED 23,526 million

Free float
20.12%



Strategic review

02

Chairman's statement

Digitalisation. Innovation. Transformation.

Dear valued shareholders,

It is with great pride that I, on behalf of the Board of Directors of EITC, present to you the EITC Annual Report for the year 2023. This report not only encapsulates our significant milestones and strategic advancements but also highlights our remarkable financial achievements over the past year.

2023 saw our operating environment gain further positive traction, buoyed by the UAE's robust non-oil sector growth, well-managed inflation and population increase. This growth was further catalysed by the government's pro-growth strategies and commitment to achieving net zero emissions. The UAE's economy flourished, reinforcing its status as a global financial powerhouse, a regional nexus for knowledge and services, and a bustling centre for trade and tourism.

The UAE telecoms sector has continued its transformation journey this year, adapting swiftly to rapid technological advancements and evolution in consumer preferences. We witnessed a strong growth trajectory in our industry, with revenues increasing by over 6% in 2023, surpassing $12 billion. Projections indicate a steady CAGR of over 2%, aiming to hit the $15 billion mark by 2030. In 2023, two important matters shaped our industry, the accelerated expansion of 5G indoor coverage and the new simplified royalty regime.

In alignment with this growth, our Company has strategically positioned itself in sync with the visionary objectives of Dubai and the UAE. We have played an important role in supporting the Dubai D33 agenda and the UAE's Digital Strategy 2025, focusing on enhancing connectivity, aiding SMEs in their digital transformation and propelling technological advancements across the nation.

2023 was also a year of significant evolution for our business model, sharpening our strategic focus. Our ambition to become a leading telecom and digital services provider has guided us to make impressive strides towards our strategic goals. Our unwavering commitment to excellence in our core business and exploring new business areas positions us as a pioneering, innovative entity in the UAE's dynamic telecom landscape.

Our strategic diligence has translated into excellent financial outcomes, diversifying our revenue streams beyond core operations. This is reflected in our robust service and ICT revenues, efficient cost management, strategic capital expenditure and strong profitability, with marked increases in revenue, EBITDA and net profit. Consequently, the Board proposes a dividend distribution of 34 fils/share, the maximum amount under our dividend policy.

↑ 6.9%	↑ 12.8%	↑ 36.8%
Revenues	EBITDA	Net profit

> "Our strategic diligence has translated into excellent financial outcomes, diversifying our revenue streams beyond core operations."

Chairman’s statement
(continued)

This year also marked the establishment of key strategic alliances, notably with the Ministry of Human Resources and Emiratisation (MoHRE) and Dubai Police. These partnerships underscore our dedication to innovation and customer-centricity. We continued to bolster our efforts in nurturing local and female talent, supporting the government’s localisation objectives while fostering a diverse and inclusive work culture.

Our commitment to sustainability is in seamless alignment with the UAE’s net zero ambitions. We have set forth our goals to achieve net zero Scope 1 and 2 emissions by 2030, and Scope 3 by 2050. This dedication to environmental stewardship was recognised by His Highness Sheikh Mohammed Bin Rashid Al Maktoum, who awarded du with a Community Impact Medal, acknowledging our role in promoting sustainable practices.

Furthermore, we have reinforced our corporate governance and risk management throughout the year. Our risk management approach aligns with global and local standards, and the implementation of our new hybrid ERM Framework has enhanced our risk maturity, integrating risk management into our daily operations and strategic planning.

Looking ahead to 2024, our objective is to build upon this year’s robust financial performance, focusing on driving top-line growth and structural efficiencies. We remain committed to exploring new business opportunities, enhancing customer experiences through digitalisation and pursuing our transformation programme for accelerated growth.

On behalf of the Board, I extend heartfelt gratitude to EITC management team and every team member for their exceptional performance this year. Together, we have achieved our strategic objectives and generated substantial value for our shareholders and stakeholders.

With a solid foundation set in 2023, we eagerly anticipate another year of vigorous growth and sustained success.

Sincerely,

Mr Malek Sultan Al Malek
Chairman of the Board

Our commitment to sustainability is in seamless alignment with the UAE’s net zero ambitions.

Chief Executive Officer's message

Reflecting on a transformative year marked by pioneering achievements and record-breaking results, I am immensely proud of what we have accomplished in 2023. Our journey has been characterised by relentless determination and strong focus, enabling us to not only continue implementing our current strategy that we started three years ago, but also lay a robust foundation for future growth within our core business and beyond.

This year, EITC has outperformed expectations, achieving unprecedented financial milestones, including our highest-ever revenues, gross margin and EBITDA. This remarkable success is a direct result of our robust core business performance, augmented by rapid growth in new ventures and a steadfast commitment to cost efficiency and operational excellence. This strong financial footing empowers us to invest further in service quality and propel our transformation journey, adapting to market shifts for sustainable growth in the years ahead.

Operational milestones and achievements

2023 was a landmark year operationally, reinforcing our leadership in the UAE's telecom and ICT sectors. A key highlight was expanding our 5G coverage to 98.5% of the population. Our 5G efforts – leading to over half of our mobile data traffic being 5G based and 30% of our handsets being 5G enabled – have earned us multiple awards and solidified our reputation in comprehensive connectivity solutions.

Our brand strength and enhanced customer satisfaction reflect our unwavering commitment to excellence. Our strategic partnerships and product innovations have significantly bolstered our enterprise sector presence. Noteworthy ventures include the Home Wireless offering, MoHRE Happiness SIM, and the introduction of Disney+ for postpaid and home customers, showcasing our innovative prowess.

Customer-centric digitisation and innovation

Our 2023 journey has been marked by substantial strides in innovation, aligning with our customers' increasing preference for digital solutions. With 76% of transactions moving online and significant growth in our mobile app user base, we are truly embracing a digital-first approach. Our expansion of self-service kiosks to 113 locations nationwide empowers customers with convenient digital services, while our rollout of 30 new store formats redefines the retail experience with a blend of digital, interactive and personalised elements.

Powered by our people

At EITC, our people are the bedrock of our success. In 2023, we have seen remarkable advancements in fostering a positive work culture, reflected in an 81% employee engagement score. This achievement places us among the global top-tier companies and underscores our commitment to creating a supportive and engaging work environment.

Positioned for strategic growth in 2024

Looking ahead to 2024, our strategy is clear: to continue building on our financial strength and reinforce our market leadership. We will leverage a differentiated digital-first strategy, focusing on customer-centric innovation and operational efficiency. Expanding our fintech and digital lifestyle services, alongside scaling our ICT business, remains a pivotal aspect of our growth strategy.

Enhancing customer experience

Central to our 2024 goals is the enhancement of customer experience. We recognise that customers are the heart of our business and we are dedicated to not only meeting, but surpassing their expectations. Our intensified focus on digitalisation aims to make our services more accessible and user-friendly, attracting new customers and strengthening existing relationships.

Acknowledgements

As we celebrate our achievements, I extend heartfelt thanks to our customers, Board members, employees and partners. Their unwavering support and dedication are the cornerstones of our success and will be instrumental as we advance towards continued excellence and innovation.

Mr Fahad Al Hassawi
Chief Executive Officer

> Our 2023 journey has been marked by substantial strides in innovation, aligning with our customers' increasing preference for digital solutions.

Our strategy

Our strategy underpins all activities within our 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 our suppliers and the UAE government.

Our Purpose

- Delight our customers
- Be the employer of choice for the best talent
- Create optimal value for our shareholders
- Contribute to the transformation of our community

Our Vision

- To become a leading telecom and digital services provider

Our Mission

- We want to delight our customers, be the employer of choice for the best talent, create optimal value for our shareholders through business excellence and innovation, and proudly contribute to the transformation of our community
- We work to deliver our vision by using our talent, skills and energies to connect, inspire and reward all we touch, every day

Our Values

- Serving with dedication
- Operating with agility
- Encouraging curiosity
- Creating openness

Strategic pillar →	Offer innovative products and develop new revenue streams	Move to digital-first strategy and offer an outstanding customer experience	Deliver best-in-class digital IT and state-of-the-art technology	Be the best employer for best talent, by attracting and developing the right people	Unlock shareholder value through business excellence and innovation
Description →	• Differentiate through segmented and innovative offerings • Cater for the digital lifestyle needs of our customers • Enable advanced ICT solutions for our customers	• 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	• Deploy the best gigabit network for mobile and fixed services • Deploy an IT stack that is quick to change and easy to maintain • Unlock value from advanced analytics use cases	• Build a future-ready and digitally skilled workforce • Encourage collaborative ways of working and foster an engaged employee base	• Focused management and strengthen accountability through better alignment on each of the business areas • Structure business units as stand-alone profit centres for a higher level of efficiency
2023 achievements →	• Delivered robust revenue growth and increased value share • Brand strength - ranked third place in the UAE and 25th strongest Telco brand globally • Awarded 'Best Regional Cloud Provider' by Telecoms Review Summit Excellence Awards	• Increased digital adoption with more than three million customers using the du app • Improved net promoter score (NPS)	• Progressed IT modernisation and transformation • Progressed market-leading 5G coverage and performance • Continued to expand fibre footprint • Provided fastest 5G FWA experience	• Won the award from EHSA: Best Workplace Design – Silver; MENA Green Building Award from Emirates Green Building Council • Significantly improved employee engagement	• Delivered on delayering and transformation programmes, supported by efficient operating model

Chief Financial Officer's review

In the dynamic macroeconomic landscape of 2023, the UAE witnessed a continuation of positive growth trends, albeit at a moderated pace from the exceptional surge seen in 2022. The robust performance of the non-oil sectors offset the constraints posed by OPEC's production curtailments and subdued oil market prices.

The government's strong commitment to diversification shone through, with substantial investments channelled into sectors like manufacturing, travel and tourism, aviation, food, green infrastructure and sustainable transport. These strategic moves fuelled the economy's expansion, evidenced by a notable annual growth of 3.7% in the first half of 2023, complemented by a significant 5.9% increase in the non-oil sector. This economic framework set a favourable stage for the telecom industry and our Company in particular.

Continued transformation coupled with excellent financial achievements

The year 2023 marked an important milestone for EITC, characterised by exceptional financial results, signalling our unwavering commitment to growth, cost optimisation and effective capital allocation while securing the Company's long-term transformation. We shattered previous records across our key financial KPIs, culminating in a year of peak revenues, EBITDA and gross margin. The synergy of robust service revenue growth and balanced cost management resulted in a double-digit rise in our EBITDA, operating cash flow and net profit.

Net profit soared remarkably by 36.8% to AED 1,668 million, up from AED 1,220 million the preceding year, fuelled by an uptick in EBITDA and increased interest income. Our exceptional performance mirrors the strength of our core operations, coupled with the swift expansion in ICT and our dedication to cost containment and operational excellence.

Revenue improved by 6.9% to AED 13,636 million in 2023 from AED 12,754 million in 2022. Mobile services revenues surged by 6.2% to AED 6,105 million, as a result of an expansion in post-paid revenues driven by the continued success of our innovative product and service offerings. Despite challenges from VoIP technologies, the prepaid mobile segment maintained its stability throughout 2023. Fixed service revenues reached AED 3,774 million, maintaining a consistent positive trajectory at 8.6%, thereby solidifying the substantial growth witnessed in previous years. The consumer sector continued to thrive, notably with Home Wireless delivering outstanding performance. The demand for connectivity within the enterprise segment significantly bolstered our revenue streams.

In summary, service revenues increased by 7.1% to AED 9,879 million. Other revenues witnessed a growth of 6.3% to AED 3,757 million, underpinned by the growth in inbound roaming, interconnexion, ICT and handset revenues.

EBITDA for 2023 stood at AED 5,800 million, marking an increase of 12.8% year on year. This surge primarily stemmed from our ongoing dedication to cost optimisation and operational efficiency. The rise in EBITDA was amplified by increased service revenues and an enhanced gross margin, stemming from our better revenue mix and the positive effects of content strategy optimisation.

> "The year 2023 marked an important milestone for EITC, characterised by exceptional financial results, signalling our unwavering commitment to growth, cost optimisation and effective capital allocation while securing the Company's long-term transformation."

Chief financial officer's review (continued)

Investing for future growth

Our capital expenditure in 2023 was AED 2,198 million, with a capital intensity of 16.1%, aligning with the levels observed in 2022. Our investments remained strategically focused on enhancing indoor 5G coverage, continuous IT and infrastructure transformation, and the expansion of our fibre network.

We generated an impressive operating free cash flow of 23.2% at AED 3,602 million, following the growth in EBIDTA and the normalisation of our CAPEX since its peak in 2021. The Company's financial health remains robust, debt-free, and with a strong liquidity position comprising AED 1,937 million in cash and AED 3.8 billion in available committed facilities. This financial position enabled us to persist in distributing generous dividends, the maximum permissible under our dividend policy.

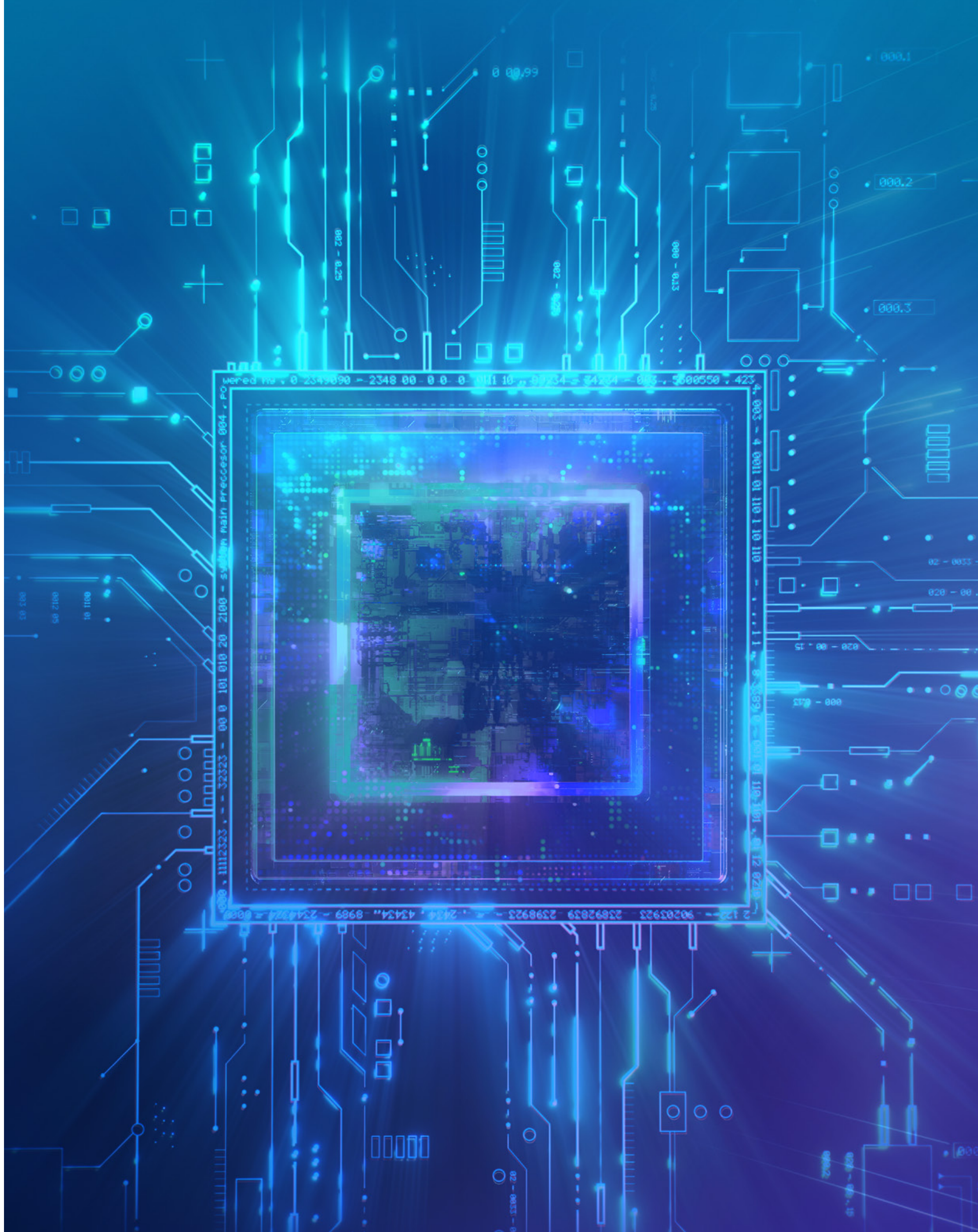
Looking forward to 2024

Reflecting on our commendable financial achievements in 2023, I am filled with optimism for sustaining this momentum into 2024. Positioned favourably amid the UAE's promising outlook for continued economic and population growth, and backed by a robust balance sheet, EITC is primed to seize the opportunities that lie ahead. We remain committed to investing strategically in our business, venturing beyond traditional telecom services, and advancing our digital transformation agenda. Our resolve is to continue leading the charge as the premier digital telecom provider in the UAE.

Mr Kais Hamida
Chief Financial Officer

Financial summary

AED million	2021	2022	2023	change
Revenues	11,682	12,754	13,636	6.9%
EBITDA	4,592	5,143	5,800	12.8%
Margin	*39.3%*	*40.3%*	*42.5%*	*+2.2 pts*
Net profit	1,101	1,220	1,668	36.8%
CAPEX	-2,608	-2,218	-2,198	1.0%
Capital intensity	*22.3%*	*17.4%*	*16.1%*	*-1.3 pts*
Operating free cash flow	1,985	2,925	3,602	23.2%
Margin	*17.0%*	*22.9%*	*26.4%*	*+3.5 pts*



Risk management

In 2023, we enhanced our risk management approach, fully aligning with global standards and the SCA 2020 regulations. This strategic alignment has improved compliance in all SCA risk-related obligations. Our new hybrid ERM Framework, based on ISO 31000:2018 and COSO 2017, was implemented in 2023 and is a key component of our governance structure, facilitating the integration of risk management into everyday operations and strategic decision-making.

The framework comprises key documents ranging from our risk management policy; risk appetite and tolerance (policy and processes); risk acceptance and escalation (policy and processes); project risk management processes; and risk management methodologies among other guidance documentation. These clearly articulate roles and responsibilities, as well as risk management activities and associated accountability, across the Company (from Board oversight through to entry-level staff) and greatly support our ongoing efforts to integrate formal risk management activities into all business-as-usual operations and strategic decision-making processes.

This risk management framework has resulted in significant improvements in compliance across all risk-specific SCA obligations and our overall risk maturity at EITC.

Principal risks

All principal risks and the status of the associated treatment plan are discussed regularly with risk owners and executive management. We present a consolidated report on a quarterly basis to the Audit Committee for their information, input, support and guidance as deemed appropriate.

The following table highlights some of our principal risks:

Risk	Description and potential impact	Risk treatment summary
Cybersecurity risk	Global rising trends in cyber incidents and exposures arising from ever-present cyber threats to confidentiality, integrity and/or availability of EITC information and related technology systems.	• A defence-in-depth strategy executed by a dedicated information security function • Continuous monitoring of all technology systems and infrastructure to identify and mitigate internal and external cyberthreats, vulnerabilities or actual breaches to ensure continuity and resilience of our information and related assets • Proactive monitoring and review of security controls (international cybersecurity frameworks) • Business-wide crisis management with priority on resilience • Regular cybersecurity awareness campaigns; training for full-time and contract/third-party employees
Data privacy (PII) risk	The increased emphasis on and market expectations for the ethical use of personal data (as articulated in the UAE's Personal Data Protection Law) poses both an opportunity and a threat to our immediate and medium-term objectives. The exposure arises from potential failure to collect, process, use and store personally identifiable information (PII) in an ethical manner, resulting in reputational damage, legal action, regulatory non-compliance and associated fines.	• Ownership for the privacy at EITC is assigned at CXO level and a cross-functional team is responsible for implementing and operationalising a formal privacy framework based on a hybrid of the NIST Standard, the MITRE Privacy model, among others

Risk	Description and potential impact	Risk treatment summary
Digital transformation risk	Exposure from legacy technology infrastructure increasing uncertainty around ability to continue to meet, sustain and exceed customer expectations relative to competition and other 'born digital' entrants. Supporting the transformation alongside business-as-usual (BAU) operations increases BAU/transformation and employee burnout, among other related risks.	• Dedicated CXO and PMO responsible for execution of our transformation and adequate project oversight via Executive Steering Committee, with appropriate challenge or support from EPMO and ERM • Suitable resourcing allowing for product changes, and innovation to meet short-term business targets • Continuous communication on targets and expectations providing clarity to all employees, reinforcing a culture of ongoing challenge and feedback with focus on effective execution • Robust planning and project management with full adoption of Agile project management methodologies
Disruptive/new technologies	Risk exposure to potential opportunities and threats, such as new technologies, substitute products and new entrants, and failure to innovate by leveraging these technologies.	• Dedicated risk owner assigned at CXO level per ERM framework to define and coordinate risk treatment • Identified, prioritised and leveraging modern technologies/use cases with potential effect on our strategy • Driving programmes and hyperscaler partnerships to leverage prioritised technologies
Geopolitical risk	Rising global and regional geopolitical tensions/conflicts increases uncertainty with resultant impact of delays and product unavailability in supply chain, nation state or ideology-inspired actions that may have significant negative effects on our strategy.	• Governance and related processes in place to ensure continuous monitoring of the geopolitical landscape to proactively identify developments with potential to negatively impact EITC and initiate timely mitigation actions
Legal and regulatory risk	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

Third/'nth' party risk	Given our reliance on third-party service providers for a range of products/services, we are inherently exposed to third-party risks. This exposure increases as our partnership and service provider landscape evolves (involving third, fourth … nth parties) in efforts to leverage the opportunities such relationships provide. Thus, if not properly managed, disruption to critical services or service providers will have adverse effects on EITC.	• Revamping third-party risk management with focus on critical services:
		  • Proactively identify critical services consistently and extend risk management to risks relating to their third-party service providers
		  • Conduct due diligence, contracting and ongoing monitoring of critical services and service providers
		  • Strengthen the identification and management of service provider, partner and associated risks

Operating review

03

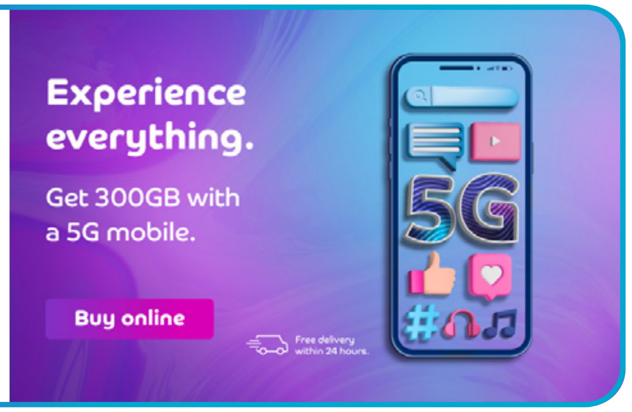
Premium

Growing revenues and market share

Delivering another year of outstanding performance across both Mobile and Fixed, du's Premium segment continued to differentiate from the competition and create increasing value for du in 2023. The Premium segment is a key pillar in du's strategic ambition to become the leading digital lifestyle integrated solutions provider, as we continue to expand connectivity to empower our consumers with the best offerings in the market.

At a glance

du's Premium segment's purpose is to improve the lives of our customers, empowering them to experience a connected world and unleash their growth potential, inspired by technology. It is focused on providing solutions for unlimited connectivity and digitally empowered smart living through innovative technological solutions.



Strategic growth and partnerships in consumer mobile

The strength of our consumer mobile proposition reached new heights in 2023, driven by our game-changing 5G network monetisation strategy, focused on Unlimited Power Plans. Unlimited Power Plans have liberated the usage of hundreds of thousands of our customers, resulting in high sales uptake among new and existing customers, as well as higher net promoter and satisfaction scores.

Furthermore, we launched our exclusive strategic partnership with Esaad, offering our best consumer mobile plans – Unlimited Power Plans – at a special price. Available exclusively to du and Esaad customers, this collaboration further fuelled customer base growth.

Differentiated proposition powering consumer home

Demonstrating the power of our Home Wireless and Home Fibre propositions, we continued to revolutionise the UAE Home market in 2023, driving market growth and outpacing the competition to achieve robust market share growth.

Our trailblasing Home Wireless plans reached the historic milestone, exceeding our consumer fibre base for the first time. This achievement demonstrates its potential to drive sustainable growth for du, by providing excellent broadband connectivity leveraging the du superior mobile network. Home Wireless has been one of the core sources of du's overall growth for yet another year, delivering robust revenue growth.

We also continued to grow our Fibre base, leveraging our fibre investments across the UAE to increased acquisition of fibre customers in recently built areas and provide thousands of new customers with high-speed fibre connectivity.

This expanded footprint was leveraged for growth through our unique content offering, which includes Disney+, Amazon Prime and OSN. We maintained focus to further enhance our content offering this year, with the launch of an exclusive partnership with Disney+ to offer the Disney+ app to our entire subscriber base with a number of different plans across Mobile, Home Fibre and Home Wireless.

Furthermore, our Triple Play consumer base has expanded, driven by our enhanced plans. With the launch of our TV anywhere platform, a high-end, over-the-top platform and our upgraded TV box, our customers enjoy the ability to view their favourite content from any device.

Empowering consumers with 5G

With one of the highest in 5G coverage networks in the world, du has provided ultra-fast connectivity to all our customers, fuelling the growth of our Consumer Mobile and Home Wireless base, while helping customers expand their horizons through its excellent connectivity solutions.

5G has enabled an impressive growth of the brand's consumer base, especially on Premium Home, by turning its proposition strategy from 4G to exclusively 5G, supporting higher and more consistent speeds indoors, resulting in higher NPS and customer retention rates.

Mass

Raising standards and delivering growth

The Mass segment maintained its positive momentum to continue to provide exceptional value and service to over five million consumers who live, work or visit the UAE. It remains a major driver of du's strong financial performance for the year.

At a glance

du's Mass segment is responsible for around five million consumer prepaid customers in three key subsegments: aspiring expats (Flexi), blue collar (alo) and tourists visiting the UAE.

Showing the strength of du's 5G offering, 5G handset penetration doubled in 2023 in our Mass segment base, which helped to drive higher data traffic and data revenues.

Digital adoption continued its strong trajectory, supporting efficiency and growth. During 2023, our Mass segment saw a significant increase in app penetration, with almost a third of all online recharges being conducted through the app.

Our focus on innovation and customer care was further validated in the form of a significant improvement in NPS, which ended the year as the highest NPS in the UAE for consumer segments and brands.

New launches and continued innovation

In 2023, our Mass segment witnessed several key launches and initiatives, marking a year of significant progress and innovation.

Continuing our successful collaboration with the General Directorate of Residency and Foreigners Affairs (GDRFA), we delivered an exceptional experience for tourists. This included the launch of a new high-value portfolio offering unlimited data, tailored specifically for tourists seeking seamless connectivity during their stay in the UAE.

Another notable launch was the alo WiFi solution, targeting workers' accommodation owners. This initiative offers a fully secured, unlimited internet service, ensuring a high-quality online experience for residents in these accommodations. It reflects our commitment to providing comprehensive connectivity solutions across different community segments.

A significant partnership was formed with the Ministry of Human Resources & Emiratisation (MoHRE). This exclusive collaboration aims to address the needs of an underserved segment – new blue-collar workers arriving in the country. As part of this partnership, we offered tailored telecom services directly within MoHRE centres, making it easier for newcomers to access essential communication services.

Throughout the year, we also implemented numerous tactical promotions aimed at driving the adoption of digital solutions and the Flexi value proposition. These promotions were designed to enhance customer engagement and encourage the uptake of our innovative service offerings.

Overall, 2023 was a year where our Mass segment significantly expanded and refined its services, demonstrating a strong commitment to meeting the diverse needs of our customer base through strategic partnerships, technological upgrades and targeted promotions.

Virgin mobile

Driving growth through customer-centric innovation

Virgin Mobile continued to delight its customers through its differentiated proposition and agile approach to product innovation in 2023. Its focus on deep engagement to understand the desires and challenges of its customer base spurred new offerings, attractive promotions and key improvements to customer plans.

At a glance

Launched in 2017 as the first fully digitalised mobile service in the UAE, Virgin Mobile endeavours to make mobile better across the industry with the best digital customer experience, innovative digital products and by creating a great place to work. Virgin Mobile is the second mobile brand to operate under the EITC umbrella, adhering to the rights and obligations of EITC's telecommunication licence while bringing a distinctly different offering and brand promise to the market.

Virgin mobile

In response to customer feedback regarding the brand's opportunity to play a key role in forging closer connections among friends, we launched an innovative digital proposition called Groups. Addressing customers' deep engagement with their most trusted companions, Groups is designed to give customers the ability to share data and enjoy free calling to those closest to them. The first-in-the-market proposition extends the brand's family plan concept to allow other people outside of the family to join too.

We doubled down on its home internet offering launched in 2022, addressing customer demand by prioritising experience, introducing a new router device and enhancing value.

Another highlight was the successful launch of a new bundle, combining VIP Plans with the latest iPhone 15. Catering to the segment of its customers who value both exclusivity and premium packages, this initiative was a big hit.

For frequent travellers, an annual roaming pass was introduced, addressing customer data showing some customers purchasing multiple roaming packs throughout the year. The new product allows these travellers to purchase a roaming pass and keep it active for 365 days.

To provide additional value to customers, we also established partnerships with a number of popular organisations in the market, including The Entertainer, to enhance customer experience and loyalty.

Enhancing digital experience

We continued to invest and enhance the digital experience of its platform to increase engagement and ease of use for its customers. A wide range of initiatives and improvements were implemented throughout the year, including a new customer value management (CVM) platform to unlock more data-driven decisions to better understand and serve customers. This includes timely offers and data boosters to customers before they even realise they need them.

We also celebrated a pathbreaking commercial model with a new digital performance partner, Assembly Global. This collaboration allowed us to serve more customers from the comfort of their homes through enhanced digital and online exclusive services.

Small and medium-sized enterprises

Winning together for strategic acceleration

With a commitment to be with our customers from the beginning and grow with them so that we 'Win Together', du's Small and Medium Enterprises (SME) segment was redefined and refocused in 2023 to build segment-specific propositions and routes to market, supported by marketing campaigns targeted to the segment's unique needs. From start-up to scale-up, we aim to provide world-class connectivity and flexible business solutions.

At a glance

The SME segment provides vertical-specific telco products and solutions for small and medium enterprises and entrepreneurs, through the introduction and adoption of new technologies. It is a digital advocate, focusing on introducing digital enablers that deliver world-class customer experience, enabling the continued success of SMEs, while supporting the aspirations of the UAE by contributing to the acceleration of GDP growth.

We prioritised our marketing efforts on 'always-on' digital solutions, including the launch of a desk-based sales function, which broadened our customer acquisition strategy beyond the usual sponsorship and partnership model. We also sought to improve customer experience and enhance customer retention. This, combined with a drive to simplify the customer journey and enhance the product portfolio, delivered robust growth in our SME market share, establishing a strong foundation for accelerated growth in 2024.

We got closer to our customers by participating as headline sponsor of Expand NorthStar, the world's largest startup event, showcasing innovative use cases enabling the SME ecosystem, while hosting industry thought leaders to enhance our market reputation. We also demonstrated a range of AI and blockchain-powered business creation and virtual reality in business use cases that leverage our high-speed, low latency 5G offering at NorthStar and GITEX.

We introduced the UAE's first pop-up co-working space called 'du work getaway' around Jumeriah beach. In only eight weeks, we received a very high level of engagement with Dubai's entrepreneur community, with over 15 workshops conducted and 600 entrepreneur visits.

Strategic growth across mobile and fixed

Our Mobile portfolio accelerated its growth trajectory in 2023, supported by a portfolio refresh and process improvements. With particular focus on customer experience and iterative improvements, we reduce the time to onboard customers.

Following our strategy of launching a vertical-specific value proposition, we introduced a logistics and delivery proposition.

In our Fixed portfolio, our continued focus on monetisation of fixed assets by accelerating growth of high-value fixed plans (premium broadband, business complete and SIP trunks) enabled us to achieve solid year-on-year growth in Fixed Voice and Fixed Data (fibre), complementing the phenomenal growth in Office Wireless.

Diversifying our SME product portfolio

With the launch of Business Starter 5G in early 2023, we introduced a 5G Office Wireless experience to small businesses across the UAE, spurring growth of revenues compared to the previous year. By tapping into uncapped 5G, micro-businesses benefited from unconstrained speeds at an affordable price, while enjoying instant connectivity for customers in areas without fibre connections. In addition, Business Starter's landline with CNAP (Calling Name Presentation) helped small businesses establish credibility in their sales and marketing activities. Through this improved portfolio, SME achieved an all-time high gross add record for Office Wireless.

With the rollout of 5G Stand Alone, we are further enabling startups and SMEs with massive bandwidth – delivering ultra-low latency, enhanced reliability and smart connectivity – to support real-time AI use cases in multiple different verticals, from fintech and healthcare to industrial automation and media, including mission critical applications.

With continued strong uptake of our Double Play Plan, we enhanced the proposition in 2023 with digital marketing solutions, in collaboration with global market leaders including Microsoft's M365 productivity licences and GoDaddy's e-commerce and digital start kit to unlock value for our SME customers. We also introduced a new entry Single Play Plan, without a landline, targeting price-conscious micro-businesses. With this enhanced product choice, we were able to maintain an effective sales mix while attracting new customers to win with us.

Government, large enterprises and key accounts

Capturing market share and driving innovation

The Government, Large and Key Accounts (GLK) segment delivered a year of strategic progress and growth in 2023, launching differentiated offerings and ramping up industry-specific solutions to achieve new benchmarks for the segment and reinforce its position as one of EITC's primary growth engines.

At a glance

The GLK segment supports the UAE Digital Government Strategy and enables global hyperscalers to serve the MENA region from the UAE, including Microsoft, Amazon Web Services, Oracle, SAP and others.

By developing and delivering solutions that combine technology, innovation and execution, we go beyond basic telecoms services to provide industry-specific and tailored propositions and solutions for our enterprise customers. We also take a consultive approach to selling, which focuses on listening, partnering and co-creating solutions.

Our vertical approach supports the deployment of emerging technologies across education, logistics, finance, hospitality and healthcare. In the logistics industry, we are supporting IoT deployments over 5G MPN across warehouses that enable data and analytics to be captured in real time. This is then used to power robots to automate and optimise resources and warehouse space, enhancing warehouse efficiency by up to 28%.

In financial services, we are deploying AI in the retail sector to enable personalised experiences with data analytics. We see greater visibility into operations and customer behaviour, with millions of data points being captured from retail customers, which are used to offer tailored products to the right people at the right time.

In the education industry, there is a convergence of metaverse, augmented reality (AR), virtual reality (VR), and gamification that is redefining the concept of the classroom. Libraries and global learning resources are being made available via virtual classrooms in new digital spaces.

Across these industries and others, we deploy our high-performance networking and digital ecosystem of partners, acting as a strategic enabler that understands what it takes to make enterprise digital transformation a success, which works closely with our customers to create lasting value.

Expanding offerings and value

Throughout the year, we continued to expand our service proposition by introducing new Fixed and Mobile services and packages to differentiate in the market, enhance value for customers and capture market share.

Mobile

In our Mobile segment, we launched the Enterprise Vertical Value proposition for the logistics industry, an industry-specific solution to enhance cost efficiency, operational flexibility and end-customer experience through specifically designed products, including shared pools, company commitment plans, usage cap and unlimited WiFi benefits.

We enhanced our post-paid corporate portfolio with improved features and allowances, essentially introducing implicit roaming benefits on high value plans and offering data carry forward, special international calling tariffs, and other value-add features.

We also unveiled a strategic partnership with Fazaa (UAE Ministry of Interior). This exclusive arrangement for Fazaa loyalty programme members extends our high allowance targeted plan for loyalty card holders.

In addition, throughout the year, we launched attractive promotions for our enterprise customers. These included our Summer Mobile Promotion, a post-paid mobile uplift programme with double data on high value plans and highly discounted data benefits on data-only SIMs to drive secondary SIMs among our corporate base, as well as our Winter Roaming campaign, which featured special roaming packages to capture value during customers' peak travel season.

We also continued to empower our Emirati business customers with a range of exclusive offers in partnership with Dubai Police, Senior Citizen, Esaad (GDFRA) and others.

Fixed

In our Fixed segment, we introduced a Smart Networking offering to make our enterprise customers' network transformation journey simple, seamless and efficient. Employing software-defined wide area networking (SD-WAN), a preferred network technology for enterprises, this solution provides enterprises with the freedom to securely spin-up new network connectivity on-demand and optimise application performance for users.

Leveraging this technological proposition, we introduced a vendor-agnostic suite of Business SD-WAN services for our customers, in collaboration with key SD-WAN partners.

We also launched, Care Connect to provide a comprehensive business service assurance platform for our customers. It collects, analyses and transforms complex network data into an intuitive web portal for our government and enterprise customers, which enables informed decision-making and rapid troubleshooting of network issues.

Furthermore, we introduced innovative API-as-a-Service solutions for the financial sector. Leveraging du's business intelligence and big data capabilities, we sought to support the UAE's financial and banking sector to reduce fraud cases. Two APIs were commercially launched in 2023: the MSISDN Verification API helps banks to verify the identity of their customers using their mobile phone number, while the SIM Swap API helps banks to prevent fraud related to SIM swapping.

International wholesale

Enhancing partnerships and connectivity

International Wholsale unit's inbound roaming business continued to rebound in 2023, in line with the strong economic and tourism growth witnessed in the post-COVID-19 period.

At a glance

The International Wholsale unit is responsible for buying, selling and managing EITC's bilateral trading relationships with over 300 telecom operators and wholesale carriers globally.

To support this positive momentum and capture value for the Company, we offered attractive commercial deals to our roaming partners and operators. In addition, we introduced differential pricing for the termination of international application to person (A2P), a strategic move that increased revenue from international traffic.

To enhance connectivity and service, EITC established a new international fibre optic submarine cable, the Oman Emirates Gateway (OEG), in collaboration with Omantel. Connecting the Sultanate of Oman to the UAE, the OEG is designed to meet the evolving regional market demands for hyperscalers, content providers and international carriers.

In collaboration with regional partners, we also established a new multi-Terabit terrestrial route from the UAE (datamena) to Europe, providing a diverse low latency route that bypasses the busy Egypt route. EITC's partners in this new route are ITC in Saudi Arabia, Batelco in Bahrain, Orange in Jordan, Paltel in Palestine, and Türk Telekom International in Turkey.

Information communications technology

Strategic growth and partnerships

The Information Communications Technology (ICT) unit marked a year filled with exceptional highlights and achievements, characterised by robust revenue growth, significant customer acquisitions and the formation of strategic partnerships, all contributing to the economic and social advancement of the UAE.

At a glance

The ICT unit is responsible for enterprise (B2B) revenue growth beyond our core connectivity business. Its portfolio of products and solutions include data centre co-location, multi-cloud, cybersecurity, IOT and Industry 4.0 services. In addition, it provides a broad spectrum of advanced technology capabilities and use cases that enable clients' digital transformations.

One of the standout successes of the year was the double-digit growth in overall revenue for our ICT division. This impressive growth trajectory underscored our expanding influence and effectiveness in the sector.

Key to this growth were significant customer wins, which included prestigious entities such as Emirates NBD, Huawei, the Telecommunications and Digital Government Regulatory Authority (TDRA), Dubai Health Authority, and EDGE. These wins not only reflect our competitive edge, but also its ability to meet the diverse needs of major players in various sectors.

In terms of strategic partnerships, the year saw us concluding agreements with leading global ICT players. This list of esteemed partners included Microsoft, Amazon Web Services (AWS), Oracle, IBM, Dell, ZainTech and Splunk. These alliances are indicative of our commitment to integrating cutting-edge technologies and solutions into its offerings, further enhancing its service portfolio.

In addition, we played a crucial role in delivering on various Smart City projects, which are pivotal in driving the digital transformation of the UAE. Notable projects included the development of the Dubai Silicon Oasis Authority (DSOA) Smart City, MASDAR and the Dubai Municipality Smart Parks. These projects demonstrate our expertise in creating advanced, sustainable and user-friendly urban environments.

Overall, 2023 was a landmark year for our ICT unit, marked by strategic growth, impactful partnerships and significant contributions to the UAE's journey towards becoming a leading digital economy. These achievements not only strengthened our position in the ICT sector but also reinforced our role as a key enabler of digital transformation in the region.

04 Sustainability

Sustainability

In the heart of the UAE's vibrant telecommunications sector, EITC stands as a beacon of innovation and responsibility. Since our inception in 2006, we have not only pioneered technological advancements, but also steadfastly embraced the principles of sustainability.

Our sustainability strategy and purpose

At EITC, we are propelled by a purpose that transcends conventional business goals. Our strategy is rooted in the belief that a truly sustainable and responsible business is one that enhances lives at every touchpoint. Our approach to sustainability is holistic, encompassing every aspect of our operations, from ethical governance to environmental stewardship and community empowerment.

In 2023, the year that UAE marked as the Year of Sustainability, we made significant strides in our sustainability journey and supported the UAE to help its ambitions. This was especially evident in the areas of setting net zero targets and taking actions for sustainability awareness and social development.

Our sustainability approach

Pillar 1	Pillar 2	Pillar 3
1. Make our people and communities happier: We are dedicated to enriching the lives of our customers, employees and communities. Our initiatives focus on providing an exceptional work environment and creating a positive social impact.	**2. Operate ethically and responsibly:** Integrity and transparency form the cornerstone of our operations. We adhere to the hghest ethical standards, ensuring accountability and fairness in all our dealings.	**3. Deliver the benefits of our services to all:** We strive to ensure our state-of-the-art services and technologies are available to all, fostering digital inclusivity and empowerment.
Our priority areas • Employee engagement and wellbeing • Community wellbeing	**Our priority areas** • Environmental footprint • Data privacy and security	**Our priority areas** • Customer happiness • Technology for good

Our alignment with the UNSDGs

This report showcases our alignment with our priority UNSDGs through various initiatives:

SDG 3 (Good Health and Wellbeing): Initiatives include an employee engagement programme, partnerships for wellness services, and a focus on mental health through the Mamahood telemedicine app.

SDG 8 (Decent Work and Economic Growth): We have achieved significant Emiratisation in our workforce, prioritising local talent development and gender diversity. Employee training and development programmes are emphasised.

SDG 9 (Industry, Innovation and Infrastructure): We have focused on digital transformation and sustainable technology solutions, showcasing this at GITEX Global 2023.

SDG 12 (Responsible Consumption and Production): Our commitment to SDG 12 is highlighted via robust data privacy and security initiatives. These efforts ensure the responsible handling and protection of customer data.

SDG 13 (Climate Action): Our initiatives include the Solar on Tower project, reducing our energy consumption and carbon footprint, and collaborating with environmental agencies.

SDG 17 (Partnerships for the Goals): We have fostered partnerships with various government entities and organisations, emphasising inclusivity and digital empowerment in its service delivery.

Engagement and recognition by our stakeholders

We engage deeply with our stakeholders – employees, shareholders, customers, suppliers and the community. Our engagement strategies include regular consultations, surveys and collaborative initiatives, ensuring we incorporate their valuable insight into our sustainability efforts. More details of our engagement efforts can be found in our Annual Report.

In 2023, we were honoured with Majra Awards from the National CSR Fund as one of the leading companies in the UAE in corporate social responsibility (CSR). This is in recognition of our important role in consolidating sustainability practices and contributions towards development projects.

We also won Gold in L&D Strategy and Silver in Workplace Design at the Employee Happiness Summit & Awards 2023. The Gold award recognises our commitment to providing learning opportunities for all employees. The Silver award reflects our focus on creating an agile and tech-empowered workspace that prioritises employee wellness and eco-friendly practices.

During the year, we were awarded the prestigious MENA Green Building Awards 2023 in the Healthy Spaces Project of the Year category. The award recognises EITC's commitment to sustainability and our exceptional efforts in creating a healthy and productive workspace with a strong emphasis on employee wellbeing, sustainability and productivity.

Our material sustainability topics

We focus on areas that have significant impact: customer satisfaction and data security, environmental stewardship, ethical business practices and employee wellbeing. These topics are not just crucial for our sustainable growth, but also align with the interests and concerns of our stakeholders.

Level of concern to stakeholders	Somewhat important	Important	Very important	Most important
Most important			Privacy and security of customer data	Consumer 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 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

Our core values

Our journey is guided by four cardinal values.

Dedication
We are committed to excellence and customer satisfaction in every aspect of our service.

Curiosity
Innovation and continuous learning are at the heart of our growth.

Agility
We swiftly adapt to changing market dynamics and customer needs.

Openness
Transparency and inclusivity are key to our internal and external interactions.

Key highlights and initiatives in 2023

Employee engagement and wellbeing	Our Employee Engagement Initiative saw an impressive participation rate of 94% and an engagement score of 81%, placing us among the global top-tier companies and underscoring our commitment to creating a supportive and engaging work environment. We secured the Gold award for L&D Strategy at the Employee Happiness Summit & Awards (EHSA), in recognition of our strategy to keep our workforce current with the latest industry trends.
Community wellbeing	We launched the UAE's first Arabic sustainability podcast to discuss topics like sustainability basics, debunking climate change myths, recycling and sustainable development. We partnered with the Year of Sustainability team to educate UAE's citizens and residents on sustainable living and influence their behaviour to adopt more eco-friendly practices.
Environmental footprint	We launched the innovative Solar on Tower initiative, installing solar panels on network towers to support the UAE's net zero goals. Our energy-efficiency initiatives at the office (e.g. 3M sunscreen, motion sensors, energy-efficient appliances) have collectively achieved a 25% reduction in energy consumption.
Data privacy and security	We align with industry benchmarks such as ISO 27001 to ensure our framework and standards are robust. We initiated a national campaign aimed at educating students in the UAE about the dangers of cyberbullying and the significance of preventing it.
Customer happiness	We collaborated with the Ministry of Human Resources and Emiratisation (MoHRE) to introduce the Happiness SIM, specifically designed for blue-collar workers in the UAE. We received the Silver award for Best Customer Happiness Company of the Year in 2023 for large companies, a testament to our dedication to customer satisfaction.
Technology for good	We partnered with a number of key government entities to streamline their digital transformation, such as the Environment Agency – Abu Dhabi, Masdar City and more. At GITEX Global 2023, we demonstrated our dedication to innovation and sustainability by introducing new technologies and sustainable practices in various industries.

For more details, please refer to our stand-alone Sustainability Report 2023.

CORPORATE GOVERNANCE REPORT OF EMIRATES INTEGRATED TELECOMMUNICATIONS COMPANY PJSC ("EITC" OR THE "COMPANY") FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2023

05

1. Statement of procedures taken to complete the corporate governance system, during the year 2023, 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 and 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 protection of shareholder rights and ensure fair treatment to all shareholders including minority shareholders

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

Responsibility to 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 2023 is prepared and presented by the Board to the Company's shareholders in accordance with the SCA Corporate Governance Procedures.

During the year 2023, EITC delivered outstanding financial and operational performance with unwavering support of the Board of Directors, collaborative spirit of the Management and dedicated efforts of its employees. The Company consistently delivered on its commitment to provide the required technological and telecommunication needs of the country with innovation and dynamism. The values of Dedication, Agility, Curiosity and Openness practised by the team during the year helped the Company to maintain sustainable growth.

The Board of Directors of EITC (the "Board") is formed in accordance with EITC's Articles of Association and applicable laws and regulations and based on the corporate governance manual of EITC, which dictates the procedures to be followed in connection with the overall governance of the Board. At all times, each member of the Board strives to ensure 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 Annual Integrated Report of EITC for the year ended 31 December 2022 was prepared and disclosed to the shareholders in accordance with SCA Corporate Governance Procedures. The Board invited the shareholders for the Annual General Meeting on 13 March 2023 (the "AGM"), which was duly conducted physically (in EITC HQ) and remotely in accordance with the directives provided by the SCA. The shareholders approved the payment of AED 0.24 per share as the total dividend amount for the year 2022. The shareholders approved the appointment of PricewaterhouseCoopers as the external auditors of the Company for the year 2023. The shareholders passed a special resolution for voluntary contributions for the community to comply with the 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 and Remuneration Committee – and one non-permanent committee, in addition to the Investment Committee, which supports the Board in 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 its members had a sufficient level of knowledge to manage the risks related to the Company's activities. During the year 2023, the Board and committee meetings were held, taking into account 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 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, Nasdaq Corporate Solutions, on the Board evaluation exercise conducted for 2022 and ensured the recommendations were implemented to the extent possible. The annual Board evaluation for the year 2023 will also be performed through Nasdaq Corporate Solutions and its recommendations will be considered by the Board.

EITC has committed to contribute to the economic, social and digital transformation of the country by moving to digital-first technology ensuring outstanding customers' experience. The Board consistently guided the Management to achieve its vision of becoming a leading telecom and digital services provider. During the year, the Board reviewed and approved the various policies, procedures and frameworks to improve the processes, define the responsibilities, and enhance the governance and controls for the long-term interest of the stakeholders of the Company. The Board ensured the ethical culture envisaged is disseminated in all the realms of the Company.

The Board made certain of 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 continued to develop the employees and update them on their duties and obligations under these policies and procedures, including the code of conduct and insiders and share-dealing policy. The Board ensured a work environment in accordance with highest international standards and supported the Company's objective of being the 'employer of choice for the best talent' and complying with ethical policies and procedures. The Board continued its support to the Youth Council members' initiatives for the empowerment of youth to contribute to building the Company and the nation.

During the year, the Company collaborated collectively in the new headquarters in Dubai Hills, creating a thriving environment for its ongoing transformation journey to being a leading telecom and digital services provider.

The Board expressed earnest appreciation to the Management and employees for consistent excellent overall performance during 2023 and encouraged them to manoeuvre the growth momentum of the Company for long-term value creation for all the stakeholders.

2. Statement of ownership and transactions of board members, their spouses and children in EITC's shares during 2023

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 following table contains details of EITC shares held by each Board member (including their spouse and children) as at 31 December 2023.

No.	Name	Position/kinship	Total sale during 2023	Total purchase during 2023	Owned shares as at 31 December 2023
1	Mr Malek Sultan Al Malek	Board member	0	1,000,000	1,000,562
2	Mr Ahmad Abdulkarim Julfar	Spouse	0	0	3,000
3	Mr Ziad Abdulla Galadari	Board member	0	0	119,350
		Spouse	0	0	94,000
4	Mr Abdulla Khalifa Belhoul	Board member	0	0	642
5	Mr Mohamed Hamad Al Shehi	Spouse	0	0	247
6	Ms Hassa Abdulrazzaq Balouma	Board member	0	0	562

3. Board of directors

3.1 Board composition

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

The Board is currently composed of 10 (ten) 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 2023 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

Mr Malek Sultan Al Malek is one of the leading business figures in the UAE. He has reputable 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 – and strategic partner and contributor to achieving the ambitious visions of the Dubai economy. He is also the Director General of Dubai Development Authority. Mr Malek Al Malek 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
- Board Member of Emirates Foundation

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

H.E. Sara Awadh 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
- 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 the UAE's National Emergency, Crisis and Disasters Management Authority

H.E. Sara Awadh 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, economics, banking and community development, taking charge of several prominent leadership positions in the UAE. Previously, he held 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 Abdulkarim 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
- Advisory Council Member of Dubai Chamber of Digital Economy

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

Mr Khaled Abdulla Alqubaisi

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 Alqubaisi is the Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala Investment Company PJSC. In this role, he oversees a portfolio of both physical and digital assets across 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 Abdulla Alqubaisi was the Chief Investment Officer at International Capital, where he oversaw a diverse investment portfolio and the execution of large-scale, multibillion-Dirham real estate projects. He was also previously the Head of Corporate Finance and Business Development at the National Bank of Abu Dhabi, where he focused on developing the Bank's investment banking capabilities.

Mr Khaled Abdulla Alqubaisi 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
- 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 Abdulla Alqubaisi 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)

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 to host international events and global conferences.

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

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

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

Mr Abdulla Khalifa Belhoul
Board Member
Independent Non-Executive

First appointment
6 October 2021

Representing
Emirates Communications and Technologies Company LLC

Mr Abdulla Khalifa 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, contributing to cementing Dubai's position as a global hub for business and talent.

Prior to that, Mr Abdulla Khalifa Belhoul held the position of CEO of Dubai Industrial City in 2010, after which he assumed the responsibility of Chief Commercial Officer at TECOM Group. 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. He 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 Khalifa Belhoul also holds the following position in a leading entity in the UAE:

- Member of Board of Directors of Axiom Telecom

Mr Abdulla Khalifa 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 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 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.

Previously, Mr Mohamed Hamad Al Shehi held the position of Deputy Director General at the Department of Finance, Government of Dubai and the Secretary to the Supreme Fiscal Committee. He holds the following position in a leading entity in the UAE:

- Governor of GCC Board Directors Institute

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

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 Executive Committee of Dubai Cooperative Society and acts as an advisory council member of the Dubai Chamber of Digital Economy.

Since becoming CEO in 2015, in record time Mr Wesam Alabbas Lootah has managed to transform technology from being the backbone of the 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 Alabbas Lootah also holds the following positions in several leading entities in the UAE:

- CEO of Corporate Support Services Sector, Dubai Municipality
- Chairman of Board of Directors of Dubai Cooperative Society
- Vice Chairman of Board of Directors, NRC Chair and IC Member of Dubai Financial Market PJSC
- Advisory Council Member of Dubai Chamber of Digital Economy
- Direcor and Owner of Teal Hat Technologies
- Director and Sole Shareholder of WL Holdings Limited
- Vice Chairman of Board of Directors of Dubai Clear LLC

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

3. Board of directors (continued)

Ms Hassa Abdulrazzaq Balouma
Board Member
Independent Non-Executive

First appointment
25 March 2021

Representing
Emirates Investment Authority

Ms. Hassa Abdulrazzaq Balouma is the Executive Director for Strategic Assets at Emirates Investment Authority (EIA). Leading the value generation in EIA's portfolio companies and strategically held corporate investments. Driving strategic turnaround and pursuing long term value strategies. In addition, she is responsible for strategically investing directly in strategic sectors in UAE and Regionally. Previously Chief Strategic Assets Officer – Strategic Assets. Expertise in setting up Investment Strategies, Policies, Teams across various sectors. Held board positions across portfolios to drive shareholder value. Previously, Ms. Hassa Abdulrazzaq Balouma was in the Private Asset at EIA which is responsible for making indirect investments in various illiquid strategies like private equity. She was the Project Leader for setting up the first currency printing facility in the Gulf region for EIA "Oumolat" which was successfully launched in 2016. She previously served as Chairperson of the Board of Oumolat and member of the Board of Directors of Arab Mining Company (ARMICO).

Ms. Hassa Abdulrazzaq Balouma also holds the following positions in several leading entities:

- Vice chairperson on the Board of Directors of Emirates Transport
- Member of the Board of Directors of (7X) Emirates Post Group
- Advisory Board Member at Secondary Private Equity Fund

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

Mr Atish Guda
Board Member
Independent Non-Executive

First appointment
25 March 2021

Representing
Emirates Investment Authority

Mr Atish Shashinath Gude has been a senior adviser for many years to select companies in the communications and technology sectors. Until recently, he 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 Shashinath Gude was the Senior Vice President of Corporate Strategy for Verizon Communications. In this capacity, he was responsible 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 Shashinath Gude has an MBA from the University of Chicago with an emphasis in general management and finance and a BSc in Computer Engineering from Syracuse University.

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

- Advisory Board of Data Motion
- Investor/Adviser at CareMESH
- Advisory Board of BloomCloud 360
- Adviser of Prose Technologies
- Operating Partner of Snowhawk LLP

3.2 Female representation on the Board
Currently, 20% of the total EITC Board members is represented by females.

3.3 Remuneration and allowances of the Board members
The proposed Board remuneration framework for 2023 has the following components.

A. Board annual fees

Role	Board Annual Fees
Board Chairman	2,200,000
Board Vice Chairman	1,300,000
Board Member	950,000

B. Board Committees' annual fees

Role	Investment Committees	Other Committees	Second Committees
Committee Chair	250,000	150,000	100,000
Committee Member	200,000	120,000	80,000

- When there is more than one fee against different committees' chairmanship or membership, the higher amount will be considered.
- Business travel expenses, telephone, data, cable TV and other services are subject to EITC relevant policies and manuals.

3.3.1. Total remuneration paid to the Board for 2023
At the last Annual General Meeting held on 13 March 2023, the shareholders approved the policy for payment of remuneration to the Board and accordingly also approved payment of AED 9,414,000 as the Board remuneration for the fiscal year ended 31 December 2022. This sum was distributed to all members of the Board as remuneration for services rendered in the year 2022.

3.3.2. Proposed total remuneration to be paid to the Board for 2023
On the basis of the proposed framework to be 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 2024 is AED 10,775,000. This amount will be distributed to the members of the Board as remuneration for the year 2023.

3.4 Additional allowances, salaries or fees received by the Board members other than the allowances for attending the committees
During the year 2023, Mr Ahmad Abdulkarim Julfar was paid an additional compensation of AED 90,000 per month in consideration of the extra time and attention devoted by him in his role as the Managing Director of EITC (in accordance with the remuneration approved by the Board).

Additionally, Mr Atish Shashinath Gude (a non-UAE national) received USD 154,553 in 2023 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. Board of directors (continued)

3.5 Board meetings held in the year 2023

During the year 2023, 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 2023 were strategy, operations, governance, Board evaluation, compliance, human resources management, subsidiary governance, succession planning, risk management, internal controls, structure and digital transformation 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 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 the respective member connected to that resolution abstains from voting.

No.	Date of the Board meeting	Number of attendees	Attendance by proxy	Absentees
1.	13 February 2023	9	None	H.E. Sara Awadh Musallam
2.	2 May 2023	10	None	None
3.	25 July 2023	10	None	None
4.	30 October 2023	10	None	None
5.	5 December 2023*	10	None	None

3.6 Number of the Board resolutions passed during 2023 along with the dates of passing these resolutions

In accordance with the applicable provisions from SCA Corporate Governance Procedures, 11 (eleven) resolutions were passed by circulation by the Board (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. 1/2023 passed by circulation	12 April 2023
Board Resolution No. 2/2023 passed by circulation	24 May 2023
Board Resolution No. 3/2023 passed by circulation	8 June 2023
Board Resolution No. 4/2023 passed by circulation	23 June 2023
Board Resolution No. 5/2023 passed by circulation	1 September 2023
Board Resolution No. 6/2023 passed by circulation	1 September 2023
Board Resolution No. 7/2023 passed by circulation	19 September 2023
Board Resolution No. 8/2023 passed by circulation	6 October 2023
Board Resolution No. 9/2023 passed by circulation	21 November 2023
Board Resolution No. 10/2023 passed by circulation	21 November 2023
Board Resolution No. 11/2023 passed by circulation	21 November 2023

*Board meetings held to consider ongoing operational matters

3.7 Delegation of authorisation by the Board during the year 2023

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 that matters reserved for the Board and its committees appear within the Governance Manual. During the year 2023, the Board did not delegate any of its reserved matters to the Management.

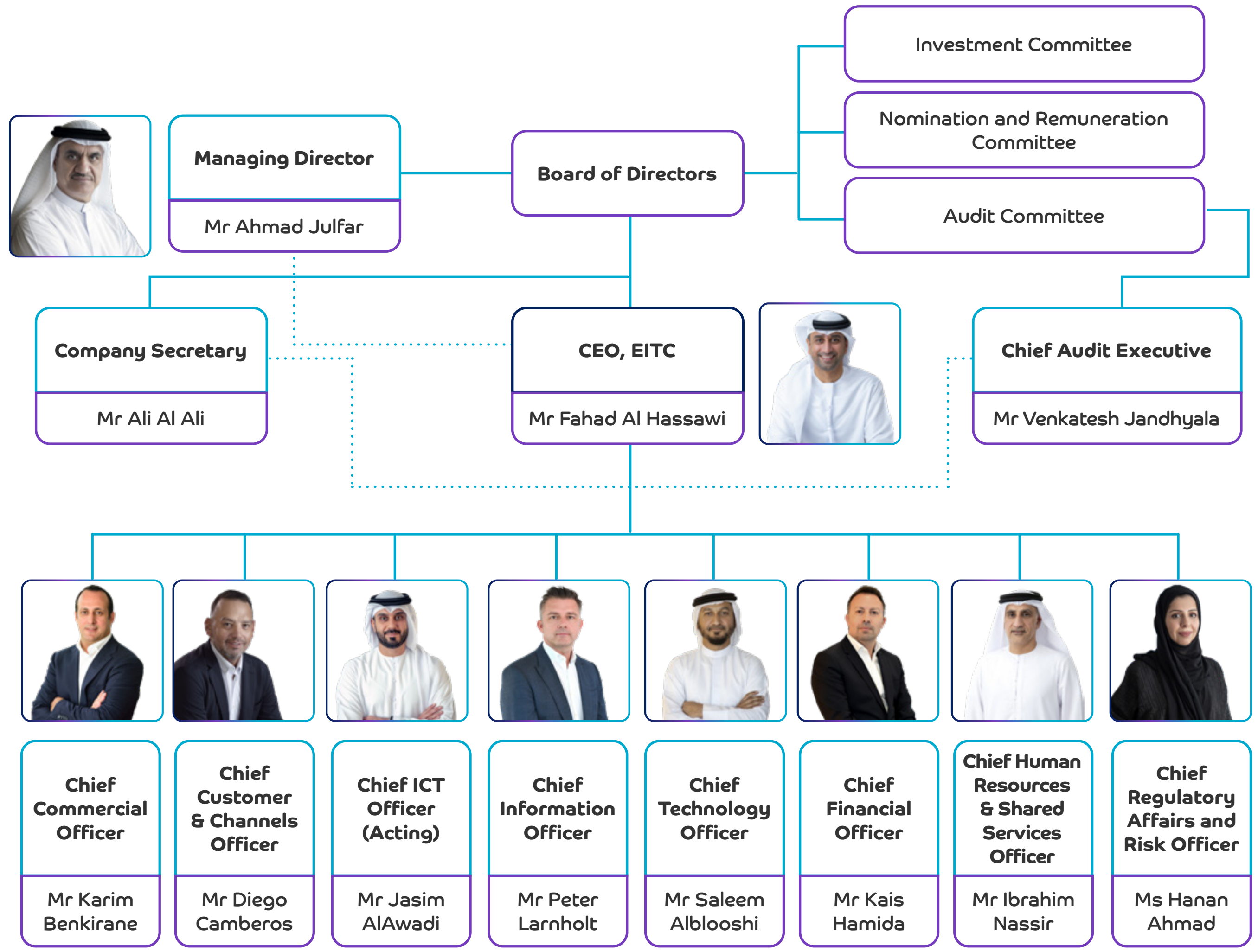
3.8 Transactions with related parties

No new related party transactions were entered with any related party during the year 2023 (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 at 31 December 2023 is as follows:



3. Board of directors (continued)

3.10 Statement of Management's remuneration

The Management's remuneration for the year ended 31 December 2023 is reflected in the table below and the calculation is based on annual total salaries and other cash benefits, excluding 2023 PBVP (performance-based variable pay).

Position	Date of joining	Total Salaries and other allowances paid in 2023 (AED)	Any other Cash/ in-kind benefits for 2023 (AED)	Total PBVP paid for 2023 (AED)
Chief Executive Officer	23-Apr-06	3,432,000	500,462	5,000,000
Chief Human Resources & Shared Services Officer	02-Nov-21	2,040,000	156,140	1,962,875
Chief Financial Officer	14-Jul-19	2,400,000	86,337	2,137,652
Chief ICT Officer (Acting)	2-Oct-07	1,188,930	206,930	670,807
Chief Regulatory Affairs & Risk Officer	4-Apr-10	1,212,900	269,790	858,161
Chief Technology Officer	07-Sep-08	1,843,200	94,605	1,743,380
Chief Customer Channels Officer	22-May-23	1,208,226	284,685	697,177
Chief Information Officer	01-Apr-19	1,800,000	92,771	1,044,480
Chief Commercial Officer	01-Aug-16	2,160,000	206,047	1,801,600

3.11 Executive management

The Management Team is responsible for strategic, commercial, financial and organisational matters. As at 31 December 2023, the team consisted of nine members.

Mr Fahad Al Hassawi
Chief Executive Officer
Joined in 2006
- Appointed CEO in September 2020
- University of Miami: Masters in Industrial Engineering
- Khalifa University: Bachelor of Engineering
- UAE national

Mr 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

Mr Saleem Alblooshi
Chief Technology Officer
Joined in 2008
- Appointed CTO in November 2017
- INSEAD: Masters in Business Administration
- Khalifa University: Bachelor of Engineering
- UAE national

Mr Karim Benkirane
Chief Commercial Officer
Joined in August 2016
- Appointed CCO in November 2020
- HEC Paris
- French national

Mr Peter Larnholt
Chief Information Officer
Joined in April 2019
- University of Borås: Degree in Computer Microelectronics
- Swedish national

Mr Ibrahim Nassir
Chief HR & Shared Services Officer
Rejoined in November 2021
- University of Miami: Bachelor of Business Administration
- UAE national

Ms Hanan Ahmad
Chief Strategy and Corporate Affairs Officer
Joined in 2010
- Appointed Chief Strategy and Corporate Affairs Officer in March 2023
- Sorbonne-Assas International Law School: LLM. in International Business Law
- Richmond American University London: Bachelor in Business Administration
- UAE national

Mr Jasim Alawadi
Chief ICT Officer (Acting)
Joined in 2007
- Appointed CICTO (Acting) in January 2023
- Etisalat college (Khalifa University): Bachelor in Electronics Engineering with Honours
- UAE national

Mr Diego Camberos
Chief Customer & Channels Officer
Joined in May 2023
- University of Los Andes, MBA, Business Administration
- University of South Carolina, BA, Economics and International Sciences
- Bolivian national

4. External auditor

4.1 Overview of the Company's auditor

PricewaterhouseCoopers was appointed as the Company's external auditor for the fiscal year 2023. PricewaterhouseCoopers (PwC) 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 auditor

Name of the audit office and partner auditor	PricewaterhouseCoopers Limited Partnership Dubai Branch Audit partner: Virendra Dhirajlal Lodhia
Number of years served as the Company's external auditor	2 years
Total audit fees for 2023 in AED	AED 1,427,333
Fees and costs of other services other than auditing the financial statements for 2023 (AED), if any, and in case of absence of any other fees, this shall be stated expressly	Refer to paragraph 5.2a 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 5.2a below

4.2a Statement of fees, costs and services other than audit fees provided by PwC in 2023

Audit/consulting firm	Details of service	Amount (AED)
PricewaterhouseCoopers	Non-audit services, including consulting services and tax-related services	21,400,146
Total		**21,400,146**

4.3 Statement of fees, costs and services provided by other external auditor firms in 2023

Audit/consulting firm	Details of service	Amount (AED)
Ernst & Young	Consulting, advisory and tax-related services	2,443,162
Deloitte & Touche (M.E.)	Consulting services and tax-related services	748,914
Total		**3,192,076**

4.4 There are no qualified opinions made by EITC's external auditor in the interim or annual financial statements for the year 2023.

5. Audit committee

H.E. Sara Awadh Musallam
Chair

5.1

HE 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, and to review and recommend changes to the Company's financial and control systems, maintain appropriate relationship with the Company's external auditors and perform other functions as required by SCA Corporate Governance Procedures.

5.3

The composition of the Audit Committee is reviewed by the Board on a regular basis to ensure the Audit Committee is composed of members who have adequate knowledge and expertise in financial, accounting, legal, compliance and regulatory matters. There was no change in the composition of the Audit Committee during 2023. 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 inquiries for illustration and substantial matters
- Develop and review of the policies/procedures including financial, accounting and risk and compliance
- Review and assess the internal control and risk management systems in the Company including the external auditor's assessment of the internal control system and procedures
- Review the observations/reports received from State Audit (including the response prepared by the Management) and monitor the actions taken by the Management to resolve issues/observations arising from these reports
- Monitor overall effectiveness of the Internal Audit department including ensuring availability of resources required, review of internal control reports, and review and approve of internal audit plan, budget and internal 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 whistle-blowing 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

5. Audit committee (continued)

- 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 Boards 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 2023, four (4) 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. 1/2023	10 February 2023	Review of annual financials for the year 2022, audit, internal control, and governance-related matters	None
Audit Committee Meeting No. 2/2023	26 April 2023	Review Q1 2023, review of internal control risk management, compliance matters, internal audit, state audit, Insiders Committee	None
Audit Committee Meeting No. 3/2023	24 July 2023	Review H1 2023 financials, audit, internal control, risk management and governance-related matters	None
Audit Committee Meeting No. 4/2023	30 October 2023	Review Q3 2023 financials, audit, internal control, risk management, governance-related matters and Insiders Committee	None

6. Nomination and remuneration committee

Mr Khaled Abdulla Alqubaisi
Chair

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

6.2
The Nomination and 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 and Remuneration Committee is reviewed by the Board on a periodic basis. There was no change in composition of the Nomination and Remuneration Committee during 2023. The current members of the Nomination and Remuneration Committee are:

- Mr Khaled Abdulla Alqubaisi (Chair)
- Mr Mohamed Hamad Al Shehi
- Ms Hessa Abdulrazzaq Balouma
- Mr Abdulla Khalifa Belhoul

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

- Regularly review and make recommendations to the Board on the structure, size and composition (including the skills, knowledge and experience) required for the Board members compared to its current position and ensuring it follows of the procedures of nomination for Board membership in accordance with applicable laws and regulations
- Determine and agree with the Board on 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 and Remuneration Committee updates the Board on its activities as it deems appropriate and recommends relevant matters for their approval. The Nomination and Remuneration Committee reviews, on an annual basis, its terms of reference and submits its recommendations to the Board.

6.6
During the year 2023, four (4) meetings of the Nomination and Remuneration Committee were held as mentioned below, at which all the members were present.

Meeting number	Date of meeting	Absentees
Nomination and Remuneration Committee Meeting No. 1/2023	9 February 2023	None
Nomination and Remuneration Committee Meeting No. 2/2023	21 March 2023	None
Nomination and Remuneration Committee Meeting No. 3/2023	8 June 2023	None
Nomination and Remuneration Committee Meeting No. 4/2023	2 October 2023	Mr Khaled AlQubaisi

7. Investment committee

Mr Ahmad Abdulkarim Julfar
Chair

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 2023. The current members of the Investment Committee are:

- Mr Ahmad Abdulkarim Julfar (Chair)
- Mr Malek Sultan Al Malek
- Mr Wesam Alabbas Lootah
- Mr 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 2023, 10 (ten) 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. 1/2023	7 February 2023	None
Investment Committee Meeting No. 2/2023	16 March 2023	None
Investment Committee Meeting No. 3/2023	11 April 2023	None
Investment Committee Meeting No. 4/2023	7 June 2023	None
Investment Committee Meeting No. 5/2023	11 July 2023	Mr Wesam Alabbas Lootah
Investment Committee Meeting No. 6/2023	31 August 2023	None
Investment Committee Meeting No. 7/2023	3 October 2023	None
Investment Committee Meeting No. 8/2023	21 November 2023	None
Investment Committee Meeting No. 9/2023	27 November 2023	None
Investment Committee Meeting No. 10/2023	5 December 2023	None

8. Insiders committee

Mr Ali Al Ali
Chair

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 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 the Finance, Human Resources and Legal departments. The Committee is chaired by the Company Secretary. The current members of the Insiders Committee are:

- Mr Ali Al Ali (Company Secretary)
- Ms Moodhi Almandiry (Human Resources)
- Ms Hiam Almohtadi (Legal)
- Mr Mohammad AlMehrezi (Finance) *

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 DFM
- Manage share-dealing requests and declarations
- Initiate disciplinary action against non-compliant employees, with support from Human Resources
- Report to the Audit Committee on the work done by the Insiders Committee

8.5
The key activities undertaken by the Insiders Committee in the year 2023 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 four (4) times during the year 2023 as follows:

Meeting number	Date of meeting
Insiders Committee Meeting No. 1/2023	2 February 2023
Insiders Committee Meeting No. 2/2023	21 June 2023
Insiders Committee Meeting No. 3/2023	12 September 2023
Insiders Committee Meeting No. 4/2023	7 December 2023

* Until September 2023

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.

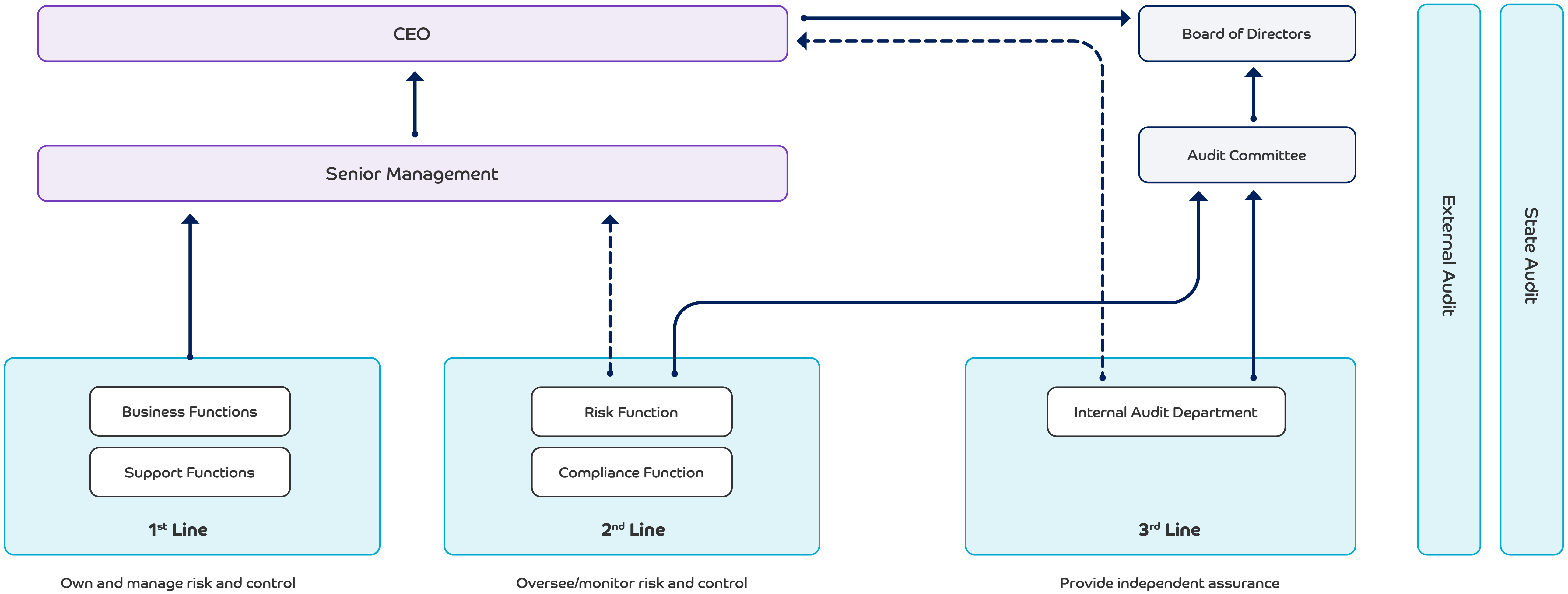
Internal control system process

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 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 Three Lines model (see diagram below).

- **The First Line role:** Includes business and process owners whose activities create and manage risks. The first line owns the risks and designs and executes the company-wide controls to respond to those risks on a 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 that support the Management by bringing expertise and process excellence for monitoring of risks and associated controls. The second line functions are generally separate from the first line. The Risk function and Compliance and Ethics function (under second line) have direct reporting lines to the Audit Committee. Risk function administratively reports to Strategy and Corporate Affairs department while Compliance function reports to Internal Audit department
- **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 that includes the activities performed by the first and second lines



9. Internal control system (continued)

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 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 regard to ensuring consistency with UAE laws and all other regulations, oversight is provided by the second line, the compliance and ethics function
- To comply with SCA mandate, the compliance and ethics function provides oversight in terms of 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 a risk-aware culture across EITC

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 2023, EITC continued to enhance and strengthen the 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 investigations on the violations received and highlighting any other gaps that need to be addressed
- Conducting field visit exercises across EITC direct stores (including Virgin Mobile stores) and providing recommendations for mitigating any non-compliance identified, including following up on implementation of the action plans
- Conducting mystery shopping across EITC stores (both du and Virgin Mobile stores) by formulating a mystery shopping checklist, based on applicable regulations and highlighting non-compliances
- Initiating a Company-wide Code of Business Conduct and Ethics (COBC&E) policy sign-off and assessment, across all levels, to promote an ethics-oriented culture and embed integrity in decision-making process across the Company

9.2 Name and qualifications of the head of the Internal Audit department

The Internal Audit department is headed by Mr Venkatesh Jandhyala, who was appointed by the Board in August 2023 as the Chief Audit Executive. Mr Venkatesh Jandhyala is a dynamic professional with over 32 years of proven leadership within telecommunications and consulting firms, having worked in complex business environments in the Americas, Europe, Africa, Middle East and Asia. Mr Venkatesh Jandhyala has a Bachelor of Commerce and Law degrees from Osmania University, Hyderabad, India and has received a scholarship for a dual degree in Master of Science in International Finance and an MBA in Finance and Marketing from the University of Miami, USA. He also has a Chartered/Board Secretary diploma from India.

9.3 Name and qualifications of the Compliance officer

The EITC Compliance function is headed by Ms Muna Ali, who is the compliance officer of EITC. She has vast experience in areas of compliance, ethics, governance, 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, code of business conduct and ethics, on-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 the Board and Audit Committee, Ms Muna Ali liaises with Audit Committee members, CXOs, Senior Management 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 audits, financial audit, operational audits, and forensic/whistle-blowing reviews. Following such reviews/investigations, they provide recommendations and report their findings to the Audit Committee. In 2023, there were no significant issues noted that required disclosure.

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

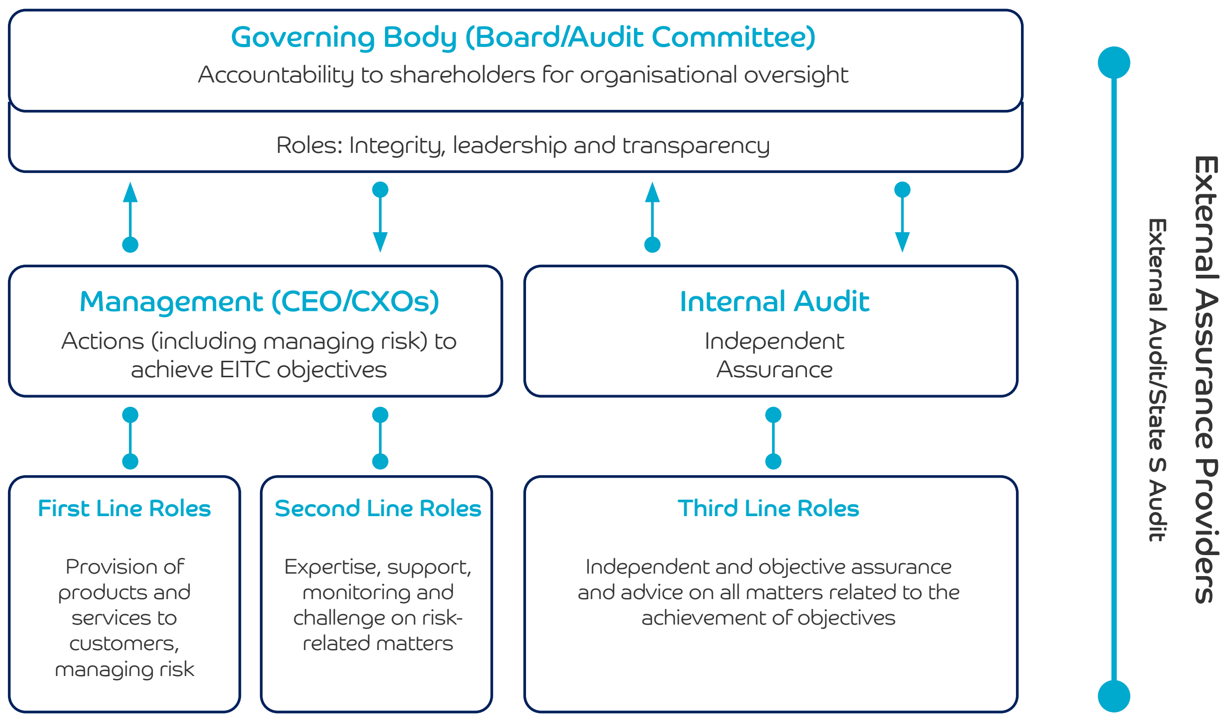
The Internal Audit department has issued two reports to the Audit Committee indicating the critical/high observations noted during 2023 and also shared the 2024 audit plan for Audit Committee's review and approval. In addition, periodic audit plan updates and forensic cases were issued to the Audit Committee indicating the observations raised.

Risk governance

In 2023, we enhanced our risk management approach, fully aligning with global standards and the SCA 2020 regulations. This strategic alignment has improved compliance in all SCA risk-related obligations. Our new hybrid ERM Framework, based on ISO 31000:2018 and COSO 2017, was implemented in 2023 and is a key component of our governance structure, facilitating the integration of risk management into everyday operations and strategic decision-making.

The framework comprises key documents ranging from our risk management policy; risk appetite and tolerance (policy and processes); risk acceptance and escalation (policy and processes); project risk management processes; and risk management methodologies among other guidance documentation. These clearly articulate roles and responsibilities, as well as risk management activities and associated accountability, across the Company (from Board oversight through to entry-level staff) and greatly support our ongoing efforts to integrate formal risk management activities into all business-as-usual operations and strategic decision-making processes.

This risk management framework has resulted in significant improvements in compliance across all risk-specific SCA obligations and our overall risk maturity at EITC.



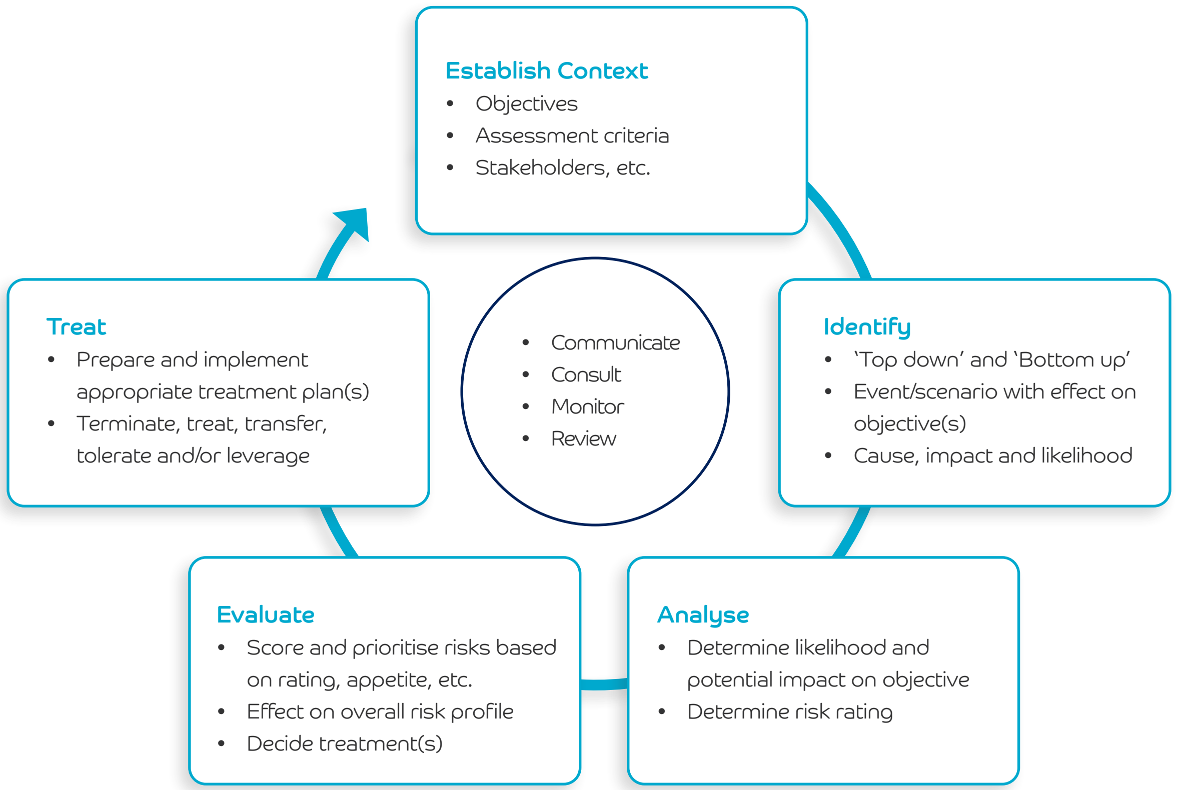
9. Internal control system (continued)

Enhancing risk culture
In 2023, our concerted efforts to enhance risk maturity have bolstered the overall risk culture within the organisation. This transformative journey involved nurturing a risk-aware mindset across all levels, fundamentally changing how risks are perceived and managed. By embedding risk management principles into everyday activities and strategic decision-making, we have fostered a proactive culture that anticipates and addresses risks systematically. This cultural shift, marked by increased engagement and ownership of risk at all levels, has resulted in more informed decision-making processes, reflecting a mature, risk-aware organisational ethos.

Risk management
We have implemented a comprehensive risk management strategy that ensures a holistic, consistent, structured approach to managing risk at EITC. This strategy enables proactive uncertainty management within our operational environment, fostering risk-informed decision-making. Risks are grouped into five main categories and 21 sub-categories (which represents our risk universe), with each risk sub-category having defined risk appetites as set by the Board. These are operationalised through a detailed risk appetite and tolerance framework.

Each risk sub-category is assigned to an owner at CXO-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, while 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 scenarios with potential effect on our objectives, in order to analyse such events and ascertain the likelihood and potential impact on these objective(s).

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.

Name and qualifications of the head of Risk Management
Mr Daniel Udochi leads the Risk Management function at EITC. He is a seasoned professional with over 20 years' experience at both country and regional levels within the Middle East and Africa regions. His experience spans technology governance, risk, compliance, privacy, cyber/information security, business continuity, ethics and audit management. He holds a Master's degree in Business Administration from the University of Cumbria (UK), a Bachelor's degree in Mathematics, alongside several professional international certifications in risk, security and business continuity management. Mr Daniel Udochi is responsible for driving an enterprise risk-aware culture that facilitates timely identification and treatment of risks and allows for risk-informed decision-making that improves the overall 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 Regulatory Affairs and Risk Officer.

9. Internal control system (continued)

Principal risks

All principal risks and the status of the associated treatment plan are discussed regularly with risk owners and Executive Management. We present a consolidated report on a quarterly basis to the Audit Committee for their information, input, support and guidance as deemed appropriate.

The following table highlights some of our principal risks:

Risk	Description and potential impact	Risk treatment summary
Cybersecurity risk	Global rising trends in cyber incidents and exposures arising from ever-present cyber threats to confidentiality, integrity and/or availability of EITC information and related technology systems.	• A defence-in-depth strategy executed by a dedicated information security function • Continuous monitoring of all technology systems and infrastructure to identify and mitigate internal and external cyberthreats, vulnerabilities or actual breaches to ensure continuity and resilience of our information and related assets • Proactive monitoring and review of security controls (international cybersecurity frameworks) • Business-wide crisis management with priority on resilience • Regular cybersecurity awareness campaigns; training for full-time and contract/third-party employees
Data privacy (PII) risk	The increased emphasis on and market expectations for the ethical use of personal data (as articulated in the UAE's Personal Data Protection Law) poses both an opportunity and a threat to our immediate and medium-term objectives. The exposure arises from potential failure to collect, process, use and store personally identifiable information (PII) in an ethical manner, resulting in reputational damage, legal action, regulatory non-compliance and associated fines.	• Ownership for the privacy at EITC is assigned at CXO level and a cross-functional team is responsible for implementing and operationalising a formal privacy framework based on a hybrid of the NIST Standard, the MITRE Privacy model, among others
Digital transformation risk	Exposure from legacy technology infrastructure increasing uncertainty around ability to continue to meet, sustain and exceed customer expectations relative to competition and other 'born digital' entrants. Supporting the transformation alongside business-as-usual (BAU) operations increases BAU/transformation and employee burnout, among other related risks.	• Dedicated CXO and PMO responsible for execution of our transformation and adequate project oversight via Executive Steering Committee, with appropriate challenge or support from EPMO and ERM • Suitable resourcing allowing for product changes, and innovation to meet short-term business targets • Continuous communication on targets and expectations providing clarity to all employees, reinforcing a culture of ongoing challenge and feedback with focus on effective execution • Robust planning and project management with full adoption of Agile project management methodologies

Risk	Description and potential impact	Risk treatment summary
Disruptive/new technologies	Risk exposure to potential opportunities and threats, such as new technologies, substitute products and new entrants, and failure to innovate by leveraging these technologies.	• Dedicated risk owner assigned at CXO level per ERM framework to define and coordinate risk treatment • Identified, prioritised and leveraging modern technologies/use cases with potential effect on our strategy • Driving programmes and hyperscaler partnerships to leverage prioritised technologies
Geopolitical risk	Rising global and regional geopolitical tensions/conflicts increases uncertainty with resultant impact of delays and product unavailability in supply chain, nation state or ideology-inspired actions that may have significant negative effects on our strategy.	• Governance and related processes in place to ensure continuous monitoring of the geopolitical landscape to proactively identify developments with potential to negatively impact EITC and initiate timely mitigation actions
Legal and regulatory risk	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
Third/'nth' party risk	Given our reliance on third-party service providers for a range of products/services, we are inherently exposed to third-party risks. This exposure increases as our partnership and service provider landscape evolves (involving third, fourth ... nth parties) in efforts to leverage the opportunities such relationships provide. Thus, if not properly managed, disruption to critical services or service providers will have adverse effects on EITC.	• Revamping third-party risk management with focus on critical services: • Proactively identify critical services consistently and extend risk management to risks relating to their third-party service providers • Conduct due diligence, contracting and ongoing monitoring of critical services and service providers • Strengthen the identification and management of service provider, partner and associated risks

10. Details of violations committed during 2023

During the year 2023, EITC received seven violations from Telecommunications and Digital Government Regulatory Authority ("TDRA") of the UAE as follows:

- One violation was 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, along with empowered employees who are responsible for the execution of the control mechanisms, to ensure the implementation and adherence to the RRMC Regulatory Policy and the special instructions being sent by TDRA from time to time.
- Other violations included:
  - Five violations were related to non-compliance to regulatory requirements emanating from 'Instructions mobile number and fixed number portability'. EITC has sent a detailed responses to TDRA on the violations, including the reasons and root cause for the incident and highlighted the various measures put in place to avoid such instances. The compliance team has also conducted a detailed investigation to review and provide an independent assessment of the actions taken by the Management to highlight any other gaps.
  - One violation related to non-compliance to regulatory requirements emanating from 'Consumer protection regulation and price control – regulatory policy and procedure'. EITC has sent a detailed response to TDRA on the violation, including the reasons and root cause for the incident, and highlighted the various measures put in place to avoid such instances.

11. Statement of contributions made by the company during the year 2023 in the development of the community and the preservation of the environment

The objective of our sustainability strategy continues to work towards making our people and communities happier; delivering the benefits of our services to everyone; and operating ethically and responsibly. During the year 2023, we invested in projects that contributed towards the development of the community, as well as the preservation of the environment.

This year, we were honoured with Majra Awards from the National CSR Fund as one of the leading companies in the UAE in corporate social responsibility (CSR). This is in recognition of our role in consolidating sustainability practices and contributions towards development projects.

During Ramadan, we launched the #KindnessConnectsUs campaign, focusing on sharing and kindness. We encouraged our colleagues and families to contribute to delivery riders, thereby making a positive impact. We also collaborated with the Community Development Authority (CDA) to host a special event for UAE national senior citizens.

We continued to support the 1 Billion Meals Campaign as well as Al Jalila Foundation's medical research through in-kind support and cash donations.

We launched a significant cyberbullying awareness campaign aimed at schools, in partnership with Beat the Cyber Bully. This campaign includes workshops across private and public schools in the UAE, focusing on prevention and fostering a safer digital environment for youth. It is part of our commitment to ensuring young people have a positive and secure online experience, educating them on identifying, reporting and preventing cyberbullying.

This year, we launched the UAE's first Arabic sustainability podcast, a pioneering initiative to discuss sustainability challenges and practices. This podcast featured expert discussions on a range of topics like sustainability basics, debunking climate change myths, recycling and sustainable development. This podcast series reflects our commitment to raising awareness and knowledge about environmental and social issues in our region.

We participated in the AccessAbilities Expo as the exclusive telecom partner, emphasising our commitment to empowering people of determination. Our 'You Matter' campaign, part of this initiative, aims to make telecommunications accessible to everyone, including people with disabilities. This partnership is a significant step in our CSR efforts, focusing on empowerment, education and building a cohesive society.

On the environmental front, we set a bold ambition to achieve net zero Scope 1 and 2 emissions by 2030 and Scope 3 emissions by 2050, in alignment with the UAE's Net Zero 2050 initiative. This commitment involves enhancing energy efficiency and increasing the use of renewable energy. Notable efforts include installing solar panels on mobile towers and using hybrid generators at 200 sites, reducing our carbon footprint significantly. Our actions embody our dedication to sustainability and the responsible stewardship of our planet.

Details on these initiatives as well as other social and environmental projects can be found in our 2023 Sustainability Report.

During the year 2023, we contributed AED 1,150,000 in cash to support a range of social initiatives and campaigns. We also contributed AED 7,187,702 in-kind via a number auction, and SMS fund-raising campaigns for UAE-based charity organisations.

12. General information

12.1 Statement of the Company's share price in the market during the year 2023

Month	Highest price	Lowest price	Closing price
January 2023	5.740	5.140	5.160
February 2023	5.300	4.950	5.200
March 2023	5.200	4.950	5.050
April 2023	5.120	4.960	5.050
May 2023	5.350	4.980	5.160
June 2023	5.320	5.070	5.280
July 2023	5.580	5.260	5.520
August 2023	5.510	5.220	5.320
September 2023	5.450	5.220	5.350
October 2023	5.410	4.980	5.380
November 2023	5.430	5.110	5.200
December 2023	5.240	5.110	5.190

12.2 Performance of the Company's shares in 2023 compared with the general market index and sector index

Month	Financial market's general index	Company's shares	Communication services index
January 2023	3,303.27	5.160	870.97
February 2023	3,437.76	5.200	877.72
March 2023	3,406.72	5.050	852.40
April 2023	3,544.79	5.050	852.40
May 2023	3,576.63	5.160	870.97
June 2023	3,791.99	5.280	891.22
July 2023	4,059.27	5.520	931.73
August 2023	4,082.87	5.320	897.98
September 2023	4,163.58	5.350	903.04
October 2023	3,877.08	5.380	908.10
November 2023	3,992.36	5.200	877.72
December 2023	4,059.80	5.190	876.03

12.3 Statement of the shareholders' ownership distribution as at 31 December 2023

Investor/shareholder	Type of customer	Number of investors	Percentage
UAE	Government	5	0.1769%
	Banks	8	0.4173%
	Companies	107	86.2805%
	Individuals	90,879	12.1402%
	Sole proprietors	3	0.0013%
GCC Countries	Companies	17	0.0921%
	Individuals	174	0.2498%
Arabs	Companies	3	0.0014%
	Individuals	519	0.2571%
Other nationalities	Banks	1	0.0000%
	Companies	56	0.1821%
	Individuals	700	0.1804%

12.4 Statement of shareholders owning 5% or more of the Company's capital as at 31 December 2023

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	456,112,112	10.062%

12.5 Statement of distribution of shareholders according to the size of the equity as at 31 December 2023

Share(s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares
Less than 50,000	91,520	111,991,748	2.471%
From 50,000 to less than 500,000	807	123,893,646	2.733%
From 500,000 to less than 5,000,000	189	250,597,387	5.528%
More than 5,000,000	33	4,046,423,208	89.268%
Total	**92,549**	**4,532,905,989**	**100%**

12. General information (continued)

12.6 Investor/shareholder relations

The Company ensures a regular and effective communication with its founding and public shareholders and potential investors. The Company website is regularly updated to provide shareholders with all updates from the Company, including dividends, financial results, updates from Board meetings and shareholder resolutions.

During 2023, the Company held four conference calls with analysts and investors to present its financials for the three quarters of 2023 and for the full year 2022. Certain members of the Management team attended several investor conferences where updates on the Company's business and operations were provided.

The Company has been regularly communicating with the shareholders to allow them to fully exercise their rights and to specify their rights to attend, vote and discuss the topics contained in EITC's Annual General Meeting agenda, 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 provided SCA with the relevant reports.

EITC has a website specifically for investor/ shareholder relations (http://www.du.ae/about-us/investor-relations), which is regularly updated and contains the following information:

- Annual and periodic financial statements, the annual reports and analysts' presentation
- Annual General 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 structure
- Details of the approved dividends and dividend policy
- Press releases and notifications

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 shareholders' matters such as dividends, Board proposals and shareholder resolutions, please email shareholder.relations@du.ae; or telephone: +971-4-5686000.

12.7 Special resolutions passed at the Annual General Meeting in 2023

At the Annual General Meeting of EITC held on Monday, 13 March 2023, one (1) special resolution was passed by the shareholders to approve the voluntary contributions of an amount of AED 2,150,000 to be made to the community by EITC in 2023.

12.8 Company Secretary

Mr 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 Paris-Panthéon-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 shareholders' affairs. Prior to joining EITC in 2010, he had held several positions at Dubai Real Estate Corporation and TECOM Group.

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

12.9 Statement of the major events and important disclosures that took place in 2023

- Announcement of the consolidated financial statements for the year ended 31 December 2022
- Annual General Meeting held physically and virtually at which shareholders approved dividend distribution of AED 0.24 per share for 2022 among other matters
- Payment of AED 0.13 per share for the first half of the year 2023 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 that were equal to or more than 5% of EITC's share capital

During the year, the Company did not make any single transaction that was equal to 5% or more of the Company's capital.

12.11 Statement of Emiratisation percentage

The Emiratisation Percentage in the Company from 2019-2023 is as follows:

Year	Emiratisation percentage
2019	36%
2020	37%
2021	40%
2022	40%
2023	40%

12.12 Statement of innovative projects and initiatives carried out or being developed during 2023 by EITC

Some of 2023 launches and initiatives that add to our credibility as an ICT player specifically in the innovation space– these show du ICT are the trusted enabler as per the following inspiring initiatives and project:

Launch of Envision Platform (The first of its kind yearly tech event by du).

du ICT launched the first of its kind tech event platform "Envision" which was a specially curated event with sustainability theme for future makers that was endorsed by the ministry with a focus on Industry 4.0 that was attended by 500 attendees that included top CEOs, Ministers, board members, key government officials, 22 speakers and 9 sponsors. The event became viral generating huge PR value of USD 800K and social media buzz of 1.2mn audience reach and generated over 25 plus qualified leads.

Dark Factory for Edge Group project completed for Industry 4.0 (also endorses Sustainability pillar)

The Dark Factory project, a cutting-edge initiative for Industry 4.0, has been successfully completed, showcasing the integration of robotics and automation in manufacturing. This project not only drives efficiency and productivity but also emphasises the importance of sustainability, making significant contributions to the industry.

Khalid our first Open AI Emirati Avatar (was presented for different use cases at different forums)

Khalid, the first Emirati Open AI Avatar, has garnered attention and acclaim as it has been presented at various forums, demonstrating its versatile applications. Serving as a virtual tutor, Khalid was available at the du stand, offering educational support and answering queries on a wide range of curriculum subjects in GITEX. This showcases the power of generative AI in revolutionising the education sector and providing immersive learning experiences through advanced 3D screen technology.

Naha launch (a community app launch with Environment agency Abu Dhabi to support climate action and sustainability for youth)

Naha, a ground-breaking community app developed in partnership with the Environment Agency Abu Dhabi, is a pivotal initiative in driving climate action and sustainability, particularly among the youth. Utilising personalised digital platforms, Naha promotes environmental awareness and encourages green practices, not only in Abu Dhabi but also in other regions.

Dubai public parks seamless ticket journey with Dubai Municipality: 8 parks went live as of Dec 2023

The seamless ticket journey initiative, implemented in collaboration with Dubai Municipality, has transformed the park experience for visitors. As of December 2023, eight parks have already implemented this platform, enabling ticketless entry, streamlining identity management processes, and ensuring a hassle-free and convenient user experience.

Data centre for ENBD

ENBD has selected du's top-tier data centres for hosting their complete IT systems, including primary and disaster recovery setups. This partnership reflects ENBD's trust in du's exceptional data centre services, ensuring optimal performance, reliability, and security.

ICT market place with Microsoft – to provide ICT solutions via a digital platform

The collaboration between du and Microsoft has resulted in the launch of an ICT marketplace, revolutionising the way customers can access a wide range of ICT solutions. This ground-breaking digital platform provides a convenient and comprehensive marketplace where customers can easily purchase innovative ICT products online.

12. General information (continued)

Cloud launch with TDRA, DHA and Dubai Digital Authority (Dubai Pulse 2.0)

The launch of du ICT Cloud services with TDRA, DHA, and Dubai Digital Authority (Dubai Pulse 2.0) marks a significant milestone in the realm of ICT services for Dubai government entities. This advancement offers enhanced functionalities, improved performance, and cost optimisation, paving the way for more efficient and effective government operations.

RIT for next level healthcare prevention through MOIAT and AI – Proof of concept

The development of a next-level healthcare prevention system through the integration of Medical IoT (MIoT) and AI, with a proof of concept, demonstrates du's ICTs commitment to advancing healthcare technology. This innovative system aims to create an empowered ecosystem that encourages innovation, fosters development, and strengthens business relationships in the healthcare industry.

HCT for Open AI Avatar / virtual mentor with dashboard for student and teachers – pilot project

The HCT pilot project for the Open AI Avatar/virtual mentor, accompanied by a comprehensive dashboard for students and teachers, is set to revolutionise the learning experience. This customised artificial intelligence tool, driven by AI, provides personalised support to students and staff, offering tailored educational assistance and enhancing the overall learning process.

ZHO – Solution for people of determination signed and the project is being deployed

The deployment of the ZHO solution, specifically designed for individuals with special needs, highlights du's dedication to promoting inclusivity and accessibility. This innovative solution delivers enhanced support and services to meet the unique needs of people of determination.

Dubai Silicon Oasis (DSO) – Smart Services for Dubai Digital Park in DSO – 6 services went LIVE

Dubai Silicon Oasis (DSO) continues to drive innovation and progress with the launch of six smart services for Dubai Digital Park. With more than 20 innovative services planned, du's technology is instrumental in breaking traditional information silos and creating a holistic and integrated platform for district management and continuous improvement. This initiative sets the stage for a more responsive and efficient ecosystem in Dubai.

Signature of the Board Chairman	Signature of Audit Committee Chair	Signature of Nomination and Remuneration Committee Chair	Signature of Head of Internal Audit department
Mr Malek Sultan Al Malek	H.E. Sara Awadh Musallam	Mr Khaled Abdulla Alqubaisi	Mr Venkatesh Jandhyala
Date:	Date:	Date:	Date:

Financial statements

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

Report on the audit of the consolidated financial statements

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 ("the Company") and its subsidiaries (together the "Group"), as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 *Auditors 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 due to complexity of related IT systems • Federal royalty

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.

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

Our audit approach (continued)

Overview (continued)

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 due to complexity of related IT systems The Group reported revenue of AED 13.6 billion from telecommunication and related activities during the year ended 31 December 2023. We considered this area to be a matter of significance, as there is an inherent risk around the recognition of revenue in telecommunication services given that revenue is processed by complex information technology ("IT") systems, involving large volumes of data with a combination of different products, services, and related prices. 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. Refer to Notes 2.2 and 3.18 for the critical accounting judgements and key sources of estimation uncertainty, and material accounting policies made by management, respectively. Details of the Group's revenue are disclosed in Note 34 to the consolidated financial statements.	We performed audit procedures over this significant risk area, which included a combination of tests of controls and substantive procedures as described below: • Obtained an understanding of the various significant revenue streams and identified the relevant controls, IT systems, interfaces and reports; • Assessed the Group's revenue accounting policies, including the key judgments and estimates applied by management in consideration of the requirements of IFRS 15; • Placed reliance on the Group's IT systems and key internal controls. We involved our internal IT specialists to test the IT general controls and application controls connected with the processing of transactions of significant revenue streams; • Performed automated and manual controls testing, and substantive procedures to verify the accuracy and occurrence of revenue. This included testing the end-to end reconciliations from data records extracted from source systems to the billing systems and to the general ledger, and testing of key manual controls applied by the Group's revenue assurance team; • Performed independently generated events test using various parameters to ascertain that instances will accurately be processed through the network elements and recognized appropriately; • Performed additional substantive procedures in instances where control weaknesses were identified to assess accuracy and occurrence of revenue; • Used data analytics tools to identify, based on risk criteria, revenue-related manual journals posted to the general ledger and traced them to source documentation; and • Assessed the adequacy of the Group's disclosures in respect to revenue.

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
Federal royalty The federal royalty is a charge levied against regulated revenues and against regulated profits of the Group, based on percentages as disclosed in Note 27 to the consolidated financial statements. The net royalty charge for the year ended 31 December 2023 is AED 1.9 billion with an accrual of AED 2 billion as at that date. We considered this to be a key audit matter as the royalty calculations are subject to management's judgements, interpretations and assumptions in respect of the segregation of certain regulated and non-regulated items and the determination of certain allowable deductions and allocated costs. These are also subject to change from time to time as the guidelines provided by the UAE Ministry of Finance ("MoF") undergo periodic amendments. Refer to Note 2.2 to the consolidated financial statements for critical accounting judgements and key sources of estimation uncertainty used by management for federal royalty.	In response to this risk, our audit procedures included the following: • Obtained an understanding and performed a walkthrough of management's controls around the calculation, approval and payment of the federal royalty; • Obtained an understanding of the current guidelines set by MoF and inspected relevant correspondence with MoF. We traced management's assumptions made in their computation model for federal royalty to the key elements of the MoF guidelines and to the Group's federal royalty declarations from previous years, which were reviewed by the MoF; • Tested (i) the accuracy of the segregation of items between regulated and non-regulated activities and items which management judged as being or not being subject to the federal royalty within management's computation model; (ii) the accuracy of allocation of costs between regulated and non-regulated items, including the indirect costs contained within the model; and (iii) the accuracy of the calculations contained within the model; • Agreed royalty charge to the royalty declaration and agreed royalty payment to the bank statement; and • Tested the appropriateness of the related disclosures in the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' Report (but does not include the consolidated financial statements and our 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 we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the 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.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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.

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

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

We 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.

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 invested in the share capital of EITC Financial Services LLC during the year ended 31 December 2023;

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 2023 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 2023; and

viii) Note 26 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2023.

PricewaterhouseCoopers Limited Partnership Dubai Branch

13 February 2024

Virendra Dhirajlal Lodhia
Registered Auditor Number 5443
Dubai, United Arab Emirates

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of financial position

	Notes	As at 31 December 2023 AED 000	2022 AED 000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**9,722,700**	9,425,711
Right-of-use assets	7	**1,597,185**	1,415,750
Intangible assets and goodwill	8	**1,110,769**	962,204
Lease receivable	9	**109,612**	125,111
Investments accounted for using the equity method	10	**5,143**	7,863
Financial asset at fair value through other comprehensive income	11	**2,946**	4,517
Trade receivables, contract assets and other assets	12	**257,390**	239,546
Contract costs	13	**222,233**	198,665
Total non-current assets		**13,027,978**	12,379,367
Current assets			
Inventories	14	**101,695**	95,235
Lease receivable	9	**18,098**	17,213
Trade receivables, contract assets and other assets	12	**2,224,031**	2,153,779
Contract costs	13	**341,863**	283,752
Due from related parties	15	**53,449**	94,597
Term deposits	16	**1,326,586**	674,628
Cash and bank balances	17	**610,036**	871,081
Total current assets		**4,675,758**	4,190,285
Total assets		**17,703,736**	16,569,652
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**4,532,906**	4,532,906
Share premium	24	**232,332**	232,332
Other reserves	25	**2,251,031**	2,126,590
Retained earnings		**2,226,944**	1,878,324
Total equity		**9,243,213**	8,770,152
Non-current liabilities			
Lease liabilities	18	**1,455,374**	1,321,259
Contract liabilities	19	**217,254**	218,211
Provision for employees' end of service benefits	20	**208,471**	197,166
Other provisions	21	**210,778**	208,801
Total non-current liabilities		**2,091,877**	1,945,437
Current liabilities			
Trade and other payables	22	**5,247,287**	4,642,888
Lease liabilities	18	**649,585**	737,952
Contract liabilities	19	**465,710**	467,489
Due to related parties	15	**6,064**	5,734
Total current liabilities		**6,368,646**	5,854,063
Total liabilities		**8,460,523**	7,799,500
Total equity and liabilities		**17,703,736**	16,569,652

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 2024 and signed on its behalf by

Sara Awad Issa Musallam
Board Member

Kais Ben Hamida
Chief Financial Officer

The notes on pages 103 to 141 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of comprehensive income

	Notes	2023 AED 000	2022 AED 000
		For the year ended 31 December	
Revenue	34	**13,636,340**	12,754,492
Operating expenses	26	**(9,793,238)**	(9,551,929)
Expected credit losses (net of recoveries)		**(242,619)**	(173,566)
Other income		**841**	1,637
Federal royalty on regulated revenue	27	**(1,400,199)**	(1,303,275)
Finance income	28	**61,327**	33,924
Finance costs	28	**(101,430)**	(93,406)
Share of loss of associate and joint venture	10	**(2,720)**	(7,913)
Profit before federal royalty on regulated profit		**2,158,302**	1,659,964
Federal royalty on regulated profit	27	**(490,451)**	(440,403)
Profit for the year		**1,667,851**	1,219,561
Other comprehensive (loss)/income			
Items that will not be re-classified to profit or loss			
Fair value changes on financial asset at fair value through other comprehensive income	11	**(1,571)**	(13,851)
Actuarial (loss)/gain on defined benefit obligations	20	**(14,663)**	29,795
Other comprehensive (loss)/income for the year		**(16,234)**	15,944
Total comprehensive income for the year attributable to shareholders of the Company		**1,651,617**	1,235,505
Basic and diluted earnings per share (AED)	29	**0.37**	0.27

The notes on pages 103 to 141 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of changes in equity

	Share capital AED 000	Share premium AED 000	Other reserve (Note 25) AED 000	Retained earnings AED 000	Total AED 000
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 (loss)/ 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
At 1 January 2023	**4,532,906**	**232,332**	**2,126,590**	**1,878,324**	**8,770,152**
Profit for the year	**-**	**-**	**-**	**1,667,851**	**1,667,851**
Fair value changes on financial asset at fair value through other comprehensive income	**-**	**-**	**(1,571)**	**-**	**(1,571)**
Actuarial loss on defined benefit obligations	**-**	**-**	**-**	**(14,663)**	**(14,663)**
Total comprehensive (loss)/ income for the year	**-**	**-**	**(1,571)**	**1,653,188**	**1,651,617**
Transfer to other reserves [(1)]	**-**	**-**	**126,012**	**(126,012)**	**-**
Final cash dividend paid [(2)]	**-**	**-**	**-**	**(589,278)**	**(589,278)**
Interim cash dividend paid [(3)]	**-**	**-**	**-**	**(589,278)**	**(589,278)**
At 31 December 2023	**4,532,906**	**232,332**	**2,251,031**	**2,226,944**	**9,243,213**

[(1)] The statutory reserve balance has reached 50% of paid-up capital (refer to Note 25.1).
[(2)] For the year 2022, a final cash dividend of AED 0.13 (2021: AED 0.11) per share amounting to AED 589,278 thousand was paid on 6 April 2023.
[(3)] For the period 2023, an interim cash dividend AED 0.13 (2022: AED 0.11) per share amounting to AED 589,278 thousand was paid on 23 August 2023.

For the year 2023, a final cash dividend of AED 0.21 per share amounting to AED 951,910 thousand is proposed.

The notes on pages 103 to 141 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Consolidated statement of cash flows

	Notes	For the year ended 31 December 2023 AED 000	2022 AED 000
Cash flows from operating activities			
Profit for the year		**1,667,851**	1,219,561
Adjustments for:			
Depreciation and impairment of property, plant and equipment	6	**1,544,182**	1,607,280
Depreciation of right-of-use assets	7	**445,042**	350,859
Amortisation and impairment of intangible assets	8	**209,053**	154,084
Impairment of investment in joint venture	10	**-**	8,496
Loss on disposal of property, plant and equipment		**-**	1,296
Service cost for employees' end of service benefits	20	**19,753**	24,099
Release of allowance for inventory obsolescence	14	**(970)**	(5,361)
Loss allowances	12	**273,573**	195,294
Finance income	28	**(61,327)**	(33,924)
Finance costs	28	**101,430**	93,406
Share of loss of associate and joint venture	10	**2,720**	7,913
Changes in working capital	30	**1,942,655**	1,452,653
Cash generated from operations		**6,143,962**	5,075,656
Federal royalty paid	27	**(1,687,899)**	(1,412,797)
Payment of employees' end of service benefits	20	**(30,697)**	(40,059)
Net cash generated from operating activities		**4,425,366**	**3,622,800**
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,899,868)**	(2,288,093)
Purchase of intangible assets		**(327,690)**	(276,556)
Proceeds from disposal of property, plant and equipment		**685**	423
Interest received		**44,992**	25,064
Margin on guarantees released		**-**	157
Term deposits (placed)/matured - net		**(652,319)**	700,000
Net cash used in investing activities		**(2,834,200)**	(1,839,005)
Cash flows from financing activities			
Dividends paid		**(1,178,556)**	(997,240)
Repayment of lease liabilities		**(593,690)**	(282,618)
Repayment of borrowings		**-**	(200,000)
Interest paid on lease liabilities		**(78,696)**	(70,957)
Interest paid others		**(1,269)**	(3,122)
Net cash used in financing activities		**(1,852,211)**	(1,553,937)
Net (decrease)/increase in cash and cash equivalents		**(261,045)**	229,858
Cash and cash equivalents at 1 January		**868,735**	638,877
Cash and cash equivalents at 31 December	17	**607,690**	868,735

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

The notes on pages 103 to 141 form an integral part of these consolidated financial statements.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements

for the year ended 31 December 2023

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 2023 include the financial statements of the Company and its subsidiaries (together "the Group").

The Group's principal objective is to provide fixed, mobile, wholesale, broadcasting and associated telecommunication services in the UAE. During the year, the Group has invested in the share capital of EITC Financial Services LLC.

At the end of 2023, the Company has either direct or indirect ownership in the following subsidiaries:

Subsidiaries	Principal activities	Shareholding 2023	2022	Country of incorporation
EITC Investment Holdings Limited	Holding investments in various businesses.	**100%**	100%	UAE
Telco Operations FZ-LLC	Outsourcing services	**100%**	100%	UAE
Smart Dubai Platform Project Company LLC	Software development, IT infrastructure, IT network and computer systems housing services.	**100%**	100%	UAE
EITC Singapore Pte. Ltd.	Telecommunications resellers/third party telecommunications providers	**100%**	100%	Singapore
EITC Solutions LLC	Computer network & infrastructure installation, project management, IT network and datacentre colocation services.	**100%**	100%	UAE
EITC Financial Services LLC	Financial services company hosting digital wallet, retail payment, service provision brokerage and loyalty card services.	**100%**	-	UAE

UAE Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses was published on 9 December 2022. Cabinet decisions are being issued to specify the implementation of certain provisions in the corporate tax law ("the Law"). Current taxes will be applicable for financial years beginning on or after 1 June 2023. The Group will be subject to tax in the financial year beginning 1 January 2024.

Management has performed assessment of the Law in light of the provisions, interpretations and cabinet decisions released so far. On the basis of the current provisions of the Law, the management believes that there is no impact of deferred tax on the Group.

During the fourth quarter of 2023, the Cabinet of Ministers of UAE issued cabinet decision no. 8/38 of 2023 and the UAE Ministry of Finance ("the MoF") issued a set of royalty guidelines, both of them outlining the details of the new royalty regime effective from 2024 to 2026. Starting from 1 January 2024, the annual royalty amount will be determined in accordance with the cabinet decision and the royalty guidelines and will be equal to 38% of EITC's yearly regulated and unregulated UAE profits (calculated before royalty and corporate tax). The total amount of royalty and corporate tax payable by the Group shall not be lower than 1.8 billion AED per year.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS Accounting Standards. The consolidated financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board. 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 Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(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) as provided in Note 3.17.

(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 2023:

- Disclosure of Accounting Policies - amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to
- IAS 12; and
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules.

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

As at 31 December 2023, the following standards, amendments and interpretations have not been effective and have not been early adopted. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as current or non-current (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

2 Basis of preparation (continued)

2.1 New standards, amendments and interpretations (continued)

- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants. (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

There are no other applicable new standards or 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 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.

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 MoF and subsequent clarification letters require use of certain judgements, interpretations and assumptions. These guidelines mainly relate to the segregation between regulated and non-regulated items and items which the Group judges as not subject to federal royalty or which may be offset against revenue which are subject to federal royalty, and allocation of costs between regulated and non-regulated items.

(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 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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

2 Basis of preparation (continued)

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

Key sources of estimation uncertainty

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

The Group recognises a loss allowance for expected credit losses ("ECL") on its trade receivables, due from related parties and contract assets. The approach for calculating ECL is provided in Note 3.16.1.

(ii) Provision for impairment of other financial assets

For all other financial assets, the Group calculates ECL using the general approach. The Group measures the loss allowance as provided in Note 3.16.1.

(iii) Impairment of goodwill

The recoverable amount of a cash-generating unit ("CGU") has been determined based on value-in-use calculations. These calculations are performed internally by the management 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 details on these assumptions have been disclosed in Note 8.

(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.

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 US Government Bond Yield 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 and the detail of which are provided in Notes 6 and 8.

3 Summary of material accounting policies

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

3.1 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

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 are changed where necessary to ensure consistency with the policies adopted by the Group.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.1 Consolidation (continued)

(b) Changes in ownership interests in subsidiaries

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. 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.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of 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 on a prospective basis. Property, plant and equipment are assessed for impairment annually as per non-financial assets impairment policy given in Note 3.16.2.

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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

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 or the estimated useful lives of the assets, as follows:

	Years
Land and buildings	1-25
Furniture and fixtures - space	8-13

Right-of-use assets are assessed for impairment annually as per non-financial assets impairment policy detailed in Note 3.16.2.

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.

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 payment).

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.

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).

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

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.

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

Telecommunications license

Telecommunications license is shown at historical cost. The license has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the license over their estimated useful lives as shown below:

	Years
Telecommunications license	20

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 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.

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 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 recognise 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. The changes are recognised in profit or loss. Any change in Other Comprehensive Income ("OCI") of those investees is presented as part of the Group's OCI.

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.

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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

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 consideration is received or before payment is due, a contract asset is recognised. 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.

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

(a) Financial assets measured at amortised cost

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

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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.11 Financial instruments (continued)

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

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. 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 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

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 Dividend on ordinary shares

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

3.14 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.

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.

3.15 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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.15 Employee benefits (continued)

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.

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.

3.16 Impairment

3.16.1 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, due from related parties 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, due from related parties and contract assets

The Group evaluates the ECL for its trade receivables, due from related parties 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-by-case basis based on specific information, company risk profile, market conditions and any other relevant information.

(c) Measurement of lifetime ECL on term deposits, bank balances and other financial assets

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 driven by rating from reputable financial institutions.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.16 Impairment (continued)

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.

3.16.2 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. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.17 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 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 the 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.

3.18 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 in the ordinary course of the Group's activities. Revenue is shown net of returns, discounts and rebates allowed.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.18 Revenue recognition (continued)

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 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.

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.

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.

Variable Consideration

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. Certain customer contracts include variable discounts, rebates, refunds, credits, and incentives etc, which are provided to the customers during the contract period. The Group also has certain interconnect and roaming contracts which contain such variable considerations, which are estimated by using the most likely amount method.

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.

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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.18 Revenue recognition (continued)

Currently, in the case of handsets by instalments 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.

3.19 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.

3.20 Recognition of finance income and costs

Finance income comprises mainly 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 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.

3.21 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 Decree 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.

3.22 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.

3.23 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 Financial risk management

4.1 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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

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 undertakes 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 is granted. 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.

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.

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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

	Term deposits		Cash and bank balances	
Ratings	2023 AED 000	2022 AED 000	2023 AED 000	2022 AED 000
Aa3/AA-	**-**	-	**139,913**	200,122
A1/A+	**200,000**	-	**10,403**	200,083
A2/A	**277,072**	100,000	**56,820**	134,572
A3/A-	**525,000**	-	**260,140**	8,439
Baa1/BBB+	**325,247**	575,000	**114,403**	310,923
Others	**-**	-	**28,647**	17,425
	1,327,319	675,000	**610,326**	871,564
Less: loss allowance	**(733)**	(372)	**(290)**	(483)
	1,326,586	674,628	**610,036**	871,081

(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. 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

(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 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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

4 Financial risk management (continued)

4.2 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.

	2023 AED 000	2022 AED 000
Total borrowings	**-**	-
Less: Term deposits/Cash and bank balances (Notes 16 and 17)	**(1,936,622)**	(1,545,709)
Net debt	**(1,936,622)**	(1,545,709)
Total equity	**9,243,213**	8,770,152
Gearing %	**(21%)**	(18%)

Under the terms of the borrowing facility, the Group is required to comply with net debt to EBITDA financial covenant. The Group has complied with this covenant in 2023.

5. Fair value estimation

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. 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 2023				
Financial asset at fair value through other comprehensive income (Note 11)	**2,946**	**-**	**-**	**2,946**
	2,946	**-**	**-**	**2,946**
At 31 December 2022				
Financial asset at fair value through other comprehensive income (Note 11)	**4,517**	**-**	**-**	**4,517**
	4,517	**-**	**-**	**4,517**

Financial instruments comprise financial assets and financial liabilities. The fair values of these financial assets and liabilities are not materially different from their carrying values unless stated otherwise (Note 32).

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

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 2022	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
Additions	-	1,240,830	32,098	33	567,118	1,840,079
Addition: asset retirement obligations	-	4,276	-	-	-	4,276
Transfers	-	402,371	3,621	-	(405,992)	-
Disposals/write-offs	-	(115,939)	(21,048)	-	-	(136,987)
At 31 December 2023	**21,630**	**25,529,874**	**354,929**	**4,436**	**504,241**	**26,415,110**
Depreciation / impairment						
At 1 January 2022	49,016	13,676,210	306,925	4,193	12,895	14,049,239
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
Charge for the year	878	1,501,278	30,323	14	-	1,532,493
Disposals/write-offs	-	(112,755)	(21,048)	-	-	(133,803)
Impairment charge/(reversal)	-	15,409	-	-	(3,720)	11,689
At 31 December 2023	**21,357**	**16,398,440**	**255,346**	**4,417**	**12,850**	**16,692,410**
Net book value						
At 31 December 2023	**273**	**9,131,434**	**99,583**	**19**	**491,391**	**9,722,700**
At 31 December 2022	**1,151**	**9,003,828**	**94,187**	**-**	**326,545**	**9,425,711**

The carrying amount of the Group's buildings include a nominal amount of AED 1 (2022: AED 2) in relation to plot of land granted to the Group by the UAE Government.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

7 Right-of-use assets

	Land and buildings AED 000	Furniture & fixtures - space AED 000	Total AED 000
Cost			
At 1 January 2022	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
Additions	517,465	-	517,465
Re-measurement	133,395	-	133,395
Disposals	(167,747)	-	(167,747)
At 31 December 2023	**3,138,709**	**945**	**3,139,654**
Depreciation			
At 1 January 2022	975,178	300	975,478
Charge for the year	350,759	100	350,859
Disposals	(85,546)	-	(85,546)
At 31 December 2022	1,240,391	400	1,240,791
Charge for the year	444,941	101	445,042
Disposals	(143,364)	-	(143,364)
At 31 December 2023	**1,541,968**	**501**	**1,542,469**
Net book value			
At 31 December 2023	**1,596,741**	**444**	**1,597,185**
At 31 December 2022	1,415,205	545	1,415,750

The Group leases several assets including shops, technical sites, offices, warehouses and billboards. The average lease term is 8.54 years (2022: 8.04 years). Short-term and low value leases are also included in right-of-use assets.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

8 Intangible assets and goodwill

	2023 AED 000	2022 AED 000
Goodwill	**413,220**	413,220
Intangible assets	**697,549**	548,984
	1,110,769	962,204

Goodwill

The Group acquired the fixed line business 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 is for fixed line business CGU as below:

	2023 AED 000	2022 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 CGU is determined using the Discounted Cash Flow method based on the five-year business outlook.

In 2023, the estimated recoverable amount of the fixed line business CGU exceeded its carrying amount by approximately 223%.

The key assumptions for the fixed line business CGU value-in-use calculations at 31 December 2023 include:

- 5-year revenue growth projections;
- a pre-tax discount rate of 9.75% (2022: 9.49%) based on the Company's 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 cash flow 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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

8 Intangible assets and goodwill (continued)

Intangible assets

	Software in use AED 000	Capital work in progress AED 000	Telecom - munications license fees AED 000	Indefeasible rights of use AED 000	Total AED 000
Cost					
At 1 January 2022	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
Additions	58,040	299,578	-	-	357,618
Transfers	109,974	(109,974)	-	-	-
Disposals/write-offs	(583)	-	-	-	(583)
At 31 December 2023	**2,668,328**	**447,130**	**124,500**	**207,359**	**3,447,317**
Amortisation/impairment					
At 1 January 2022	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
Charge for the year	194,011	-	6,223	-	200,234
Impairment charge/(reversal)	8,925	(106)	-	-	8,819
Disposals/write-offs	(583)	-	-	-	(583)
At 31 December 2023	**2,431,224**	**-**	**111,185**	**207,359**	**2,749,768**
Net book value					
At 31 December 2023	**237,104**	**447,130**	**13,315**	**-**	**697,549**
At 31 December 2022	272,026	257,420	19,538	-	548,984

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 license 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. These assets were fully amortised in 2021.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

9 Lease receivable

	Current		Non-current	
	2023 AED 000	2022 AED 000	**2023 AED 000**	2022 AED 000
Lease receivable	**18,098**	17,213	**109,612**	125,111

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.

	2023 AED 000	2022 AED 000
Maturity analysis:		
Not later than 1 year	**20,515**	19,917
Later than 1 year and not later than 5 years	**88,402**	85,828
Later than 5 years	**35,851**	58,939
	144,768	**164,684**
Less: unearned interest on lease receivable	**(17,058)**	(22,360)
	127,710	**142,324**

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

10 Investments accounted for using the equity method

Investments	Principal activities	Shareholding 2023	Shareholding 2022	Country of incorporation
Dubai Smart City Accelerator FZCO (Associate)	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 (Joint venture)	Provision of connectivity and data centre services	**50%**	50%	UAE

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

10 Investments accounted for using the equity method (continued)

Movement in investments in associate and joint venture

	2023		
	Associate AED 000	Joint venture AED 000	Total AED 000
At 1 January [1]	**2,128**	**5,735**	**7,863**
Share of loss for the year	**(318)**	**(2,402)**	**(2,720)**
At 31 December	**1,810**	**3,333**	**5,143**

	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

[1] January 2023 beginning balance includes cumulative impairment loss of AED 8,496 thousand in the Group's investment in joint venture.

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

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

	2023		
	Associate AED 000	Joint venture AED 000	Total AED 000
Non-current assets	**7,143**	**42,569**	**49,712**
Current assets	**571**	**32,830**	**33,401**
Current liabilities	**(20)**	**(9,919)**	**(9,939)**
Non-current liabilities	**-**	**(41,819)**	**(41,819)**
Net assets	**7,694**	**23,661**	**31,355**
Revenue	**-**	**15,669**	**15,669**
Loss for the year	**(1,351)**	**(4,804)**	**(6,155)**

	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)

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

11 Financial asset at fair value through other comprehensive income

	2023 AED 000	2022 AED 000
Listed shares		
Anghami Inc.	**2,946**	4,517

During the year 2023, a loss of AED 1,571 thousand was recognised in other comprehensive income (2022: AED 13,851 thousand).

12 Trade receivables, contract assets and other assets

	2023 AED 000	2022 AED 000
Trade receivables	**2,057,319**	1,732,395
Due from other telecommunication operators [1]	**258,433**	293,786
Contract assets	**463,770**	489,874
Less: provision for impairment	**(756,993)**	(706,965)
Net amount	**2,022,529**	1,809,090
Prepayments [2]	**131,462**	149,778
Advances to suppliers	**195,845**	352,470
Other receivables	**131,585**	81,987
Total trade receivables, contract assets and other assets	**2,481,421**	2,393,325
Non-current [3]	**257,390**	239,546
Current	**2,224,031**	2,153,779
Total trade receivables, contract assets and other assets	**2,481,421**	2,393,325

[1] Due from other telecommunication operators are presented after netting off payable balances (where right to set off exists) amounting to AED 1,686,315 thousand (31 December 2022: AED 1,417,486 thousand).

[2] Prepayments include unamortised loan fees amounting to AED 11,709 thousand (31 December 2022: AED 14,264 thousand) related to the borrowings secured.

[3] Total non-current includes the non-current portion for the unamortised loan fees amounting to AED 9,121 thousand (31 December 2022: AED 11,676 thousand) and receivable amounting to AED 24,031 thousand (31 December 2022: AED 47,074 thousand) against settlement of a legal dispute which will be collected over period of two years.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

12 Trade receivables, contract assets and other assets (continued)

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

	2023 AED 000	2022 AED 000
At 1 January	**706,965**	712,797
Charge for the year	**273,573**	195,294
Write-off during the year	**(223,545)**	(201,126)
At 31 December	**756,993**	706,965

13 Contract costs

	Current		Non-current	
	2023 AED 000	2022 AED 000	2023 AED 000	2022 AED 000
Contract costs	**341,863**	283,752	**222,233**	198,665

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.

14 Inventories

	2023 AED 000	2022 AED 000
Goods held for sale	**115,780**	110,290
Less: allowance for inventory obsolescence	**(14,085)**	(15,055)
At 31 December	**101,695**	95,235
Inventories recognised as an operating expense during the year	**1,191,010**	964,083
Release of allowance for inventory obsolescence recognised as an operating expense during the year	**(970)**	(5,361)

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

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

	2023 AED 000	2022 AED 000
Due from related parties	**53,449**	94,597
Due to related parties	**6,064**	5,734

Related party transactions

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

	2023 AED 000	2022 AED 000
Sale of goods and services	**579,949**	720,361
Rent and services	**28,687**	34,388
Recharge of operating expenses incurred on behalf of joint venture	**-**	755

Key management compensation

	2023 AED 000	2022 AED 000
Short-term employee benefits	**33,947**	30,162
Employees' end of service benefits	**412**	448
Post-employment benefits	**1,186**	1,085
Long-term incentives [1]	**(3,125)**	4,926
	32,420	36,621

[1] During the year, the Group revised the estimation of long-term incentives resulted in the release of provision.

Board of Directors fees recorded during the year were AED 10,494 thousand (2022: AED 11,086 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.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

15 Related party balances and transactions (continued)

The Group provides telecommunication services and also receives various services from 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 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

	2023 AED 000	2022 AED 000
Term deposits [1]	**1,326,586**	674,628

[1] Term deposits represented net of loss allowance.

Term deposits represent bank deposits with maturity periods exceeding three months from the date of deposit. 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:

	2023 AED 000	2022 AED 000
Cash at bank [1]	**609,341**	870,266
Cash on hand	**695**	815
Cash and bank balances	**610,036**	871,081
Less: margin on guarantees (Note 31)	**(2,346)**	(2,346)
Cash and cash equivalents	**607,690**	868,735

[1] Cash at bank is net of loss allowance.

18 Lease liabilities

	2023 AED 000	2022 AED 000
At 1 January	**2,059,211**	2,224,986
Lease liabilities during the year	**517,465**	57,809
Interest expense during the year	**78,696**	70,957
Payments made during the year	**(672,386)**	(354,072)
Re-measurement during the year	**133,395**	68,259
Disposals during the year	**(11,422)**	(8,728)
Closing balance	**2,104,959**	2,059,211

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

18 Lease liabilities (continued)

	Current		Non-current	
	2023 AED 000	2022 AED 000	2023 AED 000	2022 AED 000
Lease liabilities	**649,585**	737,952	**1,455,374**	1,321,259

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 Contract liabilities

	Current		Non-current	
	2023 AED 000	2022 AED 000	2023 AED 000	2022 AED 000
Contract liabilities	**465,710**	467,489	**217,254**	218,211

Revenue recognised during the year that was included in the contract liabilities balances at the beginning of 2023 was AED 354,803 thousand (2022: AED 283,016 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.

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 2023 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:

	2023 AED 000	2022 AED 000
At 1 January	**197,166**	238,438
Service cost	**21,013**	24,099
Interest cost	**7,586**	4,483
Actuarial loss/(gain) recognised in other comprehensive income [1]	**14,663**	(29,795)
Past service cost	**(1,260)**	-
Benefits paid during the year	**(30,697)**	(40,059)
At 31 December	**208,471**	197,166

[1] Actuarial loss/(gain) recognised in other comprehensive income relates to re-measurement of the employees' end of service benefits obligation net loss from changes in financial assumptions amounting to AED 7,306 thousand (2022: gain of AED 29,282 thousand), net loss from experience adjustments amounting to AED 3,015 thousand (2022: gain of AED 513 thousand) and demographic assumptions amounting to AED 4,342 thousand (2022: AED nil).

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

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

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

	2023	2022
Average period of employment (years)	**5.05**	5.87
Average annual rate of salary increase	**2.5%**	2%
Average annual rate of salary increase for next two years	**2.5%**	1%
Discount rate	**4.10%**	4.24%

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:

	Change in assumption		Impact on defined benefit obligation: Increase in assumption		Impact on defined benefit obligation: Decrease in assumption	
	2023	2022	2023	2022	2023	2022
Withdrawal rate	**10%**	10%	**0.44%**	0.68%	**(0.53%)**	(0.75%)
Mortality age	**1 year**	1 year	**0.02%**	0.04%	**(0.02%)**	(0.04%)
Average annual rate of salary increase	**1%**	1%	**5.85%**	6.81%	**(5.38%)**	(6.20%)
Discount rate	**1%**	1%	**(4.80%)**	(5.55%)	**5.31%**	6.19%

Expected contribution to defined benefit obligations for the year ending 31 December 2024 is AED 28,360 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.

	2023 AED 000	2022 AED 000
At 1 January	**208,801**	198,588
Additions during the year	**4,276**	5,357
Deletions during the year	**(8,038)**	(2,099)
Adjustment for change in discount/inflation rates	**1,410**	-
Unwinding of discount	**4,329**	6,955
At 31 December	**210,778**	208,801

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

21 Other provisions (continued)

Asset retirement obligations (continued)

The provision is recognised based on the following significant assumptions:

	2023	2022
Average period of restoration (years)	**10**	10
Inflation rate	**2.06%**	2.06%
Discount rate	**3.54%**	3.86%

22 Trade and other payables

	2023 AED 000	2022 AED 000
Trade payables and accruals	**2,135,354**	2,087,312
Accrued federal royalty (Note 27)	**2,033,172**	1,830,421
Due to other telecommunication operators [1]	**641,140**	340,454
Valued Added Tax (VAT) payable	**24,674**	24,841
Other payables and accruals	**412,947**	359,860
	5,247,287	4,642,888

[1] Due to other telecommunication operators are presented after netting off receivable balances (where right to set off exists) amounting to AED 1,686,315 thousand (31 December 2022: AED 1,417,486 thousand).

23 Share capital

	2023 AED 000	2022 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

	2023 AED 000	2022 AED 000
Premium on issue of common share capital	**232,332**	232,332

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

25 Other reserves

	Statutory reserve (Note 25.1) AED 000	Other reserve (Note 25.2) AED 000	Total AED 000
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
At 1 January 2023	**2,140,441**	**(13,851)**	**2,126,590**
Transfer from retained earnings	**126,012**	**-**	**126,012**
Fair value changes on financial asset at fair value through other comprehensive income	**-**	**(1,571)**	**(1,571)**
At 31 December 2023	**2,266,453**	**(15,422)**	**2,251,031**

25.1 In accordance with 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. In September 2023, the statutory reserves balance has reached 50% of paid-up 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	
	2023 AED 000	2022 AED 000
Interconnect costs	**2,729,605**	2,768,016
Depreciation and impairment on property, plant and equipment (Note 6)	**1,544,182**	1,607,280
Product costs	**1,405,604**	1,303,426
Staff costs	**1,069,596**	1,053,655
Network operation and maintenance	**880,791**	857,081
Commission	**535,469**	463,784
Depreciation on right-of-use assets (Note 7)	**445,042**	350,859
Telecommunication licence and related fees	**398,608**	389,359
Marketing	**235,994**	245,996
Amortisation and impairment on intangible assets (Note 8)	**209,053**	154,084
Outsourcing and contracting	**83,551**	103,545
Others	**255,743**	254,844
	9,793,238	9,551,929

During the year ended 31 December 2023, the Group has paid AED 1,150 thousand (2022: AED 2,187 thousand) for various social contribution purposes.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

27 Federal royalty

The royalty rates used for the period from 2017 to 2023 are 15% on regulated revenue and 30% on regulated profit after deducting royalty on regulated revenue.

	2023 AED 000	2022 AED 000
Total revenue for the year (Note 34)	**13,636,340**	12,754,492
Broadcasting revenue for the year	**(155,522)**	(149,832)
Other allowable deductions	**(4,070,682)**	(3,916,226)
Total regulated revenue	**9,410,136**	8,688,434
Profit before royalty on regulated revenue	**3,558,502**	2,963,242
Allowable deductions	**(260,877)**	(191,968)
Total regulated profit	**3,297,625**	2,771,274
Royalty on regulated revenue - 15% of total regulated revenue	**1,411,520**	1,303,265
Adjustment to charge	**(11,321)**	10
Royalty on regulated revenue	**1,400,199**	1,303,275
Royalty on regulated profit - 30% of regulated profit (after deducting royalty on regulated revenue)	**565,871**	440,403
Adjustment to charge	**(75,420)**	-
Royalty on regulated revenue	**490,451**	440,403

Movement in the royalty accruals is as follows:

	2023 AED 000	2022 AED 000
At 1 January	**1,830,421**	1,499,540
Payment made during the year	**(1,687,899)**	(1,412,797)
Charge for the year	**1,890,650**	1,743,678
At 31 December (Note 22)	**2,033,172**	1,830,421

Federal royalty for the year 2023 is to be paid within four months from 31 December 2023.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

28 Finance income and costs

	2023 AED 000	2022 AED 000
Finance income		
Interest income	**56,025**	28,055
Finance income on lease receivable	**5,302**	5,869
	61,327	33,924
Finance costs		
Interest expense on lease liabilities	**78,696**	70,957
Interest expense others [1]	**22,734**	22,449
	101,430	93,406

[1] "Interest expense others" mainly include interest cost on defined benefit obligations, unwinding of discount on asset retirement obligations, interest paid and commitment fees on borrowings.

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

29 Earnings per share

	2023	2022
Profit for the year (AED 000)	**1,667,851**	1,219,561
Weighted average number of shares (000)	**4,532,906**	4,532,906
Basic and diluted earnings per share (AED)	**0.37**	0.27

There were no potentially dilutive shares outstanding at any time during the year and, therefore, the dilutive earnings per share is equal to the basic earnings per share.

30 Changes in working capital

	2023 AED 000	2022 AED 000
Change in: Inventories	**(5,490)**	(31,405)
Contract costs	**(81,679)**	(106,272)
Trade receivables, contract assets and other assets	**(341,367)**	(169,946)
Trade and other payables	**2,332,449**	1,807,318
Contract liabilities	**(2,736)**	(107)
Due from related parties	**41,148**	(45,942)
Due to related parties	**330**	(993)
Net changes in working capital	**1,942,655**	1,452,653
Non-cash transactions:		
Accruals for property, plant and equipment	**59,789**	324,712
Accruals for intangible assets	**(29,928)**	19,463
Additions to right-of-use assets	**650,860**	126,068

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

30 Changes in working capital (continued)

	2023 AED 000	2022 AED 000
Loss allowances:		
Trade receivables, contract assets and others assets	**273,573**	195,294
Loss allowance on term deposits	**361**	(380)
	273,934	**194,914**

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

31 Contingencies and commitments

The Group has outstanding bank guarantees amounting to AED 90,993 thousand (2022: AED 60,624 thousand). Bank guarantees are secured against margin of AED 2,346 thousand (2022: AED 2,346 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 contractual capital expenditure commitments amounting to AED 929,720 thousand (2022: AED 1,166,993 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	
Non-derivatives	Notes	2023 AED 000	2022 AED 000	2023 AED 000	2022 AED 000
Financial asset at fair value through other comprehensive income	11	**2,946**	4,517	**2,946**	4,517
Lease receivable	9	**127,710**	142,324	**127,710**	142,324
Trade receivables, contract assets and other assets [1]	12	**2,154,114**	1,891,077	**2,154,114**	1,891,077
Due from related parties	15	**53,449**	94,597	**53,449**	94,597
Term deposits	16	**1,326,586**	674,628	**1,326,586**	674,628
Cash and bank balances	17	**610,036**	871,081	**610,036**	871,081
		4,274,841	**3,678,224**	**4,274,841**	**3,678,224**

[1] For the purpose of the exposure to credit risk on financial assets disclosure, non-financial assets (prepayments and advances to suppliers) amounting to AED 327,307 thousand (2022: AED 502,248 thousand) have been excluded from trade receivables, contract assets and other assets.

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

32 Financial instruments and risk management (continued)

32.1 Credit risk (continued)

Exposure to credit risk (continued)

Impairment of financials assets

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

	31 December 2023				
	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	**963,966**	**109,300**	**328,184**	**1,173,088**	**2,574,538**
Loss allowance	**(47,513)**	**(22,217)**	**(91,730)**	**(582,952)**	**(744,412)**
Expected loss rate	**4.93%**	**20.33%**	**27.95%**	**49.69%**	

	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	**114,238**	**269,513**	**295,859**	**1,265,138**	**1,944,748**
Loss allowance	**(1)**	**-**	**(32)**	**(12,548)**	**(12,581)**
Expected loss rate	**0%**	**0%**	**0%**	**0.99%**	

	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%	

Non-financial assets (prepayments, advances to suppliers) amounting to AED 327,307 thousand (2022: AED 502,248 thousand) have been excluded from trade and other receivables, contract assets, and due from related parties. The above gross carrying amount of due from other telecommunication operators amount excludes netting amounting to AED 1,686,315 thousand (31 December 2022: AED 1,417,486 thousand) (Note 12).

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

32 Financial instruments and risk management (continued)

32.1 Credit risk (continued)

To measure the expected credit losses, trade receivables, contract assets 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 forecasted direction of conditions at the reporting date.

The impairment provision in respect of trade receivables, contract assets 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.

32.2 Liquidity risk

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

				Contractual cash flows			
31 December 2023	Fair value AED 000	Carrying amount AED 000	Total AED 000	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							
Lease liabilities	**2,104,959**	**2,104,959**	**2,104,959**	**337,782**	**311,804**	**298,686**	**1,156,687**
Trade payables and accruals	**2,135,354**	**2,135,354**	**2,135,354**	**2,135,354**	**-**	**-**	**-**
Due to other telecommunication operators	**641,140**	**641,140**	**641,140**	**641,140**	**-**	**-**	**-**
Accrued federal royalty	**2,033,172**	**2,033,172**	**2,033,172**	**2,033,172**	**-**	**-**	**-**
Other payables and accruals	**412,947**	**412,947**	**412,947**	**412,947**	**-**	**-**	**-**
Due to related parties	**6,064**	**6,064**	**6,064**	**6,064**	**-**	**-**	**-**
	7,333,636	**7,333,636**	**7,333,636**	**5,566,459**	**311,804**	**298,686**	**1,156,687**

				Contractual cash flows			
31 December 2022	Fair value AED 000	Carrying amount AED 000	Total AED 000	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							
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 federal 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**

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

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 2023		31 December 2022	
	AED 000		AED 000	
	EUR	GBP	EUR	GBP
Trade receivables	**8,916**	**340**	13,786	538
Trade payables	**(333)**	**(48)**	(104)	(83)
Net exposure	**8,583**	**292**	13,682	455

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

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
EUR 1	**3.9762**	3.8957	**4.0546**	3.9325
GBP 1	**4.5481**	4.5705	**4.6761**	4.4429

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.

	2023 AED 000	2022 AED 000
Decrease in profit		
EUR	**(3,413)**	(5,330)
GBP	**(133)**	(208)

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.

32.4 Financial instruments by category

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

	2023 AED 000	2022 AED 000
Financial asset at fair value through other comprehensive income	**2,946**	**4,517**
Financial assets measured at amortised cost		
Lease receivable	**127,710**	142,324
Trade receivables, contract assets and other assets [1]	**2,154,114**	1,891,077
Due from related parties	**53,449**	94,597
Term deposits	**1,326,586**	674,628
Cash and bank balances	**610,036**	871,081
	4,271,895	3,673,707
Financial liabilities measured at amortised cost		
Lease liabilities	**2,104,959**	2,059,211
Trade and other payables [2]	**5,222,613**	4,618,047
Due to related parties	**6,064**	5,734
	7,333,636	6,682,992

[1] Non-financial assets (prepayments and advances to suppliers) amounting to AED 327,307 thousand (2022: AED 502,248 thousand) have been excluded from trade receivables, contract assets and other assets.

[2] Non-financial liability (Value Added Tax) amounting to AED 24,674 thousand (2022: AED 24,841 thousand) has been excluded from trade and other payables.

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.

	31 December 2023			31 December 2022		
	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						
Due from other telecommunication operators	**1,944,748**	**(1,686,315)**	**258,433**	1,711,272	(1,417,486)	293,786
Financial liabilities						
Due to other telecommunication operators	**2,327,455**	**(1,686,315)**	**641,140**	1,757,940	(1,417,486)	340,454

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

34 Segment analysis

The Group has operations mainly in the UAE. The Group is organised into four major business segments as follows:

- Mobile segment offers mobile services to the enterprise and consumer customers. Services include mobile voice and data, mobile content and mobile broadband WiFi. Mobile handset sales, including handsets by instalment, are also included in this segment.
- Fixed segment provides fixed services to the enterprise and consumer customers. Services include broadband, IPTV, home wireless, 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 2023	Mobile AED 000	Fixed AED 000	Wholesale AED 000	Others AED 000	Total AED 000
Segment revenue					
Timing of revenue recognition					
Over time	**6,105,327**	**3,774,481**	**1,768,447**	**1,047,309**	**12,695,564**
At a point in time	**898,815**	**5,296**	**-**	**36,665**	**940,776**
	7,004,142	**3,779,777**	**1,768,447**	**1,083,974**	**13,636,340**
Segment contribution	**3,641,200**	**3,130,655**	**1,500,167**	**694,609**	**8,966,631**
Unallocated costs					**(5,366,148)**
Other income					**841**
Federal royalty					**(1,890,650)**
Finance income/(costs) and share of loss of associate and joint venture					**(42,823)**
Profit for the year					**1,667,851**

Emirates Integrated Telecommunications Company PJSC and its subsidiaries

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2023

34 Segment analysis (continued)

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					(5,195,630)
Other income					1,637
Federal royalty					(1,743,678)
Finance income/(costs) and share of loss of associate and joint venture					(67,395)
Profit for the year					1,219,561

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.

The Group's operations are subject to limited level of seasonality and cyclicality.