

This is a non-certified translation of the original Arabic version of the Prospectus. This English version is provided for convenience only and does not constitute a legal document. Subscribers should only rely on the Arabic version of the Prospectus. In the case of any discrepancies or omissions, the Arabic version of the Prospectus shall prevail.

OFFER TO SUBSCRIBE FOR SHARES IN A PUBLIC SUBSCRIPTION IN THE UAE ONLY

Prospectus for the Public Offering of Shares in



Dubai Electricity and Water Authority PJSC (the "Company" or "DEWA")

Dated: 15 March 2022

(Incorporated in the United Arab Emirates as a Public Joint Stock Company)

The sale of **3,250,000,000 (three billion two hundred fifty million)** of the ordinary shares with a nominal value of AED 0.01 (One Fils) each (representing **6.5%** of the total issued shares in the Company (the "**Offer Shares**") in a public subscription in the United Arab Emirates (the "**UAE**"). The Selling Shareholder reserves the right to amend the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to applicable laws and the approval of the Securities and Commodities Authority (the "**SCA**"). The offer price will be in AED and determined based on the offer price range, which will be announced in a listing announcement that will be published on the same day and before opening of the Offer Period on **24 March 2022** (the "**Offer Price Range**"). The Offer Shares will be duly and validly issued as at the date of listing (the "**Listing**") of the Offer Shares on the Dubai Financial Market (the "**DFM**").

The final offer price (the "Final Offer Price") and the final offering size (the "Final Offer Size") will be announced after the closing of the subscription. Please refer to the section on the Final Offer Price in the first section of this Prospectus which sets out a description of how the Final Offer Price will be calculated.

Except in the UAE, no action has been taken or will be taken in any jurisdiction that would permit a public subscription of the Offer Shares pursuant to this Prospectus or the possession, circulation or distribution of this Prospectus. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any jurisdiction except in compliance with any applicable rules and regulations of any such jurisdiction.

Offer Period

The offer period for the First Tranche, the Second Tranche and the Third Tranche (as described in this Prospectus) starts on 24 March 2022 and is expected to close on 2 April 2022 for the First and Third Tranches and on 5 April 2022 for the Second Tranche.

This is the initial public offering ("**Offering**"), including the offer to the Emirates Investment Authority ("**EIA**"), **3,250,000,000 (three billion two hundred fifty million)** of the capital of the Company, a public joint stock company ("**PJSC**") incorporated in the UAE, which is being offered for sale by the Selling Shareholder (as defined in this Prospectus) of **3,250,000,000**

(three billion two hundred fifty million) in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Professional Investors.

If all of the Offer Shares are subscribed for and allocated, the Offer Shares will represent **6.5% (six point five per cent)** of the total issued ordinary shares in the capital of the Company (the “Shares”), and the Selling Shareholder reserves the right to amend the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the approval of the SCA. Prior to this Offering, the Shares have not been listed on any financial market and there has been no public market for the Shares. Following the closing of the Offer Periods in respect of the First Tranche, the Second Tranche, and the Third Tranche, the Company will apply to list its Shares on the DFM.

Date of the SCA’s approval of this Prospectus: **4 March 2022**

This Prospectus contains data that has been submitted in accordance with the rules for issuance and disclosure issued by the SCA in the United Arab Emirates and this Prospectus has been approved by the SCA on **4 March 2022**. However, the SCA’s approval of the prospectus does not constitute an endorsement of the feasibility of investment nor a recommendation to subscribe to the shares; the approval only means that this Prospectus contains the minimum information required in accordance with the applicable rules issued by the SCA with respect to prospectuses. The SCA is not considered responsible for the accuracy, completeness or adequacy of the information contained in this Prospectus and the SCA does not bear any responsibility for any damages or losses incurred by any person as a result of relying on this Prospectus or any part of it. The members of the company’s board of directors, jointly and severally, bear full responsibility regarding the validity of the information and data contained in this Prospectus, and they confirm, to the extent of their knowledge and belief, and subject to due diligence and after conducting reasonable studies, that there are no other facts or material information, which were not included in this Prospectus that renders any statement contained therein misleading to the subscribers or influencing their decision to invest.

Method of sale of the Offer Shares in a public subscription:

The Offer Shares represent **3,250,000,000 (three billion two hundred fifty million)** Shares which will be sold by the Selling Shareholder and offered for subscription in a public offering whereby the Final Offer Price will be determined through the application of a book building process, where a subscription orders ledger will be created through the subscription orders made only by the Professional Investors. The Selling Shareholder reserves the right to amend the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the SCA’s approval.

In creating the subscription orders ledger, the Offer Shares subscribed by the Professional Investors will constitute all of the Offer Shares used in calculating the Final Offer Price of each Offer Share. In order for the subscription to succeed, the subscription percentage of the Professional Investors must not be less than 60%, and the subscription percentage of First Tranche and Third Tranche Subscribers must not be no more than 40% of the Offer Shares in aggregate.

If the First Tranche is not subscribed to in full, the remaining Offer Shares will be allocated to the Second Tranche. If the Third Tranche is not subscribed to in full, the remaining Offer Shares will be allocated to the First Tranche. The Receiving Banks commit to refund the oversubscription amounts received from the First Tranche and the Third Tranche Subscribers for the Offering and any accrued profit on such amounts from one day after the subscription closing until one day prior to the refund to the Subscribers of the First Tranche and the Third Tranche, provided that the refund is made within five working days from the date on which all allocations of Offer Shares to all tranches are determined.

The Founder may not, whether directly or indirectly or through any of its subsidiaries (other than the Company), subscribe for any of the Offer Shares.

Book Building Mechanism

Book building is a mechanism, pursuant to which the price is set prior to the issuance of the shares or prior to the offering.

The book building process comprises these steps:

1. The issuing company hires one or more investment banks to act as- lead manager(s) who are licensed by SCA to carry out on behalf of the Company the management of the Offering, and to provide advice related to the Offering, and to coordinate with SCA and the Offering Participants and to assist the Company in determining the price range at which the security can be sold and drafting a prospectus to send out to the investors.
2. The appointed joint lead managers invite certain qualified investors, normally, but not restricted to, large-scale sophisticated buyers and fund managers, to submit bids on the number of shares that they are interested in buying and the prices that they would be willing to pay for such shares and recording the qualified investors' opinions in the register specifically for recording the subscription orders for the shares offered.
3. The book is 'built' by listing and evaluating the aggregated demand for the issue from the submitted bids. The underwriters analyze the information and, based on that analysis, determine with the issuing company and its selling shareholder, the final price for the shares, which is termed the final offer price.
4. Shares for submitted bids pertaining to the Second Tranche, are then allocated among the accepted bidders, at the discretion of the Company and its Selling Shareholder.

A list of further definitions and abbreviations is provided in the *"Definitions and Abbreviations"* Section of this Prospectus.

Tranche Structure

A. *First Tranche*

The First Tranche offer will be made pursuant to this Prospectus, **8% (eight per cent)** of the Offer Shares, representing **260,000,000 (two hundred sixty million)** Shares, are allocated to the First Tranche. The First Tranche is restricted to the following persons:

- *Individual Subscribers*

Natural persons (including natural persons constituting Assessed Professional Investors) who do not participate in the Second Tranche) who have a bank account (except for any person who is resident in the United States within the meaning of the US Securities Act 1933, as amended (the **"US Securities Act"**). There are no other citizenship or residence requirements to qualify as an Individual Subscriber.

Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Banks and the laws in force in this regard.

- *Other investors*

Other investors (companies and establishments) who do not participate in the Second Tranche or Third Tranche, that have a bank account (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended).

All First Tranche Subscribers must hold a DFM Investor Number ("**NIN**").

If all of the Offer Shares in the First Tranche are not fully subscribed, the unsubscribed Offer Shares will be available to Professional Investors, or alternatively (in consultation with the Authority) the Selling Shareholder may (i) extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche and/or (ii) close the Offering at the level of applications received.

The Selling Shareholder reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the First Tranche will result in a corresponding reduction in the size of the Second Tranche and/or the Third Tranche (as applicable), provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.

The minimum application size for subscribers in this Tranche is AED 5,000 with any additional application in increments of at least AED 1,000.

There is no maximum application size for subscribers in this Tranche.

B. Second Tranche

90% (ninety per cent) of the Offer Shares, amounting to **2,925,000,000 (two billion nine hundred twenty-five million)** Shares are allocated to the Second Tranche, which is restricted to “Professional Investors” (as defined in the SCA Board of Directors’ Chairman Decision No.13/R.M of 2021 (as amended from time to time)), which specifically include those investors which can be categorized in the following manner:

- i. **“Deemed Professional Investors”** which include:
 - a. international corporations and organisations whose members are state, central banks or national monetary authorities;
 - b. governments, government institutions, their investment and non-investment bodies and companies wholly owned by them;
 - c. central banks or national monetary authorities in any country, state or legal authority;
 - d. capital market institutions licensed by the SCA or regulated by a supervisory authority equivalent to the SCA;
 - e. financial institutions;
 - f. regulated financial institutions, local or foreign mutual investment funds, regulated pension fund management companies and regulated pension funds;
 - g. any entity whose main activity represents investment in financial instruments, asset securitisation or financial transactions;
 - h. any company whose shares are listed or accepted to trade in any market of an IOSCO member country;
 - i. a trustee of a trust which has, during the past 12 months, assets of AED 35,000,000 or more;

- j. licensed family offices with assets of AED 15,000,000 or more;
 - k. joint ventures and associations which have or had, at any time during the past two years, net assets of AED 25,000,000 or more (excluding partner and shareholder loans);
 - l. a body corporate who fulfils (on the date of its last financial statements) a “large undertaking” test, whereby it fulfils at least two of the following requirements:
 - I. holds total assets of AED 75,000,000 or more (excluding short-term liabilities and long-term liabilities);
 - II. has a net annual revenue of AED 150,000,000 or more; or
 - III. an aggregate total of cash and investments on its balance sheet; or its total equity (after deducting paid up share capital), is not less than AED 7,000,000.
- ii. **“Assessed Professional Investors”** which include:
- (A) **a natural person who owns net assets, excluding the value of their main residence, of not less than AED 4,000,000 (a “HNWI”);**
 - (B) **a natural person** who is:
 - (I) approved by the SCA or a similar supervisory authority;
 - (II) an employee of a licensed entity or a regulated financial institution who has been employed for the past two years;
 - (III) assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or
 - (IV) represented by an entity licensed by the SCA;
 - (C) **a natural person (the “account participant”) with a joint account for investment management with a HNWI (the “main account holder”), provided that each of the following conditions are satisfied:**
 - (I) the account participant must be an immediate or second degree relative of the main account holder;
 - (II) the account is used to manage the investments of the main account holder and their subscribers; and
 - (III) written confirmation is obtained from the subscriber (i.e. the account participant) confirming that investment decisions relating to the joint investment account are made on their behalf by the main account holder;
 - (D) special purpose vehicles and trusts established for the purpose of managing an investment portfolio of assets for a HNWI; and

- (E) an undertaking which satisfies the following requirements:
- (I) an aggregate total of cash and investments on its balance sheet; or its total equity (after deducting paid up share capital), is not less than AED 4,000,000;
 - (II) is assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or
 - (III) it has a controller (e.g. a person controlling the majority of the shares or voting rights in the relevant undertaking or possesses the ability to appoint or remove the majority of the relevant undertaking's board of directors),
 - (IV) a holding or subsidiary company or
 - (V) a joint venture partner that meets the definition of a Deemed Professional Investor or an Assessed Professional Investor.

who, in each case, have been approved by the Company and the Founder, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person outside the United States to whom an offer can be made in reliance on Regulation S under the US Securities Act, (b) a person in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook, or (c) a person in the ADGM to whom an offer can be made pursuant to an exemption from registration under the FSMR Regulations Markets Rules and made only to persons who meet the Professional Client criteria set out in the ADGM Financial Services Regulatory Authority ("FSRA") Conduct of Business Rulebook.

All Professional Investors must hold an NIN with the DFM.

If all of the Offer Shares in the Second Tranche are not fully subscribed, then the Offering will be withdrawn.

The minimum application size for Professional Investors is AED 1,000,000.

There is no maximum application size for Professional Investors.

C. Third Tranche

The Third Tranche offer will be made pursuant to this Prospectus, **2% (two per cent)** of the Offer Shares, representing **65,000,000 (sixty-five million)** Shares are allocated to the Third Tranche, which is restricted to the following persons:

DEWA Eligible Employees

Natural persons (including natural persons constituting Assessed Professional Investors (as described under the Second Tranche)), who have a bank account and do not participate in the First Tranche nor the Second Tranche and who are DEWA Eligible Employees and whose details have been shared by the Company with the Lead Receiving Bank on or before 2 April 2022 (except for any person who is resident in the United States within the meaning of the US Securities Act, as amended);

If all of the Offer Shares in the Third Tranche are not fully subscribed for, the unsubscribed Offer Shares will be available to the First Tranche Subscribers, or alternatively (in consultation with the SCA) the Selling Shareholder may (i) extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche and/or (ii) close the Offering at the level of applications received.

The Selling Shareholder reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the Third Tranche will result in a corresponding reduction in the size of the First Tranche and/or the Second Tranche (as applicable), provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate. All Third Tranche Subscribers must hold a NIN with the DFM.

The minimum application size for subscribers in this Tranche is AED 5,000 with any additional application in increments of at least AED 1,000.

There is no maximum application size for subscribers in this Tranche.

D. EIA

A number of Offer Shares, representing **5%** of all Offer Shares, are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of Federal Decree by Law No. 32 for the year 2021 with regard to commercial companies, and its amendments (the “**Companies Law**”). Offer Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Professional Investors.

Every Subscriber must hold a NIN with DFM and a bank account number in order to be eligible to apply for Offer Shares. Subscribers may apply for Offer Shares in only one Tranche. In the event a person applies in more than one Tranche, the Lead Receiving Bank, Receiving Banks and the Joint Lead Managers may disregard one or both of such applications.

The approval of the Authority has been obtained for publication of this Prospectus for the sale of the Offer Shares in a public subscription in the UAE (outside the ADGM and the DIFC). The Shares have not been registered with any other regulatory authority in any other jurisdiction.

The publication of the Arabic version of this Prospectus has been approved by the Authority in accordance with the provisions of the Companies Law.

A copy of the offering document for the Second Tranche (in English only), referred to as the “**Second Tranche Document**”, which was not sighted or endorsed by the Authority, will be available at www.dewa.gov.ae/ipo. No information contained in, or referred to in, the Second Tranche Document, forms part of, or is incorporated into, this Prospectus.

In accordance with Article 121 of the Companies Law each of the Offer Participants (as defined below) shall be liable for its participation in the Offering process, including the Selling Shareholder and the Board members, with regard to the validity of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant.

Investment in the Offer Shares involves a high degree of risk. Prospective Subscribers should carefully read the “Investment Risks” section of this Prospectus to inform themselves about factors that should be considered before investing in the Offer Shares.

This Prospectus was issued on **15 March 2022**. This Prospectus is available on the website of the Company at www.dewa.gov.ae/ipo

Name and Contact Details of the Offer Participants

Joint Lead Managers

| | | |
|--|---|---|
| Emirates NBD Capital PSC 1st Floor, Emirates NBD Head Office Building Baniyas Road, Deira P.O Box 2336 Dubai, United Arab Emirates | First Abu Dhabi Bank PJSC FAB Building Khalifa Business Park - Al Qurm District P.O. Box 6316 Abu Dhabi United Arab Emirates | HSBC Bank Middle East Limited HSBC Tower, Level 17 Downtown Dubai, P.O. Box 66 Dubai United Arab Emirates |
|--|---|---|

Lead Receiving Bank

Emirates NBD PJSC

Emirates NBD
Headquarters
Baniyas Road, Deira
P.O. Box 777
Dubai
United Arab Emirates

Receiving Banks

As per the list of banks
attached in Annex 3 to this
Prospectus

IPO Subscription Legal Counsel

**Legal advisor to the Company as to
English and US law**

White & Case LLP

6th Floor, Burj Daman Al Mustaqbal
St.,
Dubai International Financial Centre
P.O. Box 9705
Dubai, United Arab Emirates

**Legal advisor to the Company as to
UAE law**

IBRAHIM & PARTNERS

Al Sila Tower, Floor 24
ADGM Square,
Phone number: +(971) 2694 8668
E-mail address: info@inp.legal
PO Box 5100746, Abu Dhabi, UAE

**Legal advisor to the Joint
Bookrunners as to UAE and English
law**

Clifford Chance LLP
Level 15, Burj Daman, Al Mustaqbal
St,
Dubai International Financial Centre,
Dubai, United Arab Emirates

**Legal advisor to the Joint
Bookrunners as to US law**

Clifford Chance LLP
10 Upper Bank Street, London E14
5JJ
England

Auditors to the Company

KPMG Lower Gulf Limited

Tel.: +971 4 356 9581
E-mail address: nmehrotra@kpmg.com
Dubai, United Arab Emirates

IPO Subscription Auditor

KPMG Lower Gulf Limited

Tel.: +971 4 356 9581
E-mail address: nmehrotra@kpmg.com
Dubai, United Arab Emirates

Investor Relations Officer

Mr. Sundar Ranganathan

Tel.: +971 4 322 3489
E-mail address: ranganathan.sundar@dewa.gov.ae
Dubai, United Arab Emirates

This Prospectus is dated **15March 2022**

IMPORTANT NOTICE

(To be carefully read by all Subscribers)

- This Prospectus is intended to provide potential Subscribers with information to assist in deciding whether or not to apply for Offer Shares. Potential Subscribers should read this document in its entirety, and carefully review, examine and consider all data and information contained in it, before deciding whether or not to apply for Offer Shares (and, in particular, Section 11 (“**Investment Risks**”)), as well as the Articles of Association of the Company, when considering making an investment in the Company.
- In making an investment decision, each potential Subscriber must rely on its own examination, analysis and enquiry of the Company and the terms of the Offer, including the merits and risks involved and obtain any necessary advice from his or her legal and financial advisors regarding the investment. An investment in Offer Shares entails considerable risks. Potential Subscribers should not apply for Offer Shares unless they are able to bear the loss of some or all of that investment.
- Recipients of this Prospectus are authorized solely to use this Prospectus for the purpose of considering the subscription in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering whether or not to apply for Offer Shares under the First Tranche and the Third Tranche. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.
- The contents of this Prospectus should not be construed as legal, financial or tax advice.
- The information contained in this Prospectus shall not be subject to revision or addition without securing the approval of the Authority and informing the public of such revision or addition by publication in two daily newspapers in accordance with the rules issued by the Authority. The Selling Shareholder reserves the right to cancel the Offering at any time and at their sole discretion with the prior written approval of the Authority.
- The Offer Shares are being offered under this Prospectus for the purpose of subscription in the UAE only. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the Offer Shares or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, Offer Shares by any person in any jurisdiction outside of the UAE (including the ADGM and the DIFC).
- This document is not being published or distributed, and must not be forwarded or transmitted, in or into or to any jurisdiction outside the UAE (including the ADGM and the DIFC). The Offer Shares have not been registered with any regulatory authority in any jurisdiction other than the Authority.
- If the Offer Shares are offered in another jurisdiction, the Company shall offer the Offer Shares in a manner that is compliant with the applicable laws and rules and acceptable to the relevant authorities in the relevant jurisdiction.
- This Prospectus is not intended to constitute a financial promotion, offer, sale or delivery of shares or other securities under the ADGM Financial Services Regulatory Authority (“**FSRA**”) Markets Rules or the DIFC Markets Law or under the DIFC Markets Rules.
- The Offer has not been approved or licensed by the FSRA or DFSA and does not constitute an offer of securities in the ADGM in accordance with the FSRA Markets

Rules or in the DIFC in accordance with the DIFC Markets Law or the DIFC Markets Rules.

- The publication of this Prospectus has been approved by the Authority. The Authority's approval of the publication of this Prospectus shall neither be deemed as an endorsement or approval of the subscription feasibility nor a recommendation of investment, but it means only that the minimum requirements according to the issuance rules and information disclosure applicable to the Prospectus and issued by the Authority have been met. The Authority and the DFM shall not be held liable for the accuracy, completeness or sufficiency of the information contained in this Prospectus, nor shall they be held liable for any damage or loss suffered by any person due to reliance upon this Prospectus or any part thereof.

This Prospectus was approved on 4 March 2022.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical financial information

The Company's audited financial statements as of and for the years ended 31 December 2020 (with comparative financial information for the year ended 31 December 2019) and 31 December 2021 (the "**Company's Financial Statements**") have been included in this Prospectus. The Audited Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

Definitions of certain financial measures that are not defined or recognized under IFRS, or any generally acceptable accounting principles, including EBITDA and net debt ("**Non-IFRS measures**"), along with an explanation of their relevance and the reconciliations to the most directly comparable measures calculated and presented in accordance with IFRS are disclosed in the "Financial Disclosures" section. These non-IFRS measures are derived from the financial information included in the Company's Financial Statements.

Currency presentation

Unless otherwise indicated, all references in this document to:

- The "**UAE dirham**" or "**AED**" are to the lawful currency of the United Arab Emirates; and
- The "**US dollar**" or "**USD**" are to the lawful currency of the United States of America.

The value of UAE dirhams has been pegged to US dollar at a rate of AED 3.6725 per USD 1 since 1997. All AED/USD conversions in this Prospectus have been calculated at this rate.

Rounding

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100%.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. The forward-looking statements contained in this document speak only as of the date of this document. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as “believe”, “expects”, “may”, “will”, “could”, “should”, “shall”, “risk”, “intends”, “estimates”, “aims”, “plans”, “predicts”, “continues”, “assumes”, “positioned” or “anticipates” or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, and dividend policy and the industry in which the Company operates.

These forward-looking statements and other statements contained in this Prospectus regarding matters that are not historical facts as of the date of this Prospectus involve predictions. No assurance can be given that such future results will be achieved. There is no obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so: (i) as a result of an important change with respect to a material point in this Prospectus; or (ii) by the applicable laws of the UAE. Actual events or results may differ materially as a result of risks and uncertainties that the Company faces. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Please refer to Section 11 (“**Investment Risks**”) for further information.

IMPORTANT INFORMATION

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Recipients of this Prospectus are authorized solely to use this Prospectus for the purpose of considering making an investment in the Offer Shares, and may not reproduce or distribute this Prospectus, in whole or in part, and may not use any information herein for any purpose other than considering an investment in the Offer Shares. Such recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus. Prior to making any decision as to whether to invest in the Offer Shares, prospective Subscribers should read this Prospectus in its entirety (and, in particular, the section headed "Investment Risks") as well as the Articles of Association of the Company. In making an investment decision, each Subscriber must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

No person is authorized to give any information or to make any representation or warranty in connection with the Offer or Offer Shares which is not contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorized by the Company, the Selling Shareholder, or the other Offer Participants. By applying for Offer Shares, a Subscriber acknowledges that (i) they have relied only on the information in this Prospectus and (ii) no other information has been authorized by the Company, the Selling Shareholder, any other Offer Participant, or any other of the Company's advisors (the "**Advisors**").

No person or Advisor, except the Joint Lead Managers and the Receiving Banks, as set out in pages 8-9, are participating in, receiving subscription funds from, or managing, the public offering of the Offer Shares in the UAE. Neither HSBC Bank Middle East Limited nor any of its respective affiliates is responsible for participating in, marketing or managing any aspect of the Offering to natural persons (including natural persons constituting Assessed Professional Investors).

Neither the content of the Company's website or any other website, nor the content of any website accessible from hyperlinks on any of such websites, forms part of, or is incorporated into, this Prospectus, and neither the Company, the Selling Shareholder, any other Offer Participants, nor the Advisors bears or accepts any responsibility for the contents of such websites.

None of the Company or the Selling Shareholder the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors accepts any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company, the Offer or the Offer Shares. None of the Company, the Selling Shareholder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

None of the Company, the Selling Shareholder, the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors warrant or guarantee the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Statements contained in this Prospectus are made as at the date of this Prospectus unless some prior time is specified in relation to them and the publication of this Prospectus (or any action taken pursuant to it) must not be interpreted as giving rise to any implication that there has been no change in the condition, facts or affairs of the Company since such date.

This Prospectus may be subject to revision, with the prior written approval of the Authority. Any revision will become effective only after it has been announced in two daily newspapers circulating in the UAE. The Selling Shareholder reserves the right, with the prior approval of the Authority, to withdraw the Prospectus and cancel the Offer at any time and in their sole discretion. If the Offer is withdrawn, the subscription amounts will be fully refunded to the Subscribers, along with any accrued profits. Neither

the delivery of this Prospectus nor any sale made under it may, under any circumstances, be taken to imply that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

Emirates NBD Capital PSC, HSBC Bank Middle East Limited, and First Abu Dhabi Bank PJSC have been appointed as joint lead managers (the “**Joint Lead Managers**”), all of which are licensed by SCA on 10/10/2018, 29/11/2017, and 5/11/2017, respectively, and will manage the issuance, marketing and promotion of the Offer Shares and coordinate with the Company, the Authority and the other Offering participants with regard to the offering of the Offer Shares in the UAE. Emirates NBD PJSC has also been appointed as lead receiving bank (the “**Lead Receiving Bank**”) and, in its capacity as such, is responsible for receiving the subscription amounts set out in this Prospectus in accordance with the rules and laws applicable in and within the UAE under the First Tranche, the Second Tranche and Third Tranche.

Each of the Offer Participants shall be liable for its participation in the Offering process, including the Selling Shareholder and the Board members, with regard to the validity of the information contained in this Prospectus within the limits of the scope of work and expertise of each Offer Participant. Neither HSBC Bank Middle East Limited nor any of its affiliates are participating in receiving the subscription funds or bookrunnings or otherwise participating in, or managing, any aspect of the Offering to natural persons (including natural persons constituting Assessed Professional Investors).

The Joint Lead Managers are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this document) as a client to any of the Offer Participants in relation to the Offer. Whereas each Offer Participant shall be liable, including the Selling Shareholder and the Board members, with regard to the completeness and accuracy of the information contained in this Prospectus, within the limits of the scope of work and expertise of each Offer Participant. The Joint Lead Managers, the Joint Bookrunners, and the Offer Participants may have engaged (directly or through their respective affiliates) in transactions with, and provided various investment banking, financial advisory and other services for, the Company and the Selling Shareholder for which they would have received customary fees. Any previous transactions between the Joint Lead Managers and the Offer Participants and the Company do not constitute any conflict of interest between them.

The board members of the Company whose names are set out in this Prospectus assume joint and several responsibility for the completeness, accuracy and verification of the contents of this Prospectus. They declare that, they have carried out appropriate due diligence investigations, that the information contained in this Prospectus is, at the date hereof, factually accurate, complete and correct and that there is no omission of any information that would make any statement in this Prospectus materially misleading.

This Prospectus contains data submitted according to the issuance and disclosure rules issued by the Authority.

In making an investment decision, each potential Subscriber must rely on its own examination and analysis having reviewed the information contained in the Prospectus (in its entirety) that has been provided by the Selling Shareholder and the Board members of the Company whose names are set out in this Prospectus.

No action has been taken or will be taken in any jurisdiction other than the UAE that would permit a public subscription or sale of the Offer Shares or the possession, circulation or distribution of this Prospectus, or any other material relating to the Company or the Offer Shares, in any country or jurisdiction where action for that purpose is required. Offer Shares may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offer material or advertisement or other document or information in connection with the Offer Shares be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes must inform themselves of and observe all such restrictions.

None of the Company, the Selling Shareholder, any of the Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors accepts any responsibility for any violation of any such restrictions

on the sale, offer to sell or solicitation to purchase Offer Shares by any person, whether or not a prospective purchaser of Offer Shares in any jurisdiction outside the UAE (including the ADGM and the DIFC), and whether such offer or solicitation was made orally or in writing, including electronic mail. None of the Company, the Selling Shareholder, the other Offer Participants, the Joint Lead Managers, the Joint Bookrunners or the Advisors (or their respective representatives) makes any representation to any potential Subscriber regarding the legality of applying for Offer Shares by such potential Subscriber under the laws applicable to such potential Subscriber.

The chairman and executive member of the Internal Sharia Supervision Committees of Emirates NBD PJSC and HSBC Bank Middle East Limited have issued (or are expected to issue) pronouncements confirming that, in their view, the Offering is compliant with Shariah principles. Investors may not rely on these pronouncements and should undertake their own due diligence to ensure that the Offering is Shariah compliant for their own purposes.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Joint Lead Managers and the Joint Bookrunners under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accepts any responsibility whether arising in tort, contract or otherwise for, or makes any representation or warranty, express or implied, as to the accuracy, completeness or verification of the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Shares or the Offering and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Joint Lead Managers and the Joint Bookrunners and their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement or the public offering of the Offer Shares in the UAE generally.

This Prospectus was approved by the SCA on 4 March 2022.

Definitions and Abbreviations

| | |
|-------------------------------------|---|
| <i>ADGM</i> | Abu Dhabi Global Market. |
| <i>AED or UAE Dirham</i> | The lawful currency of the United Arab Emirates. |
| <i>Articles of Association</i> | The articles of association of the Company. |
| <i>Audited Financial Statements</i> | The Company's audited financial statements as of and for the years ended 31 December 2020 and 2021. |
| <i>Authority or SCA</i> | The Securities and Commodities Authority of the United Arab Emirates. |
| <i>Board</i> | The board of directors of the Company. |
| <i>CAGR</i> | Compound Annual Growth Rate |
| <i>Closing Date</i> | 2 April 2022 for the First Tranche and the Third Tranche and 5 April 2022 for the Second Tranche. |
| <i>Companies Law</i> | Federal Decree by Law No. 32 of 2021 Concerning Commercial Companies. |
| <i>Company or DEWA</i> | Dubai Electricity and Water Authority PJSC, a public joint stock company in Dubai pursuant to the applicable laws of the UAE. |
| <i>DEWA Group Companies</i> | DEWA and the group of companies owned by DEWA. |
| <i>DEWA Eligible Employees</i> | The relevant individuals employed by DEWA who are: <ul style="list-style-type: none"> - permanent full-time employees of DEWA; - scholarship employees of DEWA; - academy student of DEWA; and - retired UAE national employees of DEWA |
| <i>DFM</i> | Dubai Financial Market in the UAE. |
| <i>DFSA</i> | Dubai Financial Services Authority. |
| <i>DIFC</i> | Dubai International Financial Centre. |
| <i>Directors</i> | The Executive Directors and the Non-Executive Directors. |
| <i>Dubai CSD</i> | Dubai CSD is an independent Central Securities Depository licensed by SCA. Dubai CSD performs depository services for all DFM listed securities |
| <i>EBITDA</i> | Earnings before interest, tax, depreciation and amortization. |
| <i>EIA</i> | Emirates Investment Authority. |
| <i>Electronic Applications</i> | Applications via online internet / mobile banking and ATMs as provided by the Receiving Banks to the Subscribers of the First Tranche and the Third Tranche. |

| | |
|----------------------------------|--|
| <i>EPC</i> | Engineering, procurement and construction |
| <i>Executive Directors</i> | The executive Directors of the Company. |
| <i>Final Offer Price</i> | <p>The offer price at which all the Subscribers in the First Tranche, the Second Tranche and the Third Tranche will purchase each Offer Share will be at the Final Offer Price.</p> <p>The Final Offer Price of each Offer Share will be determined following a bookbuild process for the Second Tranche and following consultation between the Joint Lead Managers, the Selling Shareholder and the Company. The shares of the Professional Investors must represent all of the Offer Shares used to calculate the Final Offer Price of each Offer Share.</p> <p>Following closing of the Second Tranche, the Company will publish an announcement setting out the Final Offer Price (the “Offer Price Announcement”), which will be published in two Arabic local daily newspapers and one English newspaper in the UAE and on the website www.dewa.gov.ae/ipo</p> |
| <i>Final Offer Size</i> | The final number of the Offer Shares that will be offered for sale by the Selling Shareholder and which will be determined following closing of the Second Tranche. |
| <i>Financial Statements</i> | The audited financial statements of the Company which are listed in Annex 1 as at and for the years ended 31 December 2020 (with comparative financial information for the year ended 31 December 2019) and 31 December 2021. |
| <i>Financial year</i> | The financial year of the Company will start on 1st January and end on 31st December of each year. |
| <i>First Tranche</i> | The Offering of the Offer Shares in the UAE to First Tranche Subscribers. |
| <i>First Tranche Subscribers</i> | Individual Subscribers and other investors (including natural persons, companies and establishments) who do not participate in the Second Tranche or the Third Tranche and who hold a NIN with the DFM and have a bank account. |
| <i>Founder</i> | The Government of Dubai represented by the Department of Finance. |
| <i>FTS Fund Transfer Mode</i> | UAE Central Bank Fund Transfer (“ FTS ”) mode. |
| <i>FSRA</i> | ADGM Financial Services Regulatory Authority. |
| <i>FSMR Regulations</i> | Financial Services and Markets Regulations. |
| <i>GCC</i> | Gulf Cooperation Council countries comprising the United Arab Emirates, Kingdom of Saudi Arabia, Sultanate of Oman, State of Qatar, State of Kuwait and Kingdom of Bahrain. |
| <i>Government</i> | Unless otherwise specified, the Federal Government of the UAE, the Government of Dubai and any instrumentality or body of either of them. |

| | |
|--------------------------------|--|
| <i>Governance Rules</i> | The Chairman of Authority's Board of Directors' Decision no (3/Chairman) of 2020 Concerning approval of Joint Stock Companies Governance Guide as amended. |
| <i>IFRS</i> | International Financial Reporting Standards. |
| <i>Individual Subscribers</i> | Natural persons who hold a NIN with the DFM and have a bank account (including natural persons constituting Assessed Professional Investors). who do not participate in the Second Tranche There are no other citizenship or residence requirements. |
| <i>Joint Lead Managers</i> | Emirates NBD Capital PSC First Abu Dhabi Bank PJSC HSBC Bank Middle East Limited |
| <i>Listing of the Shares</i> | Following the closing of the subscription, the allocation to successful Subscribers, the Company will apply to list all of its Shares on the DFM. Trading in the Shares on the DFM will be effected through the DFM Share Registry. |
| <i>Lead Receiving Bank</i> | Emirates NBD PJSC. |
| <i>Listing</i> | The listing of the Shares to trading on the DFM. |
| <i>Manager's Cheque</i> | Certified bank cheque drawn on a bank licensed and operating in the United Arab Emirates. |
| <i>Maximum Investment</i> | No maximum subscription in Offer Shares has been set. |
| <i>Minimum Investment</i> | The minimum subscription for Offer Shares in the First Tranche and the Third Tranche has been set at AED 5,000, with any additional investment to be made in increments of at least AED 1,000. The minimum subscription for Offer Shares in the Second Tranche has been set at AED 1,000,000 (see the section on "Subscription Amounts" in the first section of this Prospectus. |
| <i>NIN</i> | An identification number issued for the Investor by Dubai CSD at DFM. This is required for an Investor for holding shares traded on DFM including subscribing to an IPO to be listed on DFM. |
| <i>Non-Executive Directors</i> | The non-executive Directors of the Company. |
| <i>Offering</i> | The public subscription of 3,250,000,000 (three billion two hundred fifty million) Shares of the total Shares of the Company which are being offered for sale by the Selling Shareholder. The Selling Shareholder reserves the right to amend the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the SCA's approval. |

| | |
|-------------------------------|--|
| <i>Offer Price Range</i> | The Offer Shares are being offered at an offer price range that will be published on the first day of opening the Offer Period. |
| <i>Offer Participants</i> | The entities listed on pages 8-9 of this Prospectus. |
| <i>Offer Period</i> | The subscription period for the First Tranche and the Third Tranche starts on 24 March 2022 and will close on 2 April 2022. The subscription period for the Second Tranche starts on 24 March 2022 and will close on 5 April 2022. |
| <i>Offer Shares</i> | 3,250,000,000 (three billion two hundred fifty million) Shares which will be sold by the Selling Shareholder in a public subscription process. The Selling Shareholder reserves the right to amend the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the SCA's approval |
| <i>O&M</i> | Operations and maintenance |
| <i>OPEC</i> | The Organization of the Petroleum Exporting Countries, consisting of Algeria, Angola, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, the Republic of the Congo, Saudi Arabia (the de facto leader), the United Arab Emirates and Venezuela. |
| <i>OPEC+</i> | The wider Organization of the Petroleum Exporting Countries group, which includes countries additional to the OPEC countries. |
| <i>Ownership Restrictions</i> | It is prohibited that more than 49% of the Shares of the Company be held by non GCC nationals. |
| <i>Professional Client</i> | Persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module |
| <i>Professional Investors</i> | <p>"Professional Investors" (as defined in the SCA Board of Directors' Chairman Decision No.13/R.M of 2021 (as amended from time to time), which specifically include those investors which can be categorised in the following manner:</p> <ul style="list-style-type: none"> (i) "Deemed Professional Investors" which include: <ul style="list-style-type: none"> (A) international corporations and organisations whose members are states, central banks or national monetary authorities; (B) governments, government institutions, their investment and non-investment bodies and companies wholly owned by them; (C) central banks or national monetary authorities in any country, state or legal authority; |

| | |
|--|--|
| | <p>(D) capital market institutions licensed by the SCA or regulated by a supervisory authority equivalent to the SCA;</p> <p>(E) financial institutions;</p> <p>(F) regulated financial institutions, local or foreign mutual investment funds, regulated pension fund management companies and regulated pension funds;</p> <p>(G) any entity whose main activity represents investment in financial instruments, asset securitisation or financial transactions;</p> <p>(H) any company whose shares are listed or accepted to trade in any market of an IOSCO member country;</p> <p>(I) a trustee of a trust which has, during the past 12 months, assets of AED 35,000,000 or more;</p> <p>(J) licensed family offices with assets of AED 15,000,000 or more.</p> <p>(K) joint ventures and associations which have or had, at any time during the past two years, net assets of AED 25,000,000 or more (excluding partner and shareholder loans);</p> <p>(L) a body corporate who fulfils (on the date of its last financial statements) a “large undertaking” test, whereby it fulfils at least two of the following requirements:</p> <p style="padding-left: 40px;">I. holds total assets of AED 75,000,000 or more (excluding short-term liabilities and long-term liabilities);</p> <p style="padding-left: 40px;">II. has a net annual revenue of AED 150,000,000 or more; or</p> <p style="padding-left: 40px;">III. an aggregate total of cash and investments on its balance sheet; or its total equity (after deducting paid up share capital), is not less than AED 7,000,000;</p> <p>(ii) “Assessed Professional Investors” which include:</p> |
|--|--|

| | |
|--|---|
| | <p>(M) a natural person who owns net assets, excluding the value of their main residence, of not less than AED 4,000,000 (a “HNWI”);</p> <p>(N) a natural person who is:</p> <ol style="list-style-type: none"> I. approved by the SCA or a similar supervisory authority; II. an employee of a licensed entity or a regulated financial institution who has been employed for the past two years; III. assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or IV. represented by an entity licensed by the SCA; <p>(O) a natural person (the “account participant”) with a joint account for investment management with a HNWI (the “main account holder”), provided that each of the following conditions are satisfied:</p> <ol style="list-style-type: none"> I. the “account participant” must be an immediate or second degree relative of the “main account holder”; II. the account is used to manage the investments of the “main account holder” and their subscribers; and III. written confirmation is obtained from the subscriber (i.e. the “account participant”) confirming that investment decisions relating to the joint investment account are made on their behalf by the “main account holder”; and <p>(P) special purpose vehicles and trusts established for the purpose of managing an investment portfolio of assets for a HNWI;</p> <p>(Q) an undertaking which satisfies the following requirements:</p> |
|--|---|

| | |
|--------------------------------|--|
| | <ol style="list-style-type: none"> I. an aggregate total of cash and investments on its balance sheet; or its total equity (after deducting paid up share capital), is not less than AED 4,000,000; and II. is assessed to have sufficient knowledge and experience in respect of the relevant investments and their risks (following a suitability assessment); or III. it has a controller (e.g. a person controlling the majority of the shares or voting rights in the relevant undertaking or possesses the ability to appoint or remove the majority of the relevant undertaking's board of directors), IV. a holding or subsidiary company V. or a joint venture partner that meet the definition of a Deemed Professional Investor or an Assessed Professional Investor. <p>who, in each case, has been approved by the Company and the Founder, in consultation with the Joint Lead Managers and to which the following characteristics apply: (a) a person outside the United States to whom an offer can be made in reliance on Regulation S, (b) a person in the DIFC to whom an offer can be made pursuant to an exemption from registration under the Market Rules Module of the DFSA's Rulebook, or (c) a person in the ADGM to whom an offer can be made pursuant to an exemption from registration under the FSMR Regulations and made only to persons who meet the Professional Client criteria set out in the FSRA Conduct of Business Rulebook.</p> |
| <i>Receiving Banks</i> | The group of banks led by the Lead Receiving Bank, comprising those banks and the following other participating receiving banks as set out in the list of receiving banks attached in Annex 3 to this Prospectus. |
| <i>Regulation S</i> | Regulation S under the US Securities Act. |
| <i>Second Tranche</i> | The offer of Offer Shares to Professional Investors made under the Second Tranche Document. |
| <i>Second Tranche Document</i> | The offer document has been drafted in a specific manner to be addressed only to Professional Investors for the Second Tranche and in compliance with the laws and regulations of the relevant competent jurisdictions and acceptable to such jurisdictions, and it has not been approved by the Authority, and |

| | |
|-----------------------------------|--|
| | <p>the offer document does not form part of this Prospectus and the information contained therein does not form part of this Prospectus.</p> <p>This offer document for the Second Tranche which will be available at www.dewa.gov.ae/ipo</p> |
| <i>Second Tranche Subscribers</i> | Professional Investors. |
| <i>Selling Shareholder</i> | The Government of Dubai represented by the Department of Finance. |
| <i>Shares</i> | The ordinary shares of the Company with a nominal value of AED 0.01 (One Fils) each. |
| <i>Shareholder</i> | Holder of Shares in the capital of the Company. |
| <i>SMS</i> | Short Message Service. |
| <i>Subscriber</i> | A natural or juridical applicant, in either case who applies for subscription in the Offer Shares. |
| <i>Third Tranche</i> | The offer of the Offer Shares to the Third Tranche Subscribers. |
| <i>Third Tranche Subscribers</i> | DEWA Employees. |
| <i>UAE</i> | United Arab Emirates. |
| <i>UAE Central Bank</i> | The central bank of United Arab Emirates. |
| <i>UK</i> | The United Kingdom of Great Britain and Northern Ireland. |
| <i>US Securities Act</i> | The US Securities Act of 1933, as amended. |
| <i>United States or US</i> | The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia. |

First section: Subscription terms and conditions

Key details of shares offered for sale to the public

- **Name of the Company:** Dubai Electricity and Water Authority PJSC
- **Share capital:** The share capital of the Company as at the date of Listing has been set at AED 500,000,000 (five hundred million UAE dirhams) divided into 50,000,000,000 (Fifty billion) shares paid in full, with the nominal value of each Share being AED 0.01 (One Fils).
- **Percentage, number and type of the Offer Shares:** 3,250,000,000 (three billion two hundred fifty million) Shares, all of which are ordinary shares and which constitute 6.5% of the Company's issued share capital. The Selling Shareholder reserves the right to amend the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the SCA's approval.
- **Offer Price Range per Offer Share:** The Offer Price Range will be published on 24 March 2022 prior to opening the subscription period.
- **Eligibility of the qualified categories of Subscriber to apply for the acquisition of the Offer Shares:**
 - **First Tranche:** The First Tranche of the Offering will be open to First Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the First Tranche must hold a NIN with DFM and have a bank account number. 8% (eight per cent) of the Offer Shares, 260,000,000 (two hundred sixty million) Shares are allocated to the First Tranche. The Selling Shareholder reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the First Tranche will result in a corresponding reduction in the size of the Second Tranche and/or the Third Tranche (as applicable), provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.
 - **Second Tranche:** The Second Tranche of the Offering will be open to Professional Investors as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the Second Tranche must hold a NIN with DFM. 90% (ninety per cent) of the Offer Shares, representing 2,925,000,000 (two billion nine hundred twenty-five million) Shares, are allocated to the Second Tranche.
 - **Third Tranche:** The Third Tranche of the Offering will be open to Third Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus. All Subscribers in the Third Tranche must hold a NIN with DFM and have a bank account number. The final size of the Third Tranche will be determined by the Selling Shareholder on the date of the Offer Price Announcement. 2% (two per cent) of the Offer Shares, representing 65,000,000 (sixty-five million) Shares are allocated to the Third Tranche. The Selling Shareholder reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the Third Tranche will result in a corresponding reduction in the size of the First Tranche and/or the Second Tranche, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.
- **Public subscription in the Offer Shares is prohibited as follows:** Public subscription is prohibited to any Subscriber whose investment is restricted by the laws of the jurisdiction where the Subscriber

resides or by the laws of the jurisdiction to which the Subscriber belongs. It is the Subscriber's responsibility to determine whether the Subscriber application for, and investment in, the Offer Shares conforms to the laws of the applicable jurisdiction(s).

- **Minimum investment:** The minimum subscription in Offer Shares in the First Tranche and the Third Tranche has been set at AED 5,000 with any additional investment to be made in increments of at least AED 1,000. The minimum subscription for Offer Shares in the Second Tranche has been set at AED 1,000,000.
- **Maximum investment:** No maximum subscription in Offer Shares has been set.
- **Subscription by Founder:** The Founder may not subscribe for Offer Shares, whether directly or indirectly or through its subsidiaries (other than the Company).
- **Lock-up period:** the Selling Shareholder will be prohibited from disposing of its Shares for the lock-up period of six months commencing from Listing date. As an exception, the Selling Shareholder may sell its Shares to the following: (1) any foreign government or (2) any foreign Strategic Investor as defined in the Companies Law. Any agreement with the procuring entity shall include that it is subject to the remainder of the lock-up period to which the Selling Shareholder is subject (or any longer lock-period agreed between the parties). The Selling Shareholder undertakes to publicly announce any disposition of Shares made pursuant to the exceptions set forth in clauses (1) or (2) above promptly after such disposition during the Lock-up Period.
- **Reasons for the Offering and Use of Offer Proceeds**

The Company will not receive any proceeds from the Offering. The Offering is being conducted, among other reasons, to allow the Selling Shareholder to sell part of its shareholding, while providing increased trading liquidity in the Shares and raising our profile with the international investment community.

- **Subscription costs / Offering expenses**

All expenses of the Offering (including selling commissions and any discretionary fees) will be borne by the Selling Shareholder.

Further Information on the First Tranche and the Third Tranche

1. Subscription Applications

Each Subscriber in the First Tranche and the Third Tranche may submit one subscription application only (i) in the case of a subscription application by a natural person, in his or her personal name (unless he or she is acting as a representative for another Subscriber, in which case the subscription application will be submitted in the name of such Subscriber) or (ii) in the case of a subscription application by a corporate entity, in its corporate name. In case a Subscriber submits more than one application in his or her personal name or its corporate name, the Lead Receiving Bank and the Joint Lead Managers reserve the right to accept all or disqualify all or some of the Subscription Applications submitted by such Subscriber and not to allocate any Offer Shares to such Subscriber.

Subscribers must ensure to have an updated NIN and complete all of the relevant fields in the subscription application along with all required documents and submit it to any Receiving Bank together with the subscription amount during the Offer Period for the First Tranche and the Third Tranche.

The completed subscription application should be clear and fully legible. If it is not, the Receiving Bank shall refuse to accept the subscription application from the Subscriber until the latter satisfies all the required information or documentation before the close of the subscription.

All of the DEWA Eligible Employees who are interested in participating in the Third Tranche are required to submit their expression of interest (“EOI”) along with their corresponding NIN details through the platforms provided by DEWA on or before 2 April 2022. The list of DEWA Employees who had submitted their EOI by 24 March 2022 (the “**Eligible DEWA Employees**”) will be forwarded to the Lead Receiving Bank a day prior to the start of the Subscription Period and any incremental additions to the list of employees will be provided to the Lead Receiving Bank on a daily basis until 12:00PM on 2 April 2022. Any EOI received thereafter will not qualify for the Third Tranche allocation. The Lead Receiving will not be responsible for, verifying the accuracy or completeness of the DEWA Eligible Employees list.

If any of the DEWA Eligible Employees participating in the Third Tranche have not provided his/her EOI prior to the date and time stipulated above, their subscription will be shifted to the First Tranche, and if any of the DEWA Eligible Employees participating in the First Tranche have provided his/her EOI prior to the date and time stipulated above, their subscription will be deemed accepted and forming part of the Third Tranche.

Subscription for Offer Shares would deem the Subscriber to have accepted the Articles of Association of the Company and complied with all the resolutions issued by the Company’s general assembly. Any conditions added to the subscription application shall be deemed null and void. No photocopies of subscription applications shall be accepted. The subscription application should only be fully completed after reviewing the Prospectus and the Company’s Articles of Association. The subscription application then needs to be submitted to any of the Receiving Banks’ branches mentioned herein. The Subscribers or their representatives shall affirm the accuracy of the information contained in the application in the presence of the bank representative in which the subscription was made. Each subscription application shall be clearly signed or certified by the Subscriber or his representative.

The Receiving Banks may reject subscription applications submitted by any Subscriber in the First Tranche and the Third Tranche for any of the following reasons:

- the subscription application form is not complete or is not correct with regard to the amount paid or submitted documents (and no Offer Participant takes responsibility for non-receipt of an allotment of Offer Shares if the address of the subscribers is not filled in correctly);
- the subscription application amount is paid using a method that is not a permitted method of payment;

- the subscription application amount presented with the subscription application does not match the minimum required investment or the increments set for the First Tranche and the Third Tranche offers; and
- the completed subscription application form is not clear and fully legible.
- the manager's cheque is returned for any reason;
- if the amount in the bank account mentioned in the subscription application form is insufficient to pay for the application amount mentioned in the subscription application form or the Receiving Bank is unable to apply the amount towards the application whether due to signature mismatch or any other reasons;
- if the DFM NIN is not made available or an incorrect NIN is provided;
- if multiple or duplicate subscription applications are found, any acceptance of such applications is solely at the discretion of the Selling Shareholder);
- if the subscription application is otherwise found not to be in accordance with the terms of the Offering;
- if the Subscriber is found to have submitted more than one application (it is not permitted to apply in the First Tranche, the Second Tranche, and Third Tranche), any acceptance of such application is solely at the discretion of the Selling Shareholder;
- if the Subscriber is a natural person and is found to have submitted the subscription application other than in his or her personal name (unless he or she is acting as a representative for another Subscriber);
- a Subscriber has not adhered to the rules applicable to the First Tranche, the Second Tranche and Third Tranche offers;
- if it is otherwise necessary to reject the subscription application to ensure compliance with the provisions of the Companies Law, the Articles of Association, this Prospectus or the requirements of the UAE Central Bank, the Authority or the DFM; and
- if for any reason FTS/SWIFT/Payment gateway system (PGS)/ any other electronic channels funds transfer fails or the required information in the special fields is not enough to process the application.

The Receiving Banks and the Lead Receiving Bank may reject the application for any of the reasons listed above at any time until allocation of the Offer Shares and have no obligation to inform the subscribers before the notification of the allocation of Shares to such rejected Subscribers.

Documents accompanying Subscription Applications

Subscribers shall submit the following documents along with their subscription application forms:

For *individuals* who are UAE or GCC nationals or nationals of any other country:

- NIN details
- Passport/Emirates ID
- In case the signatory is a guardian of a minor, the following will be submitted:
 - Original and copy of the guardian's passport/Emirates ID for verification of signature;

- If the guardian is appointed by the court, original and copy of the guardianship deed attested by the court and other competent authorities (e.g. notary public).

For *corporate bodies* including banks, financial institutions, investment funds and other companies and establishments:

- UAE registered corporate bodies:
 - The original and a copy of a trade license or commercial registration for verification or a certified copy by one of the following UAE-regulated persons/bodies; a notary public or as otherwise duly regulated in the country;
 - The original and a copy of the document that authorizes the signatory to sign on behalf of the subscriber and to represent the subscriber, to submit the application, and to accept the terms and conditions stipulated in the Prospectus and in the subscription form; and
 - NIN details.
- Foreign corporate bodies: the documents will differ according to the nature of the corporate body and its domicile. Accordingly, please consult with the Joint Lead Managers to obtain the list of required documents.

For *individuals* who are DEWA Employees participating in the Third Tranche:

- To submit their EOI along with their corresponding NIN details through the platforms provided;
- To submit an application with one of the receiving banks; and
- Passport/Emirates ID.

In case the signatory is different from the Subscriber:

- the duly notarized power of attorney held by that signatory or a certified copy by UAE-regulated persons/bodies, such as a notary public, or as otherwise duly regulated in the country;
- the original passport/Emirates ID of the signatory for verification of signature and a copy of the original passport/Emirates ID; and
- NIN details.

2. Method of subscription and payment for the First Tranche and the Third Tranche

The subscription application must be submitted by a Subscriber to any of the Receiving Banks listed in this Prospectus and the NIN with DFM and the Subscriber's bank account number must be provided, together with payment in full for the amount it wishes to use to subscribe for the Offer Shares, which is to be paid in one of the following ways:

- Certified bank cheque (Manager's cheque) drawn on a bank licensed and operating in the UAE, in favor of **Dubai Electricity and Water Authority PJSC - IPO**; or
- Debiting a Subscriber's account with a Receiving Bank; or
- Electronic Subscriptions (please refer to the section on Electronic Subscription below).

The subscription amount may not be paid or accepted by a Receiving Bank using any of the following methods:

- In cash;
- Cheques (not certified); or
- Any other mode of payment other than mentioned above.

Please refer to the Annexure - 3 for the Receiving Bank's participating branches.

Electronic subscription

DFM E-subscription

The DFM will make its official website www.dfm.ae and DFM mobile application available to Subscribers with a NIN registered on the DFM website www.dfm.ae or DFM mobile application and holding a valid iVESTOR Card or through online banking via UAE Central Bank payment gateway or through UAE Central Bank Fund Transfer ("FTS")

(iv) Once the subscription amount has been transferred, you must email a copy of the payment receipt to: financialservices@dfm.ae,

for them to submit their electronic subscriptions to the Receiving Bank. The Receiving Bank and securities brokerage firms may also have their own electronic channels (On-line internet banking applications, mobile banking applications, ATMs, securities brokerage firms' applications and subscription channels provided by DFM etc.) interfaced with the DFM IPO system. By submitting the electronic subscription form the customer submitting the application is accepting the Offering terms and conditions on behalf of the Subscriber and is authorising the iVESTOR Card issuing bank and the Receiving Bank to pay the total subscription amount by debiting the amount from the respective iVESTOR Card or the bank account of the customer and transferring the same to the IPO account in favor of **Dubai Electricity and Water Authority PJSC** - IPO held at the Lead Receiving Bank, as detailed in the subscription application. The submission of an electronic application will be deemed to be sufficient for the purposes of fulfilling the identification requirements and accordingly, the supporting documentation in relation to applications set out elsewhere in this document will not apply to electronic applications under this section. Notification of the final allocation of Offer Shares and the refund of proceeds for unallocated Offer Shares (if any) and profits thereon following the closing of the Offer Period and prior to the listing of the Shares shall be performed solely by, and processed through, the Receiving Bank in which the original application for subscription was submitted.

In the event any of the Subscribers do not comply with this Prospectus, especially in relation to the electronic subscription and iVESTOR Card, neither the DFM, the Founder, the Company, the Board, the Lead Receiving Bank, the Receiving Banks nor the iVESTOR Card issuing bank shall in anyway be liable for the use of the electronic subscription facility by the customer of the bank or the Subscriber, the debiting of the customer account of the Lead Receiving Bank, Receiving Banks, nor the debiting of the iVESTOR Card by the iVESTOR Card issuing bank, in respect of all and any losses or damages suffered, directly or indirectly as a result of the electronic subscription facility and/or the iVESTOR Card.

Subscription applications may also be received through UAE Central Bank Fund Transfer ("FTS") mode. The investor choosing the FTS method will be required to provide their valid NIN with DFM along with the value of Offer Shares subscribed for in the special instructions field Important Dates relevant to the methods of payment of the subscription amounts.

ENBD

ENBD Account holders

Account holders with Emirates NBD can subscribe via the bank's online internet banking channel as well as through ATMs. Eligible persons can access ENBD ATMs with their debit card, and online banking using their relevant username and password (as is customary with these channels). This will be deemed sufficient for the purposes of identification and accordingly the supporting documentation in relation to application set out elsewhere in this Prospectus will not apply to electronic applications.

Non-ENBD account holders

Subscribers without an ENBD account, who are either in the UAE or outside the UAE, can subscribe through dedicated IPO website <https://IPO.EmiratesNBD.com> and pay through Online Banking via UAE Central Bank UAE Payment Gateway (“PGS”) or through UAE Central Bank Fund Transfer (“FTS”) or SWIFT.

Subscription applicable and supporting materials such as prospectus can also be accessible from: www.dewa.gov.ae/ipo (Issuer’s website)

In case of any issues or support, please contact the dedicated ENBD team through our call center 800 3392 476 (“800 DEWA IPO”).

In case the details provided are insufficient / incorrect and / or payment not receiving / partially received, the subscription will be rejected and notified to the Subscriber and the amount, if any, will be refunded to the Subscriber.

Emirates Islamic

Account holders with Emirates Islamic can subscribe via the bank’s online internet banking channel as well as through ATMs. Eligible persons can access the ATMs using their debit card, and internet banking accounts with their username and password (as is customary with electronic banking channels). This will be deemed sufficient for the purposes of identification with regard to their subscriptions.

Please note that non-Emirates Islamic customers will not be eligible for subscription through Emirates Islamic's electronic subscription channels.

In case of any issues or support, please contact the dedicated EI team through our call center 800 3392 476 (“800 DEWA IPO”).

First Abu Dhabi Bank**FAB E-Subscription**

Access <https://www.bankfab.com/en-ae/cib/iposubscription>

Refer to the “How to subscribe page” and follow the instructions and submit subscriptions for the First and Third Tranche.

Please note that FAB E-subscription will be closed on 1 April 2022 at 12.00 PM (Mid-day) (one business day prior to the normal closing date) In case of any issues or support, please contact the dedicated FAB team through our call centre 00 971 261 61 800.

ADIB

ADIB’s electronic subscription channels, including online internet banking, are accessible via ADIB’s official website www.adib.ae and mobile banking app. These are duly interfaced with the DFM database and are only available to ADIB account holders.

ADIB account holders will access ADIB’s electronic subscription channels with their relevant username and password and this will be deemed to be sufficient for the purposes of fulfilling the identification requirements.

ADIB account holders complete the electronic application form relevant to their tranche by providing all required details including an updated DFM IN, an active ADIB account number, the amount they wish to subscribe for, and by selecting the designated brokerage account.

By submitting the electronic subscription form, the ADIB account holder accepts the Offering terms and conditions, authorizes ADIB to debit the amount from the respective ADIB account and to transfer the same to the IPO account in favor of the issuer account held at ADIB, as detailed in the subscription application.

ADIB account holders with a successful subscription automatically receive an acknowledgement of receipt by email and have to keep this receipt until they receive the allotment notice.

In case of any issues or support, please contact the dedicated ADIB team through our call center 00 971 2 652 0878.

Mashreq Bank

Mashreq Bank's Digital Journey will offer the functionality to existing customers to digitally capture the IPO subscription requests.

This journey will be initiated in the Mashreq Digital Channel.

For further clarifications please refer to <https://mashreq.com/dewa-ipo>

In case of any issues or support, please contact the dedicated Mashreq team through our call center 00 971 4 424444.

Sharjah Islamic Bank

For further support, please contact our call center on 00971 6 599999.

Ajman Bank

Ajman Bank account holders will be able to subscribe for the IPO via Online Banking

Dubai Islamic Bank

For further information, please contact our call center on 00 971 4 6092222.

ADCB

Step # 1 ADCB customers to visit the <https://www.adcb.com/dewa> and click IPO Subscription Link

Step # 2 Complete login authentication (Customer ID, Mobile Number and OTP)

Step # 3 Enter NIN Number

Step # 4 Select Broker, Enter Subscription Amount, Select Account and Submit.

In case of any issues or support, please contact the dedicated ADCB team through our call center 600 502030

Al Maryah Community Bank

Mbank UAE Mobile Banking Application

For applying through Al Maryah Community Bank LLC's MBank UAE app, access <https://www.mbank.ae/IPO>

Refer to the section "How to subscribe" for instructions on subscribing to Tranche 1 or Tranche 3 through Mbank UAE app on your mobile device (the app is available for download on the Apple App store and Google Play).

* Subscription applications through Al Maryah Community Bank LLC will only be accepted if made by UAE residents.

In case of any issues or support, please contact the dedicated Al Maryah Bank Call Center 600 57 1111

Important dates:

- Subscription amounts paid by way of cheque must be submitted by 12pm on 31 March 2022.
- Subscription applications received through E-subscription online and mobile banking / FTS / SWIFT / PGS must be made before 12pm on 1 April 2022.

Subscription amounts

Subscribers in the First Tranche and the Third Tranche must submit applications to purchase Offer Shares in the amount of AED 5,000 or more, with any subscription over AED 5,000 to be made in increments of at least AED 1,000. Subscribers in the First Tranche and the Third Tranche shall accordingly apply for an AED subscription amount which shall be applied towards purchasing Offer Shares at the Final Offer Price, rather than applying for a specific number of Offer Shares.

Final Offer Price

The offer price at which all the Subscribers will purchase Offer Shares will be at the Final Offer Price.

The Offer Shares will be sold in an initial public offer and the Final Offer Price will be determined by way of the application of a book building process, where an application orders' ledger will be created through the application orders made only by the Second Tranche Subscribers (see details of who may apply in the Second Tranche). Second Tranche Subscribers will be invited to bid for Offer Shares within the Offer Price Range using price sensitive orders (as in, by indicating application amounts that vary in size depending on price). The Joint Lead Managers will use the information on the extent of demand at various prices provided by these Second Tranche Subscribers to determine and recommend to the Company and the Selling Shareholder the Final Offer Price (which must be within the Offer Price Range) for all participants in the Offering.

The Shares of the Professional Investors must represent the majority of the Offer Shares used to calculate the Final Offer Price of the Offer Shares.

Subscription process

Subscribers must complete the application form relevant to their Tranche, providing all required details. Subscribers who do not provide the NIN with DFM and bank account will not be eligible for subscription and will not be allocated any Offer Shares.

Subscribers may only apply in one Tranche. In the event a person applies in more than one Tranche, then the Lead Receiving Bank, Receiving Banks and the Joint Lead Managers may disregard one or both of such applications.

The Receiving Bank through which the subscription is made will issue to the Subscriber an acknowledgement of receipt which the Subscriber has to keep until the Subscriber receives the allotment notice. One copy of the subscription application after being submitted, signed, and stamped by the Receiving Bank shall be considered as an acknowledgement for receipt of the subscription application. This receipt shall include the data of the Subscriber, address, amount paid, details of the payment method, and date of investment. The acknowledgement in the case of Electronic Applications via online internet banking and ATM would provide basic information of the application such as NIN number, Amount, Date, Customer bank account details.

If the address of the Subscriber is not filled in correctly, the Company, the Selling Shareholder, the Joint Lead Managers and the Receiving Banks take no responsibility for non-receipt of

such allotment advice.

3. Further information on various matters

Offer Period

Commences on 24 March 2022 and closes on 2 April 2022 for the First Tranche and Third Tranche and 5 April 2022 for the Second Tranche.

Lead Receiving Bank: Emirates NBD PJSC

Receiving Bank(s)

A list of all Receiving Banks is attached in Annex 3 to this Prospectus.

Method of allocation of Offer Shares to different categories of Subscribers
(Under SCA CHAIRMAN OF THE BOARD RESOLUTION NO. (11/R.M) OF 2016 ON THE REGULATIONS FOR ISSUING AND OFFERING SHARES OF PUBLIC JOINT STOCK COMPANIES, as amended)

Should the total size of subscriptions received exceed the number of Offer Shares, then the Selling Shareholder will allocate the Offer Shares according to the allotment policy specified below and will refund to Subscribers the excess subscription amounts and any accrued profit resulting thereon.

Notice of Allocation

A notice to successful Subscribers in the First Tranche and Third Tranche will be sent by way of SMS initially confirming the acceptance of subscription and number of offered shares allocated to them. This will be followed by a notice setting out to each Subscriber's Share allocation, which will be sent by registered mail to each Subscriber in the First Tranche and Third Tranche.

Method of refunding surplus amounts to Subscribers

By no later than 11 April 2022 (being within five (5) working days of the Closing Date of the Second Tranche), the Offer Shares shall be allocated to Subscribers and, within five (5) working days of such allocation, the surplus subscription amounts, and any accrued profit resulting thereon, shall be refunded to Subscribers in the First Tranche and the Third Tranche who did not receive Offer Shares, and the subscription amounts and any accrued profit resulting thereon shall be refunded to the Subscribers in the First Tranche and the Third Tranche whose applications have been rejected for any of the above reasons. The surplus amount and any accrued profit thereon are returned to the same Subscriber's account through which the payment of the original application amount was made. In the event payment of the subscription amount is made by certified bank cheque, these amounts shall be returned by sending a cheque with the value of such amounts to the Subscriber at the address mentioned in the subscription application.

The difference between the subscription amount accepted by the Company and the Selling Shareholder for a Subscriber, if any, and the application amount paid by that Subscriber will be refunded to such Subscriber, pursuant to the terms of this Prospectus.

Inquiries and complaints

Subscribers who wish to submit an inquiry or complaint with respect to any rejected requests, allocation, or refunding of the surplus funds, must contact the Receiving Bank through which the subscription was made, and if a solution cannot be reached, then the Receiving Bank must refer the matter to the Investor Relations Manager. The Subscriber must remain updated on the status. The Subscriber's relationship remains only with the party receiving the subscription request.

Listing and trading of Shares

Subsequent to the allocation of Offer Shares, the Company will list all of its Shares on the DFM in accordance with the applicable listing and trading rules as at the Listing date of 13 April 2022. Trading in the Shares will be effected on an electronic basis, through the DFM's share registry, with the commencement of such trading estimated to take place after completion of the registration.

Voting rights

All Shares are of the same class and shall carry equal voting rights and shall rank pari passu in all other rights and obligations. Each Share confers on its holder the right to cast one vote on all Shareholders' resolutions.

Risks

There are certain risks that are specific to investing in this Offering. Those risks have been discussed in a section headed "*Investment Risks*" of this Prospectus and must be taken into account before deciding to subscribe in Offer Shares.

Emirates Investment Authority

The EIA shall be entitled to subscribe to (5%) five per cent. Of the Offer Shares, and the percentage of subscription which the EIA will purchase shall be allocated in full before the commencement of allocation. Shares allocated to the EIA under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights then its reserved portion shall be available to Professional Investors for subscription.

4. Timetable for subscription and listing

The dates set out below outline the expected timetable for the Offering. However, the Company reserves the right to change any of the dates/times, or to shorten or extend the specified time periods upon obtaining the approval of the appropriate authorities and publishing such change(s) during the Offering period in daily newspapers.

| Event | Date |
|--|--------------------------------|
| Offering commencement date | 24 March 2022 |
| Closing Date of the First Tranche and the Third Tranche | 2 April 2022 |
| Closing Date of the Second Tranche | 5 April 2022 |
| Announcement of Final Offer Price | 6 April 2022 |
| Allocation of First Tranche and Third Tranche | By no later than 11 April 2022 |
| SMS notification of final allocations of the First Tranche and the Third Tranche | 11 April 2022 |
| Commencement of refunds related to the investment surplus, and any accrued profit resulting thereon, to the First Tranche and Third Tranche Subscribers as well as commencement of dispatch of registered mail relating to allotment of shares | 11 April 2022 |

Expected date of listing the Shares on the DFM

5. Tranches

The Offering of the Offer Shares is divided as follows:

The First Tranche:

Size: 8% (eight per cent) of the Offer Shares representing 260,000,000 (two hundred sixty million) Shares. The Selling Shareholder reserves the right to amend the size of the First Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the First Tranche will result in a corresponding reduction in the size of the Second Tranche and/or the Third Tranche, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.

Eligibility: First Tranche Subscribers as described on the cover page of this Prospectus and the "Definitions and Abbreviations" section of this Prospectus.

Minimum application size: AED 5,000, with any additional application in increments of at least AED 1,000.

Maximum application size: There is no maximum application size.

Allocation policy: In case of over-subscription in the First Tranche, Offer Shares will be allocated to First Tranche Subscribers pro rata to each Subscriber's subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the First Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned allotment policy, based on the Final Offer Price. Each Subscriber will have a guaranteed minimum allocation of 1,000 Shares.

Unsubscribed Offer Shares If all of the Offer Shares allocated to the First Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to Professional Investors, or alternatively (in consultation with the Authority) the Selling Shareholder may extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche, or close the Offering at the level of applications received.

The Second Tranche:

Size: 90% (ninety per cent) of the Offer Shares, representing 2,925,000,000 (two billion nine hundred twenty-five million) Shares.

- Eligibility:** Professional Investors as described on the cover page of this Prospectus and the “Definitions and Abbreviations” section of this Prospectus.
- Minimum application size:** The minimum application size is AED 1,000,000.
- Maximum application size:** There is no maximum application size.
- Allocation policy:** Allocations within the Second Tranche will be determined by the Company and the Selling Shareholder, in consultation with the Joint Lead Managers (excluding HSBC Bank Middle East Limited in connection with any Offering to natural persons). It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Shares or that they are allocated a number of Shares lower than the number of Shares mentioned in their subscription application.
- Discretionary allocation:** The Company and the Selling Shareholder reserve the right to allocate Offer Shares in the Second Tranche in any way as they deem necessary. It is therefore possible that Subscribers who have submitted applications in this tranche may not be allocated any Shares or that they are allocated a number of Shares lower than the number of Shares mentioned in their subscription application.
- Unsubscribed Offer Shares:** If all the Offer Shares allocated to the Second Tranche are not fully subscribed, then the Offer will be withdrawn.

The Third Tranche:

- Size:** 2% (two per cent) of the Offer Shares representing 65,000,000 (sixty-five million) Shares. The Selling Shareholder reserves the right to amend the size of the Third Tranche at any time prior to the end of the subscription period at its sole discretion, subject to the approval of the SCA. Any increase in the size of the Third Tranche will result in a corresponding the amendment in the size of the First Tranche and/or the Second Tranche, provided that the subscription percentage of the subscribers in the Second Tranche does not fall below 60% of the Offer Shares and the subscription percentage of the subscribers in the First Tranche and Third Tranche does not exceed 40% of the Offer Shares in aggregate.
- Eligibility:** Third Tranche Subscribers as described on the cover page of this Prospectus and the “Definitions and Abbreviations” section of this Prospectus.
- Minimum application size:** AED 5,000, with any additional application in increments of at least AED 1,000.
- Maximum application size:** There is no maximum application size.
- Allocation policy:** In case of over-subscription in the Third Tranche, Offer Shares will be allocated to Third Tranche Subscribers pro rata to each Subscriber’s subscription application amount based on the Final Offer Price. Applications will be scaled-back on the same basis if the Third Tranche is over-subscribed. Any fractional entitlements resulting from the pro rata distribution of Offer Shares will be rounded down to the nearest whole number. Shares will be allocated in accordance with the aforementioned

allotment policy, based on the Final Offer Price. Each Subscriber will have a guaranteed minimum allocation of 1,000 Shares.

Unsubscribed Offer Shares If all of the Offer Shares allocated to the Third Tranche are not fully subscribed, the unsubscribed Offer Shares shall be available to the First Tranche Subscribers, or alternatively (in consultation with the Authority) the Selling Shareholder may extend the Closing Date for the First Tranche, the Second Tranche and the Third Tranche, or close the Offering at the level of applications received.

Multiple applications

A Subscriber should only submit an application for Offer Shares under one Tranche. Multiple applications within one tranche will be aggregated under a single NIN (and the minimum threshold outlined above under “allocation policy” will apply to such NIN. In the event a Subscriber applies for subscription in more than one Tranche, the Receiving Banks and the Joint Lead Managers may deem one or both applications invalid.

Emirates Investment Authority

(Preferential allocation rights equal to 5% of the Offer Shares)

A number of the Offer Shares, representing 5% of all Offer Shares, are reserved for the Emirates Investment Authority, in accordance with the requirements of article 127 of the Companies Law. Offer Shares allocated to the Emirates Investment Authority under this preferential rights regime will be deducted from the total size of the Second Tranche. If the EIA does not exercise its preferential rights to apply for Offer Shares then those Offer Shares will be available to other Professional Investors for application.

Important notes

Subscribers in the First Tranche and the Third Tranche will be notified of whether they have been successful in their application for Offer Shares by means of an SMS from DFM through Dubai CSD.

Upon listing of the Shares on the DFM, the Shares will be registered on an electronic system as applicable to the DFM through Dubai CSD. The information contained in this electronic system will be binding and irrevocable, unless otherwise specified in the applicable rules and procedures governing the DFM.

Subject to the approval of the Authority, the Company reserves the right to alter the percentage of the Offer Shares which are to be made available to either the First Tranche the Second Tranche or the Third Tranche.

Second Section: Key details of the Company

1. Overview of the Company

Name of the Company: Dubai Electricity and Water Authority PJSC

Primary objects of the Company: The objectives of the Company are as follows:

- to set up, manage, operate, maintain and own power generation and water desalination stations, water reservoirs and power and water transportation and distribution networks and systems in the Emirate of Dubai;
- to develop all water sources, including the treatment of the water of the reservoirs to become potable, and to store, transport and distribute water to the consumers in the Emirate of Dubai; and
- To set up and manage such projects in connection with power generation and water supply to satisfy the needs of the public and the requirements of development in the Emirate of Dubai.
- For the purposes of achieving the above-mentioned objectives the Company may:
 - purchase electricity and water from any entity at such prices and conditions as the Company may deem fit (in accordance with the rules and procedures approved by the Company in this regard;
 - set up, manage and operate power generation and water desalination stations in the Emirate of Dubai and to form the required companies in this regard in accordance with Law number 6 of 2011 and the relevant applicable laws, whether alone or in conjunction with third parties;
 - establishing companies wholly owned by it or contributing directly or indirectly to companies related to its objectives whether inside or outside the Emirate of Dubai;
 - purchase, sell and supply fuel to the permitted entities and companies in connection with the power generation and water supply in accordance with the applicable laws in the Emirate of Dubai;
 - acquire, own, rent and lease such lands and real properties as required to achieve its objectives;
 - invest its funds in any commercial, financial, service or industrial fields in such manner as the Authority may deem appropriate;
 - lend money with or without security in accordance with the relevant applicable laws;
 - grant rights of usufruct and any other rights in kind on the lands owned by the Company to any entity or company contributing to the power generation and water supply in the Emirate of Dubai; and
 - any other works or activities related, whether directly or indirectly, with achieving the objectives of the Company.

Head office: PO Box 564, Dubai, United Arab Emirates.

Details of trade register: License No. 1029366

Term of the Company: 99 years.

Financial year: 1 January to 31 December.

Independent Auditors: KPMG Lower Gulf Limited

Major banks dealing with the Company: Emirates NBD PJSC.

Details of current Board of Directors:

| Name | Year of Birth | Nationality | Capacity |
|------------------------------------|---------------|-------------|------------------------------------|
| H.E Matar Humaid Al Tayer | 1957 | UAE | Chairman, Non-executive |
| H.E Saeed Mohammed Al Tayer | 1959 | UAE | Managing Director & CEO; executive |
| Mr. Hilal Khalfan Bin Dhafer | 1954 | UAE | Non-executive |
| Mr. Abdulla Mohammad Al Hashemi | 1955 | UAE | Non-executive |
| Mr. Khalfan Ahmad Harib | 1957 | UAE | Non-executive |
| Mr. Majid Hamad Rahma Al Shamsi | 1954 | UAE | Non-executive |
| Mr. Obaid Bin Mes'har | 1958 | UAE | Non-executive |
| Mr. Saeed Mohammed Al Sharid | 1958 | UAE | Non-executive |
| Mr. Nabil Abdulrahman Ahmad Arif | 1949 | UAE | Non-executive |
| Mr. Mohammed Gomaa Saif Al Suwaidi | 1984 | UAE | Non-executive |
| Dr. Moza Sweidan | 1980 | UAE | Non-executive |

Some of the board members hold memberships in the boards of directors of other joint stock companies in the UAE, as follows:

| Name | Membership in the boards of directors of other joint stock companies in the UAE |
|--------------------------|---|
| Saeed Mohammed Al Tayer | Chairman ENOC Vice Chairman Board EGA |
| Hilal Khalfan Bin Dhafer | Board Member Dubal Holding Board Member EGA |

No bankruptcy ruling or a bankruptcy arrangement was issued against any member of the board of directors or members of the executive management of the Company.

None of the members of the board of directors or the senior management and their first-degree relatives own any shares in the Company.

Summary of current employment contracts with the board of directors and senior executives

The total annual amount which is paid to the Board and executive management of the Company was AED 61.97 million in the year ended 31 December 2021.

2. BUSINESS DESCRIPTION:

Investors should read this section in conjunction with the more detailed information contained elsewhere in this Prospectus including the financial and other information. Where stated, financial information in this section has been extracted from the Company's Financial Statements.

Overview

The Dubai Electricity and Water Authority was created in 1992 as a result of the merger of the Dubai Electricity Company (“DEC”) and the Dubai Water Department (“DWD”), which were each established in 1959 by H.H. Sheikh Rashid bin Saeed Al Maktoum, the then Ruler of Dubai. Prior to the establishment of DEC and DWD, there were no specific authorities responsible for power generation and the supply of potable water in Dubai. The merger of the two entities brought the provision of these essential public utilities within one commercial organisation under the control of the Government as its sole owner. Since then, the Group has been the exclusive provider of electricity and potable water in Dubai and its business has grown along with Dubai’s expanding economy, population and infrastructure. Dubai’s fast pace of development has resulted in a rapid increase in the demand for electricity and water, a demand that, to date, the Group has been able to meet. The Group believes that it is therefore both integral to, and has itself benefited, and continues to benefit, from, Dubai’s past and current economic growth.

On 30 December 2021 pursuant to Dubai Law No. (27) of 2021 (which repealed Ruler of Dubai Law No. (1) of 1992), the Company was established in its current form, as a public joint stock company, to succeed to the Dubai Water and Electricity Authority. The Government’s shareholding in the Company is currently held by Department of Finance on behalf of the Government.

Vision and mission

The Company’s vision is to be a globally leading sustainable innovative corporation with a mission committed and aligned with Dubai’s eight Principles and 50-Year Charter, supporting the UAE’s strategic directions through the delivery of global leading services and innovative energy solution enriching lives while ensuring happiness and well-being of its stakeholders in a sustainable manner.

History and Development

An overview of the principal events in connection with the history and growth of the Group’s business is set out below.

Dubai Electricity Company

DEC began supplying electricity to consumers in Dubai in 1961. Electricity was initially produced by diesel generators in small power stations. However, as the demand for electricity grew and the fuel oils used to power the generators became more expensive, it became necessary for DEC to build larger, more efficient power stations that utilised both gas and steam turbines. DEC built the Satwa Gas Turbine Power Station (“**Station C**”) in 1974 (which has since been decommissioned) and the first phase of the Jebel Ali Power and Desalination Station (“**Station D**”) in 1979. DEC took over the Hatta Power System in the same year. Each of these stations is described in more detail in “- *Principal Operations - Electricity - Generation*”.

Dubai Water Department

DWD was the principal supplier of potable water within Dubai. Water was initially sourced from underground water reserves, or aquifers, in Dubai. DWD opened aquifers at Al Aweer in 1961, followed by Wahoush in 1972 and Habab in 1977. The water was transported via pipelines to Dubai and was

then distributed to consumers through a distribution network. The aquifers at Wahoush and Habab are still in use as at the date of this Prospectus.

As Dubai's population grew, it became evident that the aquifers may run dry in the future if water extraction continued at the same rate and an alternative feasible source of drinking water was therefore needed. The desalination of seawater became the most viable alternative, and accordingly DEC installed desalination units at Station D, which began producing potable water for sale in June 1979.

DEC and DWD Merge to Form the Group

In 1992, DEC and DWD were merged by Rules of Dubai Law no. (1) of the year 1992 Concerning the Formation of Dubai Electricity and Water Authority ("**Decree No. 1**") of H.H. Sheikh Rashid bin Saeed Al Maktoum to form the Group. The purpose of the merger was to bring the supply of electricity and water under the responsibility and management of a single commercial enterprise and reflected the fact that, since the development of Station D in 1972, electricity generation and water desalination processes had been combined within a single site, so that steam extracted or exhausted from the electricity generation process could be used in the desalination process; this made one process integral to the other.

The Group implemented an expansion plan following the merger, which involved the development of several additional power generation and water desalination plants. Between 1992 and 2007, the Group repowered or enhanced the capacity of Station D Phase II by converting it into a combined cycle plant, which improves electricity generation efficiency through the use of gas and steam turbines, and also added five new power generation and desalination stations to its network, namely: Jebel Ali Gas Power & Desalination Station E ("**Station E**"); Jebel Ali Gas Power & Desalination Station G ("**Station G**"); Jebel Ali Power & Desalination Station K ("**Station K**"); Jebel Ali Power Desalination Station L ("**Station L**"); Jebel Ali Power & Desalination Station M ("**Station M**", and together with Station D, Station E, Station G, Station K and Station L, the "**Jebel Ali Power and Desalination Complex**") and the Al Aweer Power Station ("**Al Aweer Power Station**" or "**Station H**").

Revision of tariffs, and establishment of the fuel surcharge

In January 2011, the Government approved an increase in the tariff for electricity and water, which resulted in the base tariff increasing by 15%. In addition to the increase in the basic tariff, a fuel surcharge was introduced to enable the Group to recover any fuel cost in excess of a fixed base cost. The fuel surcharge has allowed the Group to pass on increases in its variable cost of gas charged to the end consumers on a monthly basis.

As of January 2022, the Group revised and formalised its relationship with all its stakeholders and accordingly all future transactions will now be conducted on an arm's length basis. As a result of this revision, the Government will now fund any concessions in utility bills so as to ensure that the Company is able to realize the full costs as applicable to certain customer groups. By formally adopting such approach, the Group is expecting an uplift of additional annual cash payments of AED 1.6 billion to 1.8 billion in 2022 as a result of the harmonisation of realised tariffs.

Strategic shift toward IWPs

Since 2013, the Group has entered into arrangements in respect of six IWPs (five of which are IPPs and one of which is an IWP), in line with the Group's current strategy. It is expected that the trend for future generation and desalination activities of the Group will continue to be carried out through IWPs (or, in respect of district cooling investments, through Empower).

Mohammed bin Rashid Al Maktoum Solar Park (MBR Solar Park)

The MBR Solar Park was launched in 2013 and is currently the largest single-site solar park in the world using the IPP model. The total capacity of the solar park's projects has reached 1,527 MW using photovoltaic solar panels. The Group has projects with a capacity of 1,333 MW underway using photovoltaic solar panels and CSP. Solar energy generation capacity of 5,000 MW is targeted by 2030.

The MBR Solar Park contributes to 1.5% of the Group's revenue (pre-intercompany eliminations and adjustments) and approximately to 2.7% of Adjusted EBITDA.

The MBR Solar Park also hosts the Group's Innovation Centre, a global platform for renewable and clean energy, and includes the Group's research and development centre.

Digital DEWA

In 2018, the Group formed Digital DEWA as a response to the Emirate of Dubai's innovative 10X initiative, a mandate set out by the Ruler of Dubai to encourage Government entities to disrupt themselves and encourage innovative thinking to advance Dubai 10 years into the future. Digital DEWA contributes approximately to 2.2% of the Group's revenue (pre-intercompany eliminations and adjustments) and 0.5% of its Adjusted EBITDA.

Digital DEWA aims to group several subsidiaries that deliver digital business solutions, B2B communications infrastructure, renewable energy services, distributed energy storage, AI and other digital services. The four core pillars of Digital DEWA are solar energy, energy storage, AI and digital services.

Green Hydrogen

The Group launched the Green Hydrogen project in May 2021, which is a first of its kind in the MENA region that produces hydrogen using solar power at the Mohammed bin Rashid Al Maktoum Solar Park. The project was designed and built to accommodate future applications and testing facilities for the different uses of hydrogen including transportation and industrial uses.

Empower - District Cooling Joint Venture

In 2003, the Group entered into a joint venture with TECOM to form Empower, to develop a leading district cooling services provider in Dubai. Empower comprises 9.3% of the Group's revenue (pre-intercompany eliminations and adjustments) and approximately 10% of its Adjusted EBITDA.

Dubai Green Fund

The Dubai Green Fund was established in 2017 and is the first specialised green impact investment fund in the MENA region. To date, the fund has made investments into landmark transactions, including the Noor Energy 1 and the Shuaa Energy 3 IPPs projects in relation to solar PV and CSP projects in MBR, and the retrofitting of Dubai International Airport's buildings and runways to make them more energy efficient. The fund was recognised as the Best Sustainable Asset Management in the Middle East by MEA Finance Magazine Awards 2021.

Mai Dubai

The Group established Mai Dubai in December 2012, with construction on the manufacturing facility commencing in 2013 and market launch taking place in 2014. Mai Dubai is currently the number two ranked water-bottling company in the UAE in respect of both distribution and sales. Mai Dubai exports to multiple markets outside of the UAE. Mai Dubai comprises 1.3% of the Group's revenue (pre-intercompany eliminations and adjustments) and 0.8% of its Adjusted EBITDA.

Competitive Strengths

UAE and Dubai: Positive Tailwinds and Market Fundamentals to Support Future Growth

Dubai has a track record of delivering long-term stable growth with its vibrant economy and agile management methods. Dubai has achieved a unique fast-tracked development over a span of 50 years with approximately 3.5 million Dubai residents and over 4.7 million active daytime population in 2021. Dubai is home to one of the world's largest shopping malls, largest district cooling services provider, largest international airline, tallest building and world's busiest airport by international passengers welcoming approximately 16.7 million visitors as of 2019 and it is expected to receive 25 million visitors by 2025. Dubai has a diversified economy with limited reliance on commodities (approximately 1% of GDP) with its visionary leaders setting strong goals "to become a city with the zero emissions by 2050"

(H.H. Sheikh Mohammed). Dubai's handling of the COVID-19 pandemic was particularly successful with a world-class COVID-19 recovery, a vaccination rate above 90% of the population, limited restrictions on travel and adequate financial measures put in place to mitigate the economic crisis during the COVID-19 pandemic.

Dubai launched a number of initiatives to accelerate its clean energy transition and deliver its carbon neutrality ambitions. The Government supported a dynamic and 100% green vision for Dubai with the Dubai 2040 Urban Master Plan launched in March 2021 to promote the sustainable development of Dubai. The plan aims to make Dubai the best city to live in the future by developing five of its major urban areas, while preserving up to 60% of Dubai's land area as natural reserves.

Large Scale Fully Integrated Infrastructure Supporting the Emirate of Dubai

The Group's networks currently serve over one million customers in electricity and potable water. The water network pipelines have witnessed a major expansion over the years with the length of the water transmission and distribution network pipelines having quadrupled from 3,349 km in 1992 to 13,593 km currently, 94% of the Group's electricity transmissions and distribution lines consist of underground cables while the remaining 6% consist of overhead lines. Furthermore, in 2021 the Group inaugurated 16 new transmission substations (which resulted in AED 2,597 million in capital expenditures) and built 1,406 new distribution substations, while in 2020 it built 25 new transmission substations (which resulted in AED 3,119 million in capital expenditures).

Empower, which is 70% owned by the Company, held 79% of the Dubai district cooling market share in 2021, with the district cooling sectors' market penetration set to grow from 23% in 2021 to 40% by 2030, as per the Dubai Integrated Energy Strategy. Empower uses a centralised metering data management system with a state of the art command control centre to monitor and operate its plants and network efficiently. As at 31 December 2021, Empower served more than 1,413 buildings through its 76 plant rooms and a 369 km-long network across Dubai.

Empower: world's largest district cooling services provider

Empower, which is a growth engine for the Company, is supported by both M&A activities and organic expansion plans. As at 31 December 2021, Empower had a connected capacity of approximately 1.4 million refrigerated tonnes with 76 plant rooms and a market share of over 79% in Dubai. District cooling systems used by Empower are particularly important in the Middle East region where around 50% of generated electricity is used for cooling, as they consume up to 50% less electricity than conventional cooling systems. Empower represents environmentally friendly investment propositions and is at the forefront of innovation as it uses an efficient centralised metering data management system and also uses treated sewage effluent ("TSE") instead of freshwater which is 60% to 70% more cost effective than using freshwater once you factor in treatment costs. In 2021, the use of TSE represented 9% of Empower's total water use. Its use of thermal energy storage can also help in optimizing the operation of the power system.

Empower is an award winning district cooling provider with strong financial results year over year. Empower's revenues for the year ended 31 December 2021 amounted to AED 2,464 million (with a CAGR of 6.1% for the period from 2019 to 2021) while its net income for the same year was AED 936 million (US\$255 million) (with a CAGR of 3.6% for the period from 2019 to 2021). Empower has been awarded a number of awards in a range of categories by the International District Energy Association for Innovation, including for the number of buildings and area committed, among others. It was also awarded Company of the Year (2020) and Executive Achievement of the Year (2020) awards at the Golden Bridge Awards. Furthermore, Empower is a partner of the United Nations Environment Program ("UNEP") and special advisor for its "District Energy in Cities" global initiative. Empower has also launched, in collaboration with the American Society of Heating, Refrigerating and Air-Conditioning Engineers ("ASHRAE"), the "Owner's Guide for buildings served by District Cooling" and the updated edition of the "District Cooling Guide" in 2019, for designers and building owners.

Mohammed Bin Rashid Al Maktoum Solar Park: largest single-site solar park in the world

With a total targeted capacity of 5GW by 2030, the MBR Solar Park is the largest single-site solar park in the world. The project currently has five phases of completion. The first three phases with a total connected capacity of 1,010 MW were completed in 2013, 2017 and 2020 and all consists of PVs. The fourth phase consisting of CSPs and PVs with a total capacity of 950 MW is targeted for completion by

2024, of which 217 MW of PVs has already been commissioned with construction works progressing for the remaining 600 MW. The fifth phase consisting of PVs with a total capacity of 900 MW is targeted for completion by 2023, of which 300 MW of PVs has already been commissioned with construction works having started. The remaining 2.2 GW of solar capacity is planned to be rolled out between 2025 and 2030, at an estimated cost of between AED 0.7 billion and AED 0.75 billion, of which between 75% and 85% will be funded by non-recourse debt. By 2030, through the use of renewable energy generated at the MBR Solar Park, carbon emissions are expected to be reduced by 6.5 million tonnes per year, the equivalent of planting over 32 million trees per year.

DEWA's main infrastructure highlights: world-class infrastructure achievements leads to production efficiency improvements

The Group is renowned for its large scale infrastructure which are fully integrated into Dubai, some of which includes the:

1. MBR Solar Park: (including the world's tallest CSP tower) which is expected to reach to an installed solar capacity of 5 GW by 2030;
2. Jebel Ali: Stations, which currently host 65% of all electricity generation capacity, with a gross power generation capacity of 8.7 GW and a gross water desalination capacity of 490 MIGD;
3. Al Aweer Station: which is set to have a total capacity of 2.825 GW by 2022 by;
4. Hassyan Project: 240 MIGD desalinated water by 2030 with 2.4GW (natural gas) total capacity by 2023; and
5. Hatta: Pumped Storage Hydro Power Plant, which is expected to produce 250 MW and 1500 MWh energy storage, due to be completed by 2024

Improvement in efficiency

The Group has driven significant operational improvements since 2006, which has increased production efficiency by 37.6%, resulting in cost savings of AED 21 billion. Efficiency is gained from the combination of power plant design, innovative upgrades turbines, optimised outage plan, power augmentation and optimised operations. The Group expects a continuous improvement in production efficiency of 78.9% by 2030 (compared to 2006). These operational efficiency improvements are expected to improve the fuel heat utilisation of the Group's five plants to up to 90%. The Group has already made significant progress at its M-extension outperformed the world best benchmark of 80% to 90% fuel heat utilisation for cogeneration by achieving 91% fuel heat utilisation.

The cumulative impact of these production efficiency improvement initiatives by 2030 are as follow:

1. total cost savings of AED 55 billion;
2. total carbon dioxide emission reduction of 185 million tonnes;
3. total NOx emission reduction of 111,533 tonnes; and
4. total SO2 emission reduction of 6,107 tonnes.

Sustainable Business Model with Strong ESG Management Aligned with UN SDGs

Leader in the region - driving the transition to a low carbon, climate resilient economy

The Group's strong ESG practices and targets have evolved and matured throughout the years. The Group targets a reduction of Scope 1 GHG emissions of 35% by 2030 against BAU. In 2012, the Company launched its Carbon Dioxide Emission Reduction programme, followed by the launch of the national innovation strategy in 2014. From 2006 to 2021, the Group improved cumulative energy efficiency by 37.63%. In 2015 Phase II of the MBR Solar Park achieved the world record for the lowest levelized cost of electricity at 5.62c/kWh. This was a start of the Group's track-record of beating world records on achieving world record electricity prices, with the latest being 1.69c/kWh in 2019 for Phase V (Shuaa Energy 3). In 2021, the Group's generation capacity culminated at 13.4 GW while having one of the lowest electricity line loss rates in the world at 3.3%. In that same year, the Group achieved

another world record with the world's lowest Customer Minutes Lost ("CML") of 1.43 min/year. In addition, the Group is at the heart of the Emirate of Dubai's target of 25% clean energy generation capacity by 2030 and the recently set target of 100% of clean energy sources by 2050.

Investment and excellence in technologies enabling decarbonisation

The Group has been a precursor in investing in advanced technologies enabling decarbonisation. From 2006 to 2021, the Group improved cumulative energy efficiency by 37.63%, which is equivalent to a reduction of 64.7 million tons of CO₂ emitted, driven by fuel savings achieved because of efficiency improvements by the decoupling Power Generation & Water Production, efficiency initiatives, and optimum design, reengineering, and O&M. In the solar sector, the Group had, as at 31 December 2021, 11% of its power generation capacity from solar energy. The Group also decided to expand in 2014. From 2006 to 2021, the Group improved cumulative energy efficiency by 37.63% capacity of the MBR Solar Park to 5 GW by 2030. The Group was also able to consistently achieve record-breaking low levelised cost of electricity with its IPP projects, starting at 5.62c/kWh in 2015 (Phase II of MBR Solar Park) and most recently 1.69c/kWh in 2020 (Phase V of MBR Solar Park). The Group also launched its pilot green hydrogen project to produce hydrogen using solar power and set its targets to produce 100% of its desalinated water using clean energy and waste heat by 2030. The Group has been at the forefront of digitisation reaching a rate of 98.7% smart adoption of the Company's digital services in 2021 and with more than two million smart electricity and water meters installed and 325 EV green charger stations installed across Dubai. The Group is starting a number of pilot projects to include storage capacity with solar power.

Sustainable Business Model with Strong ESG management practices

The Group enjoys a robust environmental management system which consists of a comprehensive emissions reduction programme. Audited carbon footprint reporting is done on Scope 1 and 2 GHG emissions. The programme forecasts a carbon emissions reduction of 35% by 2030 against BAU. The Group's environment management system also entails: (i) a number of initiatives to reduce NO_x and SO₂ emission; (ii) a circular economy roadmap; (iii) water efficiency and re-use programmes to support the Emirate of Dubai's target of reducing water use by 30% by 2030; and (iv) ISO certifications of 100% of its sites with ISO 14001 for Environment Management System, ISO 9001 for Quality Management System and ISO 45001 for Health and Safety Management System. The Group also has a number of policies in place relating to, among others, Integrated Management System, Energy Management, Electricity and Water Supply.

The Group's corporate and social responsibility is at the core of its business model and priorities. The Group consistently focuses on human capital development and was able to achieve a low employee turnover rate of 2.23% in 2021, an employee happiness rate of 92% for the year 2020 and a lost time injury frequency rate ("LTIFR") of 0.71 during 2021 compared to 3.13 in 2016. Since 2016, the Group has consistently been able to achieve a declining LTIFR trend.

The Group's Emiratisation policy focuses on training and career development of Emirati nationals. For the year ended 31 December 2021, UAE nationals made up approximately 88.33% of the Group's leadership, each receiving an average of 83.78 hours of training and career development per UAE employee. The Group prides itself on the DEWA youth council which has launched a number of initiatives to recognize and honour young employees. Other community impacts of the Group include: (i) the access to basic programmes, which provides among other things, support to low income individual for new house connection, and utility bill discounts; ii) 22 humanitarian initiatives; and iii) 15,998 volunteering hours.

The Company has a strong governance framework in place based on four main pillars: (i) trust; (ii) accountability; (iii) transparency; and (iv) fair practices. It has established a Board-level ESG Committee for oversight of ESG matters, and has an operational level Climate Change & Sustainability Committee.

Highly Innovative World Class Integrated Corporation with a Renowned Management Team

Consistent trajectory of operational excellence

The Company operates with high standards of efficiency, reliability, availability and sustainability. It enjoys a leading safety and efficiency track record enabled by its use of technology and innovation. The Group outperforms a number of international benchmarks in various categories. For instance, in 2021

it recorded 3.3% of electricity line losses compared to 6.5% for its European and North American peers, 5.3% of unaccounted for water compared to 15% for its European and North American peers. The Group's System Average Interruption Frequency Index (SAIFI) Forced was 0.05 for 2021 compared to 0.10 in 2017 and its System Average Interruption Duration Index - Customer Minutes Lost (SAIDI - CML) was 1.43 for 2021 compared to 15.0 for its European and North American peers.

Technological innovation at the centre of the Company's strategy

The Company has proven itself as a global digital leader through its leading digital transformation strategy. The Company: (i) leads digital transformation strategy; (ii) was one of the early adopters of AI in the UAE; (iii) was the first Government entity to be entirely paperless; (iv) the first non-telecoms company in the UAE to receive a license for IoT; (v) has a clean track-record of zero cyber security breaches; (vi) has the first AI and big data-enabled cyber defence system; (vii) has achieved a 98.7% smart adoption rate by its customers, the highest among other Government entities in 2021; (viii) through its AI-driven alerts to users, the Company managed to achieve a ground-breaking number of three billion gallons in water saved; and (x) has more than 40 global partnerships in the digital space through Digital Dewa.

1. MBR Solar Park: As part of the MBR Solar Park the Company has erected landmark innovation centre with the latest clean and renewable energy technologies as well as a 4,400 square meter research and development centre.
2. Digitalisation: As part of its digitalisation push, the Group launched Digital DEWA its digital arm to reimagine the role of the utility and to become the world's first utility provider to use autonomous systems for renewable energy generation, energy storage, AI adoption and the provision of digital services.
3. Smart grid: The smart grid initiative aims to provide a smart network providing the best service to customers with high efficiency, via the use of AI and big data.

Unprecedented Green Growth Opportunities with a Clear Roadmap for the Future

The Company is well positioned to capitalise on visible growth levers

The growth of green infrastructure initiatives in the Emirate of Dubai will support the Company's future growth. Investment in renewables is expected to increase in support of the Dubai 2050 100% clean energy target and leading infrastructure developments are expected to see the light to implement the Dubai 2040 Urban Master Plan. The clear push for green infrastructure has been demonstrated by the establishment and ongoing development of the 5 GW MBR Solar Park and ongoing exploration of wind capacities within the Emirate of Dubai.

Power and water demand is expected to increase in light of the Emirate of Dubai's growth engine and the push for electrification within the Emirate. Being the sole provider of water and electricity in Dubai, the Company is well positioned to benefit from the increasing demand for the services it provides.

Growth is also expected in the fast growing district cooling market which is expected to witness certain consolidation opportunities. Empower also has significant potential to grow organically with its existing portfolio of well-diversified projects. With its leading position in the market, Empower is well positioned to benefit from growth due to its scale, access to capital and extensive know-how.

Growth is also expected to result from the various investments made by the Group in new technologies. The Company's expansion in green hydrogen, energy storage, EV charging and smart water projects places it among the leading utility providers in terms of digital adoption, innovation and efficiency.

The Company is positioned for growth on multiple fronts of the energy transition

In the power and renewables space, the Company is expected to benefit from the sizeable growth in renewables in Dubai with the planned 5 GW of solar capacity at the MBR Solar Park by 2030 and the acquired expertise in solar CSP with 700 MW currently under construction as part of Phase 4 of the MBR Solar Park which will assist in execution of future similar projects. Such growth will be further supported by the wind energy opportunities currently being explored in Dubai as well as the 250 MW of hydroelectric capacity under construction in Hatta.

In the water sector, growth is expected to be supported by the increasing desalinated water production capacity expected to reach 730 MIGD in 2030 and a number of initiatives such as the 100% desalinated water provided by clean energy and waste heat by 2030 and the HydroNet solution, an AI project in water to be launched by the Company in the near future to monitor and autonomously improve the efficiency of water networks.

The Company supports EV adoption and has already installed 325 charging stations across Dubai as of December 2021 and plans to install a total of 1,056 stations by 2030 as electric vehicle penetration rises in the country.

The Company also launched the first green hydrogen production facility in the MENA region in May 2021, which will allow the buffering of renewable energy production, both for fast response applications, as well as for long-term storage. The facility has been built to accommodate future applications and test platforms for the different uses of hydrogen, including potential mobility and industrial uses.

Shams Dubai is the Company's distributed renewable generation programme, which supports the diversification of the energy mix by promoting the use of clean and renewable energy sources to build a sustainable future for the Emirate of Dubai. This initiative encourages household and building owners to install PV panels to generate electricity, and connect them to the Company's grid. The electricity is used on site and the surplus is exported to Company's network. As at December 2021, 399 MW was already connected to the network with another 225 MW of ongoing projects. Shams Dubai now has 6,924 sites as of 2021.

Robust Financial Profile with High Visibility over Cash Flow Generation and Shareholder Returns

The Group is in a unique position, being the sole electricity and water provider and leading district cooling supplier in Dubai with best-in-class operational performance, strong leverage metrics, supportive government policies and resilient profitability and margins. Electricity sales during 2019, 2020 and 2021 amounted to 41.3 TWh, 40.6 TWh and to 44.7 TWh respectively, while water sales for the same financial years were 116 billion IG, 115 billion IG and 118 billion IG, respectively. Cooling supplied by Empower for the same periods was 1.7, 1.7 and 2.0 billion RTh.

Sustainable sales of utilities in Dubai were key drivers for the Group's top line. The Group's revenues for 2019, 2020 and 2021 were AED 22.9 billion, AED 22.5 billion and AED 23.8 billion, respectively, for a CAGR of 2.0%.

The Group enjoys a cost reflective tariff framework, which supports resilient profitability which was demonstrated by the Group's Adjusted EBITDA and net income figures and margins over the last three years. The Group's EBITDA for 2019, 2020 and 2021 was AED 10.8 billion (for an Adjusted EBITDA margin of 47.4%), AED 10.1 billion (for an Adjusted EBITDA margin of 45.1%) and AED 12.1 billion (for an Adjusted EBITDA margin of 50.7%) respectively. The Group's net income for 2019, 2020 and 2021 was AED 6.6 billion (for a net income margin of 29.0%), AED 5.3 billion (for a net income margin 23.6%) and AED 6.6 billion (for a net income margin of 27.5%) respectively.

The Group expects its EBITDA margin to reach approximately 56% in 2023 as a result of reducing fuel costs from IPPs and higher relative contribution of higher margin IPPs and EMPOWER, in addition to margin gains resulting from the transition to clean energy and other green initiatives.

The Group also enjoys a strong balance sheet with a net debt for 2019, 2020 and 2021 of AED 5.1 billion, AED 11.9 billion and AED 17.6 billion, respectively. The net debt to EBITDA ratio was at 0.5x, 1.2x and 1.5x for the years 2019, 2020 and 2021 respectively.

Strategy

The Group's strategy is rooted in reinforcing its 'Triple Bottom Line' sustainability approach in all of its activities and operations. Sustainable growth is the Group's higher order goal that will allow the Group to mobilise its capabilities to contribute to the strong local and federal development plans whilst preserving and ensuring, the Group's natural capital and long lasting economic prosperity of the Group. The Group aims to deliver on its strategy vision through:

- balancing economic, environmental and social impacts of our growth strategy;

- effective stakeholders happiness strategy;
- pioneering global position of our services and key results; and
- effective alignment with the UN SDGs.

Optimised Costs, Revenues and Diversified Global Investments: drive the financial performance of the Company as the Economic pillar of the Group's Sustainability Framework

The Group intends to leverage its unique position as the sole electricity and water and leading district cooling supplier in Dubai to drive the financial performance of the Company as the economic pillar of the Group's Sustainability Framework. Sustainable sales of utilities in Dubai were key drivers for the Company's top line.

The Group aims to continue this achievement by mobilising the DEWA 2021 Investment Strategy and by exploring and exploiting cost optimisation opportunities across each of its value chain, such as exploring the use of new and innovative storage technologies that will allow the Group to utilise renewable energy at all hours of the day at a lower cost and exploring international expansion for Empowers' services to the Kingdom of Saudi Arabia, Qatar and other markets that have broad adoption, or potential for adoption, of district cooling services.

As a global digital leader, the Company is at the core of digital innovation with technologically advanced digital systems and tools delivering robust end-to-end solutions and will continue developing and exploring new revenue streams through the use of digital innovation, such as SCADA, a sophisticated and centralised monitoring system which ensures a reliable supply of electricity and water is consumers by leveraging AI and big data, and ASR, which is up to six times cheaper at enhancing the strategic water storage compared to conventional concrete reservoir storage. The Company will continue to effectively manage its core subsidiaries to diversify its investment into digital technologies as a method of costs and revenue optimisation. For example, the Group expects Digital Dewa to continue as the technology arm of the Group while also expanding the opportunities to deliver revenues from third parties, converting a former cost centre of the Group into a revenue centre.

Pioneering Socially Responsible Practices: contribute to the sustainable development of Dubai as the Social pillar of the Group's Sustainability Framework

The Group is focused on developing its pioneering socially responsible practices by continuing its contribution to the sustainable development of Dubai as the social pillar of the Group's Sustainability Framework. Such contribution are to be achieved by fulfilling the Group's corporate social responsibility annual plan, which includes, among other things, the delivery of key social programs and initiatives that support national and international corporate social responsibility efforts. The Group will continue to focus on human capital development by implementing several policies and practices to encourage a culture of volunteering amongst its employees, supporting local suppliers, contractors and entrepreneurs, and by continuing to operate on the basis of an ESG centric business model that is aligned with the United Nations Sustainable Development Goals 2030.

Minimised Environmental Footprint: develop and run environmentally responsible asset portfolio as the Environmental pillar of the Group's Sustainability Framework

The Group plays a key role in Dubai's green energy transition process, with green energy transition forming a central pillar of the Group's strategic direction. Part of the Group's vision is to align with Dubai's eight Principles and 50-Year Charter and to support the UAE's strategic direction into innovative energy solution. The Group aims to achieve this is by: i) minimising its environmental pollution and waste by developing and managing environmentally responsible asset portfolio that can ensure that greenhouse gas emissions are, at a minimum, in line with the national intended contribution level; ii) minimising pollution and waste from the Group's operations; iii) ensuring that EIA is completed for all projects; and iv) by delivering on the Group's UNDP Sustainable Development Goals. The Group aligns its community investment and engagement strategies with issues that are important not only to the management of its assets, but also to the benefit of the surrounding communities. Furthermore, the Group has consistently and will continue to adopt a responsible approach to asset management, supported by an Asset Management Framework in compliance with ISO 55001 and an Asset Management Policy.

Available, Reliable and High Quality Supply of Electricity and Water: The Company has consistently been recognised for its highest standards of service quality by receiving a number of awards and top rankings among its peers. The Group plans to continue providing the highest quality standards for electricity generation, transmission and distribution and water production and distribution by exploring the use of new and innovative technologies such as the SDMS, which has enable the Group to deliver uninterrupted supply of electricity and water to its customers. The Groups AMI i-Service initiative, which enables the Group’s technicians to resolve unplanned outages, breakages and leakages, before receiving a customer complaint, is one of many innovations that the Group will continue to explore and utilise in order to maintain its efficiency in handling and resolving customer technical issues.

Engaged and Happy Stakeholders: dedicate adequate resources to foresee, analyse, deliver and exceed stakeholders’ expectations and brand perception

The Group is committed to dedicating adequate resources to foresee, analyse, deliver and exceed stakeholders’ expectations and brand perception. It aims to achieve this by developing and deploying a comprehensive Stakeholder Happiness Strategy by focusing on developing the Company’s branding capabilities in order to accelerate and strengthen the Group’s brand and reputation regionally and internationally. The Group will actively engage with stakeholder groups across each relevant communication channels in order to: i) understand and anticipate the needs and expectations of stakeholders which includes government personnel, customers, partners, society and employees; and ii) deliver products and services that exceed shareholder expectations and needs.

In 2021, the Company ranked first in the Instant Happiness Meter by the Dubai Digital Authority with a score of 98%. In order to sustain the Group’s leadership position in happiness among government entities, the continuously measure stakeholders’ happiness level and respond appropriately.

Another key theme of the Group’s strategy is ‘10X The Future’ which focuses on the Group’s ability to innovate in a fast-moving energy and water sector and prepares the Group and the Emirate of Dubai for the future. This theme focuses on finding enduring and more appropriate solutions to the current and future challenges facing the Group’s business by in research and development and innovation. It aims to disrupt and create a sustainable future by implementing (i) Digitisation, (ii) Diversification of energy sources, (iii) Demand Side Management and (iv) DEWA Space and IoT.

Disruptive Technologies: AI, Robotics, Space, and IoT

A key function of the Group’s R&D is to enable the Group to embrace the future by aligning internal requirements and external trends with innovation and R&D activities, thus allowing the Group to i) demonstrate and evaluate cutting edge technologies related to energy and water, and ii) to develop effective solutions in smart grids, solar, water and energy efficiency using disruptive technologies, which includes energy storage, AI, robotics, Space-D, IoT, 3D printing and other advanced materials. The Group aims to leverage intellectual properties in order to create more value from research output. The Group will continue fostering stakeholder engagement in order to keep driving innovation.

Leading Through Digital DEWA

As a response to the Government of Dubai's 10X initiative, an initiative aimed at “positioning Dubai 10 years ahead of all other world cities” by placing a strategic focus on innovative technology and disruptive solutions, the Group developed Digital DEWA to be its digital arm which has enabled the Group to be the world’s first utility provider to use autonomous systems for renewable energy generation, energy storage, AI adoption and the provision of digital service. Through Digital DEWA, the Group aims to make Dubai the first city to provide electricity and water services based on AI. The Groups aims to continue this digital transformation through the effective implementation of: i) the smart grid initiative, a smart network providing the best service to customers with high efficiency, via the use of AI and big data; ii) Shams Dubai, a distributed renewable generation programme to support the diversification of the clean energy sources to build a sustainable future for the Emirate of Dubai; and iii) the Dubai Green Mobility Strategy 2030, an initiative launched to encourage the use of electric vehicles. The Group also aims to expand into different fields, such as solar energy, energy storage, AI, and other digital services through Digital DEWA.

Sustainable Energy Mix and effective supply and demand side management

In 2011, the DSCE, in cooperation with the Company, launched the Demand Side Management Strategy 2030, which aims to deliver 30% power and water consumption savings by 2030 through a set of defined programmes. To meet this target, the Group aims to develop its asset portfolio and to continue integrating reliable and cost-effective renewal technologies.

Relationship with the Government

Conversion of the Company to a public joint stock company

Pursuant to Ruler of Dubai Law No. (27) of 2021 which came into effect on 30 December 2021 (and repealed Decree No. (1)), DEWA was converted to a public joint stock company. At the same time Ruler of Dubai Law No. (56) of 2021 was enacted appointing H.E. Saeed Mohammed Ahmad Al Tayer as the Managing Director and Chief Executive Officer of DEWA, and Ruler of Dubai law no. 55 of 2021 was enacted appointing the current members of the Board.

The Government's shareholding in the Group is held by the Department of Finance.

Government as Majority Owner

Following the Offering, the Government will be the major shareholder and majority owner of the Company. Through its control of the appointment of the majority of the Board of Directors, and holding the majority of shareholder votes at a general meetings of the Company's shareholders (other than in any cases where the Selling Shareholder would need to abstain from such vote), the Government has the ability to control the strategy, operations and management of the Group.

Following the implementation of Ruler of Dubai Law No. (27) of 2021, any financings by the Company and its subsidiaries no longer require prior approval of the Supreme Fiscal Committee. The Company is no longer required to ensure that its financings at the Company level are approved by both the Supreme Fiscal Committee and its Board of Directors.

Although the Government has the power to control the Group's financings, the Group's financial obligations are not, absent an explicit guarantee, guaranteed by the Government. However, in respect of certain of the older IPPs (being Shuaa Energy 1, Shuaa Energy 2, Noor Energy 1, and Hassyan Energy Phase 1) there are guarantees issued by the Government in respect of the Company's offtake and payment obligations. However, for more recent IPPs and the IWP, there are no such Government guarantees in place. In the absence of any funding and/or any explicit Government guarantee for the Group's financings, the Group is solely responsible for meeting its funding requirements and its payment obligations to its creditors.

Government as Regulator

As the majority owner of the Company, the Government also has the power to regulate the Group's activities. The water and electricity sector in Dubai has not historically been characterised by heavy or extensive regulation, with the exception of water and electricity tariffs, which are ultimately determined by the Government through the Executive Council (following review by the Supreme Council of Energy).

Government as Purchaser of Electricity and Water

The Government, including all Government ministries and offices, is a significant purchaser of water and electricity from the Group. The Government is charged the same electricity and water tariffs as other consumers (with the exception of UAE nationals, who are charged reduced tariffs for their residential electricity and water bills).

Until 31 December 2021 the Government has, through the Department of Finance, settled the unpaid electricity and water invoices for and on behalf of certain Government ministries and departments by issuing credit notes on a monthly basis to the Group. The credit notes were partially supplemented by a fixed monthly payment made by the Department of Finance on behalf of the Government entities with remaining balance included as part of Government receivables.

Government Payment to Cover Reduced Pricing of Nationals and Fuel Surcharge

UAE Nationals have historically been charged reduced tariff payments. Starting from January 2022 the Department of Finance will cover the reduced pricing up to the Company's breakeven point, through a 90-day credit payment term.

Additionally, UAE nationals have been exempt from paying fuel surcharge related to fuel costs. Starting from January 2022, the Department of Finance will cover the portion of the fuel surcharge due for UAE Nationals through a 90-day credit payment term.

Government as Grantor of Land and Rights of Way

The Group's offices and its power and desalination stations are built on land transferred to it from the Government. By way of a Government order dated 26 July 2008, it was stated that full legal title to all land which had previously been granted to the Group by the Government would be transferred to the Group. Although the Group has been granted legal title to the land, it may only use the land for its own business and commercial operations (although, pursuant to Decree No. 9, the Group may grant usufruct or similar rights over such land to any entity which contributes to electricity and water production in Dubai). However, while the Group is not permitted to sell its land to third parties, it is able to use it in connection with Shari'a compliant financing, including sukuk and it may mortgage its land to third parties. Should the Government wish to re-possess any land granted to the Group, it must provide a suitable substitute for the land and bear the cost of relocating any infrastructure built on it. As at the date of this Prospectus, the Government has not re-possessed any significant parcels of land granted by it to the Group, except for the land on which its head office was built (which was re-possessed in 1992) and the land on which the central storage unit for transmission and distribution inventory was situated (which was re-possessed in 2012 pursuant to the construction of a road); for each of these, substitute land was provided. The central storage unit for transmission and distribution inventory was completely transferred to substitute land. However, none of the Group's power and desalination stations or other major installations have been re-possessed and, given the size of the stations and installations and the costs and disruption involved in moving them, the Group believes that the Government is unlikely to repossess any land owned by the Group in the future, although no assurance can be provided.

The Group has been granted rights of way for an indefinite period over certain specific corridors or routes reserved for use by the Group through which it may lay cables and water pipelines for the transmission of electricity and water as well as fibre optic cables for data transmission. The rights of way over the corridors were previously granted to it by the Dubai Municipality but that function was subsequently taken over in 2010 by the Road Transport Authority (the "RTA"), a public authority wholly-owned by the Government. As the Group holds the legal rights of way over the corridors, the Group has the ability to lease the corridors to third parties. As at the date of this Prospectus, the Group leases, through InfraX LLC (a subsidiary of Digital DEWA), the use of the fibre optic cables it has laid in such corridors to the UAE telecommunications provider, Emirates Integrated Telecommunications Company PJSC. Where the Group requires any further rights of way from third parties, it seeks approvals in the ordinary course.

Government as Supplier of Natural Gas

Since early December 2021, the position of the Group is to rely on natural gas and clean energy sources to operate its plants. Natural gas-fired power generation is currently the Group's main source of power generation. While the Group's conventional stations are generally capable of burning both natural gas and fuel oils, natural gas is used (other than in the case of emergencies) as a matter of the Group's current policy, as well as due to advantages in efficiency and cost. Supplies of natural gas in Dubai are arranged by the Government through DUSUP, which is the supplier of natural gas to the Group. Pursuant to Government regulations, the Group can only buy natural gas from DUSUP and may not enter into direct contracts with natural gas suppliers. DUSUP enters into gas purchase agreements with natural gas suppliers, receives natural gas transported through its pipelines to its gas control station at Jebel Ali and then sells natural gas to customers within Dubai. Currently, DUSUP's largest customer is the Group. DUSUP has not entered into any formal gas supply agreement with the Group, but DUSUP is mandated by the Government to obtain sufficient gas supplies to meet all of the Group's requirements. As results of such mandates with the Government, DUSUP allocates the substantial majority of its supplies to the Group accordingly at a rate which have historically been based on pre-fixed prices.

With respect to the supply of natural gas and liquefied natural gas by DUSUP to the Group, DUSUP is accountable to the Supreme Council of Energy, which has been mandated to oversee the supply and distribution of natural gas and liquefied natural gas supplies in Dubai.

Principal Operations

The Group's operational power generation and water desalination stations, and their respective capacities as at 31 December 2021 are shown in the table below.

| <u>Project Name</u> | <u>Project Company</u> | <u>Energy Source</u> | <u>Gross MW</u> | <u>Gross MIGD</u> | <u>DEWA Stake</u> | <u>Remaining Life (Years)</u> | <u>COD</u> | <u>planned Decommission Date</u> |
|---|------------------------|----------------------|-----------------|-------------------|-------------------|-------------------------------|------------|--------------------------------------|
| | Noor | | | | | 35 | 2021 | 2056 |
| MBR Solar Park - Noor 1 PV1..... | Energy 1 Shuaa | Renewable | 217 | - | 51% | 25 | 2021 | 2048 |
| MBR Solar Park - Ph V-A..... | Energy 3 | Renewable | 300 | - | 60% | | 2021 | 2061 |
| | - | Power from grid | - | 40.0 | 100% | | | |
| Jebel Ali Station – K SWRO..... | | | | | | | | |
| Hassyan Power Plant - Units 1 and 2 | Hassyan Power Shuaa | Natural Gas | 1,200 | - | 51% | 25 | 2021 | 2048 |
| | | | | | | 24 | 2020 | 2045 |
| MBR Solar Park - Ph III C | Energy 2 Shuaa | Renewable | 300 | - | 60% | 23 | 2019 | 2045 |
| MBR Solar Park - Ph III B | Energy 2 Shuaa | Renewable | 300 | - | 60% | 22 | 2018 | 2045 |
| MBR Solar Park - Ph III A | Energy 2 Shuaa | Renewable | 200 | - | 60% | 21 | 2017 | 2042 |
| MBR Solar Park - Ph II..... | Energy 1 | Renewable | 200 | - | 51% | 18 | 2013 | 2039 |
| MBR Solar Park - Ph I | DEWA | Renewable | 10 | - | 100% | 41 | 2019 | 2062 |
| | - | Natural Gas | 700 | - | 100% | 41 | 2012 | 2062 |
| Jebel Ali Station “M” – Extension | | | | | | | | |
| | - | Natural Gas | 728 | - | 100% | 41 | 2012 | 2062 |
| Jebel Ali Station “M” - Block III .. | | | | | | | | |
| | - | Natural Gas | 728 | - | 100% | 41 | 2012 | 2062 |
| Jebel Ali Station “M” - Block II.... | | | | | | | | |
| | - | Natural Gas | 728 | 134.0 | 100% | 38 | 2008 | 2059 |
| Jebel Ali Station “M” - Block I..... | | | | | | | | |
| | - | Natural Gas | 1,432 | 52.0 | 100% | 34 | 2007 | 2055 |
| Jebel Ali Station “L” - Ph II..... | | | | | | | | |
| | - | Natural Gas | 969 | 67.5 | 100% | 31 | 2003 | 2052 |
| Jebel Ali Station “L” - Ph I..... | | | | | | | | |
| | - | Natural Gas | 948 | 56.0 | 100% | 48 | 2008 | 2069 |
| Jebel Ali Station “K”..... | | | | | | | | |
| | - | Natural Gas | 968 | - | 100% | 47 | 2007 | 2068 |
| Aweer Power Station “H” - Ph III. | | | | | | | | |
| | - | Natural Gas | 421 | - | 100% | 38 | 1998 | 2059 |
| Aweer Power Station “H” - Ph II .. | | | | | | | | |
| | - | Natural Gas | 607 | - | 100% | 31 | 2007 | 2052 |
| Aweer Power Station “H” - Ph I ... | | | | | | | | |
| | - | Power from grid | - | 23.0 | 100% | 19 | 1996 | 2040 |
| Jebel Ali Station “G” - SWRO..... | | | | | | | | |
| | - | Natural Gas | 480 | 32.2 | 100% | 19 | 1994 | 2040 |
| Jebel Ali Station “G” - Block II | | | | | | | | |
| | - | Natural Gas | 338 | 25.8 | 100% | 16 | 1992 | 2037 |
| Jebel Ali Station “G” - Block I..... | | | | | | | | |
| | - | Natural Gas | 289.0 | - | 100% | 16 | 1989 | 2037 |
| Jebel Ali Station “E” - Ph II..... | | | | | | | | |
| | - | Natural Gas | 327 | 25.0 | 100% | 22 | 1984 | 2043 |
| Jebel Ali Station “E” - Ph I..... | | | | | | | | |
| | - | Natural Gas | 607 | 19.5 | 100% | 10 | 1980 | 2031 |
| Jebel Ali Station “D” - Ph II..... | | | | | | | | |
| | - | Natural Gas | 420 | 15.0 | 100% | | | |
| Jebel Ali Station “D” - Ph I..... | | | | | | | | |
| Total – Operational | | | 13,417 | 490 | | | | |

The Group's under construction power generation and water desalination stations, and their respective expected capacities as at 31 December 2021 are shown in the table below.

| Project Name | Project Company | Energy Source | Gross MW | Gross MIGD | DEWA Stake | Remaining Life (Years) | COD |
|--|------------------------|-----------------------------|-----------------|-------------------|-------------------|-------------------------------|------------|
| Hassyan Power Plant - Units 3 and 4.... | Hassyan Power | Natural Gas | 1,200 | - | 51% | 25 | 2023 |
| Aweer Power Station "H - Ph IV" | - | Natural Gas | 829 | - | 100% | 40 | 2022 |
| Noor Energy 1 - CSP | Noor Energy 1 | Renewable | 700 | - | 51% | 35 | 2024 |
| Noor Energy 1 - PV2 | Noor Energy 1 | Renewable | 33 | - | 51% | 35 | 2024 |
| MBR Solar Park - Ph V-B &V-C | Shuaa Energy 3 | Renewable | 600 | - | 60% | 25 | 2023 |
| Jebel Ali Station K Phase III Stage 1 | - | Natural Gas | 590 | - | 100% | 40 | 2023 |
| | | Power from grid | | | | 35 | 2023 |
| Hassyan Complex (SWRO) | Hassyan SWRO | (Renewable) Power from grid | - | 60 | 60% | 35 | 2024 |
| Hassyan Complex (SWRO) | Hassyan SWRO | (Renewable) Power from grid | - | 60 | 60% | | |
| Hatta Pumped Storage Hydro Power | - | Renewable | 250 | - | 100% | 80 | 2024 |
| Total - Under Construction | | | 4,202 | 120 | | | |

The Group's current planned pipeline of power generation and water desalination stations, and their respective expected capacities as expected or proposed at 31 December 2021 are shown in the table below1:

| Project Name | Energy Source | Gross MW | Gross MIGD | COD |
|--------------------------------|-----------------------------|--------------|------------|------|
| MBR Solar PV 2025 | Renewable | 300 | - | 2025 |
| MBR Solar PV 2026 | Renewable | 300 | - | 2026 |
| MBR Solar PV 2027 | Renewable | 300 | - | 2027 |
| MBR Solar PV 2028 | Renewable | 300 | - | 2028 |
| MBR Solar PV 2029 | Renewable | 300 | - | 2029 |
| MBR Solar CSP 2029 | Renewable | 300 | - | 2029 |
| MBR Solar PV 2029 | Renewable | 100 | - | 2029 |
| Hassyan Complex (SWRO) 2029 | Power from grid (Renewable) | - | 60 | 2029 |
| MBR Solar PV 2030 | Renewable | 300 | - | 2030 |
| Hassyan Complex (SWRO) 2030 | Power from grid (Renewable) | - | 60 | 2030 |
| Total - Future Projects | | 2,200 | 120 | |

Overview of the Electricity and Water Tariff Framework

Below is a summary of the electricity and water tariff determination process in relation to the Company:

- The Board of Directors may propose revisions to tariffs chargeable to electricity and water consumers;
- The Supreme Council of Energy will review and assess any tariff revisions proposed by the Company;
- The Supreme Council of Energy will make recommendations in respect of the proposed tariff revisions to the Executive Council; and
- The Executive Council will then consider the recommendations made by the Board of Directors, as per Dubai law no. 27 of 2021, taking into consideration the review and recommendations of the Supreme Council of Energy.

In assessing proposed tariff revisions, the Supreme Council of Energy will take into consideration and aim to deliver a fair outcome for customers, the Company (including its shareholders), and other key stakeholders.

Any tariff revisions will take into account, among other things, the Group's asset base, investment plans, operating and maintenance costs, and financial structure.

Tariffs will also seek to ensure efficiency, including:

- Service quality, including maintenance and improvement of safety, security of supply, and customer service standards;
- Sustainability, including alignment with the environmental and social policy goals of Dubai and the UAE; and
- Investment and operations, including recovery of efficiently incurred operating costs and capital costs, including a fair return on investment.

Electricity

Power Generation

The Group currently generates electricity from power stations located at the Jebel Ali Power and Desalination Complex, Al Aweer, Hatta, Seih Al Dahal and the MBR Solar Park (Al Qudra).

The current focus of the Group is to increase its power generation by way of renewable energy. The initial pilot solar energy project carried out the Group was not an IPP, and was limited to approximately 10 MW. Since that time, solar generation has grown substantially and, as at 31 December 2021, the Group had total solar energy capacity of 1,527 MW, all of which is at the MBR Solar Park. The site is expected to accommodate the full 5,000 MW of solar energy capacity planned for that location by 2030 (of which it is expected that approximately 1,000 MW will be CSP).

The CSP plant at the MBR Solar Park is expected to begin commissioning during the first half of 2022 with commissioning ongoing until early 2024. One key advantage of CSP is the thermal storage capabilities, which allow operation during the evening using the stored solar energy. The Group currently plans to utilise a mix of CSP and PV to manage day and night energy requirements.

There is also a limited amount of distributed solar that contributed an additional 399 MW by the end of 2021, through the Shams Dubai programme. The distributed solar comprises customer assets that are connected to the grid, and are currently subject to caps on generation put in place by the Group. Only accredited and approved third parties are able to carry out works in respect of distributed solar installations in Dubai. Any surplus energy produced is fed to the grid and there is a netting scheme in place that will allow participating parties to use that excess power at any time (similar to an energy bank).

The Group utilises state of the art technologies, including the latest PV technologies (such as bi-facial PV) to help ensure efficient use of solar energy resources. In addition, the developers typically commit to certain levels of efficiency over the life of the plant (e.g. 25 years).

The Group also intends to install storage for solar energy, as part of the MBR Solar Park Phase 4 Solar CSP and Hatta pumped storage hydro power projects. Increased storage capacity will allow the Group to utilise renewable energy at all hours of the day. The Group is also exploring the use of new and innovative storage technologies.

The Group is also developing power storage in Hatta, as part of the Hatta Power Generation Project for the Hatta Comprehensive Development Plan, which will produce the first hydroelectric power station in the GCC. The power station is expected to be completed in June 2024 and is expected to produce 250MW with a storage capacity of 1,500 MW hours and a lifespan of 80 years. The hydroelectric power station will generate electricity by making use of the existing water stored in the Hatta Dam, which can store up to 1,716 million gallons, and an upper reservoir that will be built in the mountain to store up to 880 million gallons.

With respect to the Group's non-renewable power generation, the Group initially relied on simple cycle gas turbine generators and gas powered steam turbines, later switching to combined cycle co-generation plants associated with MSF desalination units, which combine the generation of electricity

with the desalination of seawater in a single location. In the gas powered steam turbines, such as those found in Station D, thermal power is generated by firing natural gas (or fuel oils as a standby) into steam boilers in order to generate high pressure steam. The steam is then passed through a steam turbine consisting of several levels of both fixed and rotating blades. The steam turbine drives the electrical generator coupled to it, thereby generating electricity. Part of the steam produced by the steam turbines is also extracted and used in the desalination process.

The Group also utilises combined cycle co-generation plants consisting of gas turbines, waste heat recovery boilers (“WHRB”), steam turbines and MSF desalination plants. The combined cycle co-generation plants rely on gas turbines which compress the atmospheric air to a high pressure, with the resulting hot compressed air flowing into the combustion chamber into which natural gas or fuel oil is fired. The hot gases from the combustion chamber flow through the gas turbine consisting of various stages of fixed and rotating blades. The hot gases drive the gas turbine, which in turn drive the generator coupled to the turbines, thereby generating electricity. In order to use the waste heat available in the gas turbine exhaust, a WHRB is installed alongside the gas turbine which utilises the waste heat to produce steam, which in turn is used in the steam turbines to produce additional electricity and in the desalination process.

Several of the Group’s earlier simple cycle gas turbine plants were later converted into combined cycle co-generation plants by combining gas turbines with condensing extraction steam turbines (“CEST”) (as in Station E Phase II) or back pressure steam turbines (“BPST”) (as in Station E Phase IV). The energy contained in the steam produced in the WHRB drives the CEST or BPST and the steam extracted from the CEST or from the exhaust of the BPST is used in the desalination process. Combined cycle plants have higher capacities and generate electricity more efficiently than single cycle plants. At its maximum operating capacity, approximately 90% of heat input is utilised in the combined cycle co-generation and desalination process, with the remaining approximately 10% being lost through flue gas exhaust from chimneys, or through the cooling of sea water and other miscellaneous sources such as steam or water drains. Combined cycle gas turbines (“CCGT”) currently comprise approximately 62% of the Group’s fleet.

Each traditional power generation plant is typically designed to have an average useful life of approximately 30 years, after which it will need to be either upgraded or replaced. The Group also implements remaining life assessment and adequate lifetime extension (“LTE”) measures in its plants in order to achieve a plant life of 40 to 50 years. For instance, Phase I and Phase II of Station D have undergone extensive LTE measures and their useful life has been extended to 2031 and 2043, respectively.

The demand for electricity in Dubai tends to vary throughout the year (being up to three times higher in the warmer months of July, August and September than in the cooler months, due to an increase in the use of cooling systems). The Group expects electricity demand to grow up to 59.4 TWh by 2026. However, unlike the demand for electricity, the demand for water does not tend to be seasonal. In order to allow for this variation in power demand, each power and desalination station is equipped with auxiliary boilers, which produce steam for the desalination process. This supplements the steam produced by the WHRB at the relevant plant, which may be insufficient due to a lower demand for electricity during the winter months. In addition, the Group’s dispatch centre forecasts daily and hourly demands and instructs the operators on how to efficiently operate each plan.

Details of IPPs

Noor Energy 1 IPP

Noor Energy 1 is an independent power plant project that has a 700 MW CSP and 250 MW PV (contracted electricity generation) capacity, and which is located in, and constitutes the fourth phase of, the MBR Solar Park, Dubai, UAE (“**Noor Energy 1 IPP**”). Upon completion, it is expected to become the largest single-site CSP plant in the world using a combination of a central tower and parabolic trough CSP technologies.

Shuaa Energy 3 IPP

Shuaa Energy 3 is a solar photovoltaic independent power plant project that will have contracted electricity generation capacity of 900 MW, which is located in, and constitutes the fifth phase of, the

MBR Solar Park, Dubai, UAE (“**Shuaa Energy 3 IPP**”).

Shuaa Energy 2 IPP

Shuaa Energy 2 is a solar photovoltaic independent power plant project that has contracted electricity generation capacity of 800 MW, which is located in, and constitutes the third phase of, the MBR Solar Park, Dubai, UAE (“**Shuaa Energy 2 IPP**”).

Shuaa Energy 1 IPP

Shuaa Energy 1 is a solar photovoltaic independent power plant project that has contracted electricity generation capacity of 200 MW, which is located in, and constitutes the second phase of, the MBR Solar Park, Dubai, UAE (“**Shuaa Energy 1 IPP**”).

Hassyan Energy IPP

Hassyan is an independent power plant project that has a total electricity generation capacity of 2,400 MW (“**Hassyan Energy IPP**”).

Electric Vehicles

Dubai currently enjoys one of the highest densities of EV chargers in the world, due largely to the initiatives of the Group. The EV Green Charger Initiative was launched to promote green transportation in the city. Through this initiative, the first public charging infrastructure for EVs was developed in the region and remains the fourth largest network globally. In 2015, the Group developed and installed 100 EV Green Chargers in highly frequented areas across Dubai, to encourage EV adoption. In 2021, the network has expanded to over 300 EV chargers across Dubai, with a plan to increase to 1,056 by the year 2025. There are 6,750 EVs in Dubai and this is expected to grow to 22,781 EVs by 2025. The Group aims to maintain an annual ration of 1:7 of installed charging outlets to EVs. The Group initially launched a free-charging incentive on its network to encourage green mobility within Dubai.

Since 1 January 2022, the cost of charging EVs at public charging stations has been 29 fils per kilowatt/hour for commercial and non-commercial EV Green Charger registered users.

As the global trend of automotive manufacturers, and consumers, leans toward further toward EV, the Group is seeking to further its development to remain a leader in sustainability.

Water

Reverse Osmosis

Desalination

The Group’s other desalination stations (Stations D, E, G, K, L and M) are located at Jebel Ali (which also has proximity to the sea). The capacity of the desalination plants is determined by the Group on the basis of a seawater temperature of 37 degrees Celsius and a high temperature operation. Most of the Group’s current desalination plants use MSF technology whereby seawater is passed through a series of evaporator stages that serve as heat exchangers. The seawater is gradually heated by steam which raises the temperature of the seawater to boiling point. The steam is either extracted from a CEST (as in Station D) or from the exhaust of BPST (as in Station E, Station G and Station K). The seawater is heated to boiling point and is allowed to expand in a series of evaporator stages that are held under a vacuum which causes the seawater to “flash” into steam. The steam then condenses on the exterior of the metal cooling tubes through which seawater passes at lower temperatures, extracting heat from the steam and the water is then collected in distiller water trays. The distilled water is then treated in a blending plant so as to make it potable. About two-thirds of the high saline water or brine resulting from the desalination process is then discharged back into the sea. However, due to naturally occurring sea currents, the Group does not believe that the brine has a material adverse effect on the sea or the environment.

Water Transmission and Distribution

Desalinated water is pumped from the Jebel Ali Power and Desalination Complex directly into the

transmission system and, through a series of interconnecting transmission mains and 28 booster pumping stations, to the water reservoirs. The water is then transported via the main transmission pipeline to a further network of transmission pipelines, ranging in size from 550 mm to 1200 mm in diameter, to convey water to the major consumption areas. Additional transmission capacity is provided through some of the larger distribution pipelines ranging between 225 mm and 450 mm in diameter, which run in parallel with the transmission lines.

Water is conveyed by distribution lines which are then tapped to provide each residence or building with water. In 2021, the total length of the distribution network in Dubai was measured at 11,140 km (compared to 10,898 km in 2020).

District Cooling

The Group also diversified its range of operations by entering into a venture in December 2003 with TECOM, a subsidiary of Dubai Holding, to establish Empower.

Expansion projects

In order to meet the anticipated future increase in the demand for water and electricity, the Group has initiated substantial investments to expand and upgrade its existing transmission and distribution network, with the focus on making investments in new generation through IWPs and new district cooling activities through Empower.

The expansion plan envisages a medium growth scenario, which anticipates that the demand for electricity and potable water will continue to grow at a steady pace. Should the predicted growth in the Group's business deviate from current projections, the Group has the flexibility to move towards either a low or high growth scenario expansion plan. A high growth expansion plan would necessitate an increase in capital expenditure as compared to the medium and lower growth scenarios. See “–Risk Factors–Risks Related to the Group–The Group cannot guarantee the accuracy of its forecasts for future demand for electricity and potable water in Dubai”. Furthermore, as a long-term strategy, the Group believes it will be necessary to construct more power and desalination plants outside the Jebel Ali area so as to service newly developed areas as well as to mitigate the potential risks caused by the concentration of power and desalination plants in Jebel Ali. As a result, power generation and water desalination projects have been launched at the Hassyan site and are currently under execution. However, as at the date of this Prospectus, the Group believes that it has adequate power generation and water production capacity (existing, under construction and planned) to meet projected demand until 2030. Thereafter the Group may consider additional projects as necessary to meet customer needs.

The Group's current focus for power generation is renewable energy, with a goal to reach clean energy and be entirely reliant on clean energy sources by the year 2050. Other than the natural gas plants currently under construction in Al Awir and Jebel Ali, the current plan of the Group is for the remaining power generation to be solar at MBR Solar Park.

With respect to water production, the current plan is to focus on SWRO, which will be powered by electricity and allows the Group to utilise its PV solar generation, thereby making the process more efficient.

Core Subsidiaries and Joint Ventures

Digital DEWA

Digital DEWA LLC (“**Digital DEWA**”) is a holding company within the Group (wholly-owned by the Company), which aims to group several subsidiaries that deliver digital business solutions, B2B communications infrastructure, renewable energy services, distributed energy storage, AI and other digital services. The four core pillars of Digital DEWA are solar energy, energy storage, AI and digital services.

As a response to the Dubai 10X initiative, a mandate set out by the Ruler of Dubai to encourage Government entities to disrupt themselves and encourage innovative thinking to advance Dubai 10 years into the future, the Group developed Digital DEWA.

One of Digital DEWA's key objectives is to help achieve the Dubai Clean Energy Strategy 2050 to

produce 100% of Dubai's total power output from clean energy sources, which will include the world's largest single-site solar park, with a planned capacity of 5,000MW by 2030.

As part of Digital DEWA's energy storage pillar, Digital DEWA has supported the Group's Hatta Power Generation Project to produce the first hydroelectric power station in the GCC, which is expected to be completed in 2024 and will produce 250 MW.

As part of Digital Dewa's 3rd Pillar (AI) the Group aims to make Dubai the first city to provide electricity and water services based on AI (the "**Rammas AI Initiative**"). Through this pillar, Digital Dewa deployed machine learning to augment customer experience, support employee services and productivity enhancement, and optimize core grid operations. The Rammas AI initiative is realised through three sub-initiatives;

- Rammas for you - AI for customers, includes a client facing service to support the customer experience and enhance service delivery. Operates as the Group's virtual employee, interacting with customers through multiple channels including its smart app, social media, Amazon's Alexa, Google Home and Whatsapp to facilitate service delivery and customer enquiries.
- Rammas @ work - an internal service for the Group's employees to empower the Group's systems through AI.
- Powered by Rammas - AI powered systems for smart speakers (Amazon's Alex and Google Home), IT support and cyber security systems.

Through the Fourth Pillar (Digital Services), Digital DEWA will expand its digital services and technological solutions to third parties through its subsidiaries: MORO, InfraX, Digital, Smart EnergyX, SecureX and SpaceD.

Data Hub Integrated Solutions LLC ("**Moro**") is currently the backbone and core entity at the heart of Digital DEWA. MORO is a company that provides data centre services, cloud solutions and hosting services, managed business solutions and managed IT services for the Group and other external public and private organisations. While Moro is expected to continue to provide digital services to the Group, nearly half of Moro's current sales pipeline is to third parties (outside of the Group).

Moro currently has two data centres in Dubai certified as Tier 3 by Uptime Institute, one in Jebel Ali and a second in Al Yalaisy, which is powered by solar energy. A third data centre is being built in MBR Solar park (expected to be operational by end of H1 2022) which is planned to be built over 10 phases to become the largest (green) solar power data centre in the region and will be powered by solar energy will be the largest green data centre in the region.

Moro also established and operates a state of the art integrated and secured Smart Cities Command Control Centre that enables Government entities to fast track the adoption of new-age digital technologies such as IoT, cyber security and the cloud providing data-driven analysis to make well-informed decisions. In addition to Moro, Digital DEWA currently has the following five wholly-owned subsidiaries:

- InfraX LLC ("**InfraX**") was formed in October 2019 and focuses on connecting Digital DEWA's value added services from its data centres and cloud services to customers. InfraX leverages DEWA's infrastructure to offer a secure, reliable, and independent super-fast network that meets the future digital transformation demands. InfraX is considered to be the first non-telecom company in the UAE to receive a special purpose IoT license from the Telecommunications and Digital Government Regulatory Authority (the "TDRA") to commercialize IoT networks and services. In addition, Infra X partners with local service providers to provide 5G technologies;
- DigitalX LLC was formed in October 2019 to offer digital services, resource augmentation, intelligent automation solutions, robotics, advanced data analytics solutions for optimal decision making and mission critical analytical modelling systems. DigitalX's services assist companies with designing, implementing and managing technologies to enhance their business capabilities as well as accelerating their digital transformation by building cutting-edge and easy-to-use systems powered by AI;
- Smart Energy X LLC, which focuses on solar energy, energy storage and EV charging;

- SecureX LLC, was developed to provide cyber security services. While such services are currently provided through Moro, the intention is to shift cyber security services to a separate entity; and
- Space D LLC - this entity is not active at the moment but the intention is for this entity to look after the satellite operations and space-related activities and shift all space-related matters of the Group (as discussed further below) to this entity.

With respect to the Group's Space D programme, part of Digital DEWA, a budget of approximately AED 59 million has been allocated to a three-year research project (expected to complete in 2024) to develop utility applications for satellites, including the proposed launch of two nanosatellites to test and validate utility-specific applications. The project also includes the installation of a ground-station at the Group's research and design centre to communicate with and control the satellites. The goals of the Space D programme include, among other things, the potential for assessing localized weather forecasting, salinity, temperature and the quality of sea water for desalination plants, which may provide opportunities to enhance network visibility, improve decision making and improve the inspection process (which could ultimately improve network reliability, efficiency and reduce costs). The Group is also working on the development of specialist applications and IoT terminals for direct communication with the satellites. Once the pilot projects have completed, there is the potential for further expansion, development, wider adoption and commercialization of such technologies and innovations.

The Group has successfully prevented more than two million attempted cyber security attacks and has no cyber security breaches.

Digital Dewa is expected to continue as the technology arm of the Group (and prioritize service delivery to the Group), while also expanding the opportunities to deliver revenues from third parties, converting a former cost centre of the Group into a revenue centre.

JEI Capital

Jumeirah Energy International Capital Holding LLC ("**JEI Capital**"), a wholly-owned subsidiary of DEWA, is the Group's financial investment arm, holding a portfolio of financial investments and (directly or indirectly) holds the following wholly-owned subsidiaries:

- Dubai Green Fund Investments LLC;
- Forward Investments Limited (incorporated in the DIFC);
- DGF Investment Bank Limited (incorporated in the DIFC);
- Forward Ventures 2 Holding Ltd. (incorporated in the DIFC)
- Forward Ventures SPV Limited (incorporated in the DIFC);
- Jumeirah Energy International Capital Holding LLC;
- Jumeirah Energy International Dubai Green Fund Holding LLC; and
- Jumeirah Energy International Silicon Valley LLC (incorporated in the state of Delaware, USA).
- JEI Capital's key subsidiaries are Dubai Green Fund Investments LLC and Forward Investments Limited.

Dubai Green Fund Investments LLC ("**Dubai Green Fund**") is the first specialised green impact investment fund in the MENA region. It is backed by the Government and is currently 100% owned by the Company.

Its mandate is to invest in green projects and support Dubai's position as a global hub for the green economy. To date it has made investments into landmark transactions, including the Noor Energy 1 and the Shuaa Energy 3 IPPs projects in relation to solar PV and CSP projects in MBR Solar Park, and the retrofitting of Dubai International Airport's buildings and runways to make them more energy efficient. Dubai Green Fund's current portfolio of green investments is expected to save approximately 8.5 million metric tonnes of CO2 emission per year over the next 30 years.

Forward Investments Limited (“**Forward Investments**”) is the Group’s corporate venture capital unit. Forward Investments was established in 2020 with a mandate to invest in venture investments in renewable energy, distributed generation, energy storage, utility digitization, smart technology and security, cleantech and other diversification opportunities relevant to the Group’s strategy. To date, the company has entered into a number of successful investments across the United States and Asia.

Through Dubai Green Fund and Forward Investments, the Group is furthering its push into investments in innovation and the future, and taking additional steps toward its sustainability goals.

JEI Holding

Jumeirah Energy International Holdings LLC (“**JEI Holding**”), a wholly-owned subsidiary of DEWA, is the entity through which the Group holds its interests in its IPP and IWP projects. The Group’s interests in IPP and IWP projects that ultimately fall under JEI Holding currently include:

- Noor Energy 1 PSC (the Group has a 51% equity interest held through Noor Energy 1 DEWA HoldCo, which is owned 94% by JEI Holding and 6% by Dubai Green Fund);
- Shuaa Energy 1 PSC (the Group has a 51% equity interest held through Shuaa Energy 1 DEWA HoldCo);
- Shuaa Energy 2 PSC (the Group has a 60% equity interest held through Shuaa Energy 2 DEWA HoldCo);
- Shuaa Energy 3 PSC (the Group has a 60% equity interest held through Shuaa Energy 3 DEWA HoldCo, which is owned 66.66% by JEI Holding and 33.34% by Dubai Green Fund);
- Hassyan Energy Phase 1 PSC (the Group has a 51% equity interest held through Hassyan Energy 1 DEWA HoldCo); and
- Hassyan Water Company 1 PSC (the Group has a 60% equity interest held through Hassyan RO DEWA HoldCo).

As noted above, a portion of the Group’s equity interests in Noor Energy 1 PSC and Shuaa Energy 3 PSC are held through Dubai Green Fund (and not under JEI Holding).

JEI Holding also holds an additional subsidiary, Hassyan By Products LLC, which carries out limited trading (where applicable) in support of the Group’s circular economy focus, and is expected to wind down its current operations in the near future.

Empower

The Group diversified its operations by entering into a joint venture in December 2003 with TECOM, a subsidiary of Dubai Holding, to establish the Emirates Central Cooling Systems Corporation (“**Empower**”), which was established pursuant to Dubai Law No. (10) of 2003. Pursuant to a direction from the Government on 23 November 2009, the Group acquired an additional 20% equity stake in Empower at a cost of AED 367 million, increasing its shareholding to 70%, and Dubai Law No. (3) of 2010 was enacted as an amendment to the previous law establishing Empower. The Company nominates a majority of the directors on the board of Empower, including the chairman of the board. The term of membership for each director is three years.

Empower provides district cooling services to various real estate projects and is the largest district cooling services provider in the world.

Each district cooling plant typically maintains certain redundancy or emergency capacity, and where additional capacity is required it can often be increased in a modular approach (typically in less than six months). Empower also has the ability to mobilise mobile units to deliver additional cooling load.

Empower currently enjoys a market share of approximately 79% of the district cooling market in Dubai as at 31 December 2021. Empower currently has a network of over 369 km of insulated pipes, and together its district cooling plants serve a capacity in excess of ca. 1.4 million refrigeration tonnes.

Mai Dubai

Mai Dubai LLC (“**Mai Dubai**”) is a water-bottling manufacturing and distribution company, which distributes water within the UAE and to other markets. Mai Dubai is a wholly-owned subsidiary of the Company and it commenced operations in 2014. Mai Dubai is currently the number two ranked water-bottling company in the UAE in respect of both distribution and sales.

All of the Mai Dubai plants are currently powered by rooftop solar power, and its facilities include a fully automated production system.

Etihad ESCO

Al Etihad Energy Services Co LLC (“**Etihad ESCO**”), a wholly-owned subsidiary of the Company, was established by the Company under a mandate from the Supreme Council of Energy to implement energy efficiency projects in Dubai. Etihad ESCO is a commercial energy services company and its activities have been expanded to include solar PV projects, as well as electromechanical and facility management services. The company has successfully completed a number of significant building retrofit projects for major public and private sector clients in the UAE. In 2020, the company expanded to the Emirate of Abu Dhabi by establishing a joint venture (owned 50% by each party) with Royal Strategic Partners to form Etihad Smart Energy Solutions LLC.

Relationship with Third Parties

Core Suppliers

The Group relies on third parties providers for the supply of various equipment and services in respect of generation, transmission, other technical equipment, operations and maintenance and other matters. The Group has 47 strategic suppliers, 248 core suppliers and 4,896 basic suppliers. The strategic suppliers of the Group between the years 2018 and 2021 were as follows: Toshiba Corporation; Schneider Electric FZE, Grid Solutions SAS (Dubai Branch), Mitsubishi Electric Corporation Co.(Dubai Branch), Termomeccanica Pomp Middle East Fz, Tesar s.r.l, Ansaldo Energia s.p.a, GE Middle East FZE, Siemens LLC, ABB Industries, Dubai Cable Company (Private) Limited, Emdad LLC, ETA-PCS Switchgear Manufacturing LLC, Emirates Transformer & Switchgear LLC, Grundfos Gulf Distribution FZE, Industrie-Technische Konstruktionhohmann, Reinhausen Middle East FZE, Obaid Humaid Al Tayer Engineering; Lucy Middle East FZE; and Doosan Heavy Industries & Const.

Construction Firms

The Group relies on third party construction firms for the design and construction of its power and desalination plants, substations and networks. The Group seeks construction projects on an open tender basis and awards contracts exclusively on a turnkey basis. Leading international construction companies have all participated in the design, construction and delivery of the Group’s projects.

Real Estate Developers

The Group also plans and co-ordinates the development of its new projects in order to meet the electricity and water requirements of large scale property development companies in Dubai, such as Dubai Properties LLC, Emaar Properties PJSC and Nakheel PJSC. These property development companies may build large-scale master planned communities consisting of residential units, businesses and hotels that will require access to the electricity and water distribution network.

Consultants

The Group engages engineering consultancy firms to provide consultancy services for project management, including engineering, design and site supervision, during the construction phase and in connection with the commissioning of power, desalination stations, substations, pumping stations and reservoirs as well as to conduct feasibility studies and carry out risk assessments with respect to its projects. The consultancy contracts are awarded by way of competitive tenders. Consultancy contracts in respect of power and desalination stations projects are typically awarded for a five-year period and require the consultant to provide a performance guarantee.

Employees

As at 31 December 2021, the total number of employees (permanent and temporary) employed by the Group was 11,300 as compared to 11,489 employees as at year ended 31 December 2020.

Emiratisation

The Group is committed to increasing the proportion of staff who are UAE nationals and to develop their training and expertise. For the year ended 31 December 2021, UAE nationals made up approximately 88.33% of the Group's leadership, approximately 60.16% of the Group's middle management and approximately 39.33% of its remaining workforce. Although the Government does not impose a mandatory quota on the number of UAE nationals the Group must employ, the Group has taken initiatives to involve more UAE nationals in its business.

The Group, in partnership with University of California, Berkeley, launched a futuristic master's degree in future energy systems and technology targeted at high potential UAE nationals in order to support the Group's expected future technical and knowledge requirements.

affordable desalinated water and electricity in an environmentally responsible manner aligns with the Group's business model both in the present and the future. The Group's sustainability approach is interwoven into its business model. The Group aligns its community investment and engagement strategies with issues that are important not only to the management of its assets, but also to the benefit of the surrounding communities. These practices build a strong, long-term foundation for the creation of shared value for the Group and the local economies of the countries in which the Group operates.

The Group's ESG Initiatives

The Group is committed to environmental, social and governance ("ESG") principles, and ESG is at the centre of the Group's priorities and strategic initiatives. The Group regularly considers the environmental, climate change and corporate social and governance responsibilities in its business and investment decisions and, accordingly, has set and disclosed ESG targets, including certain time-bound targets, in accordance with its ambition to support Dubai's transition to a 100% clean energy economy. The Group currently operates on the basis of an ESG centric business model aligned with the United Nations' sustainable development goals ("UN SDGs"). The Group's sustainability approach is interwoven into its business model. The Group aligns its community investment and engagement strategies with issues that are important not only to the management of its assets, but also to the benefit of the surrounding communities. These practices build a strong, long-term foundation for the creation of shared value for the Group and the local economy of the countries in which the Group operates. The Group will continue to review and, where necessary, modify its ESG-related policies, practices and programs with the aim of meeting the highest possible ESG standards. Furthermore, the Group intends to comply with all applicable SCA regulations, policies and processes to promote strong corporate governance in this area.

United Nations' Sustainable Development Goals (UN SDGs)

The Company's approach is to align its strategies and operations with the UN SDG by setting its sustainable development goals in line with the UN SDGs and categorised them into three tiers.

Tier 1 Goals which are business-critical to the Company's reputation, its ability to grow, to manage risks and create business opportunities consist of: clean water and sanitation (Goal 6); affordable and clean energy (Goal 7); decent work and economic growth (Goal 8); industry innovation and infrastructure (Goal 9); responsible consumption and production (Goal 12); and climate action (Goal 13).



Tier 2 Goals which are key to the Company's leadership commitments as a leading sustainable innovative global corporation consist of: gender equality (Goal 5); sustainable cities and communities (Goal 11); life below water (Goal 14); peace, justice and strong institutions (Goal 16); and partnerships

for the goals (Goal 17).



Tier 3 Goals which are important to the Company as a stakeholder in the Emirate of Dubai and internationally are likely to become priorities in the future, consisting of: no poverty (Goal 1); good health and well-being (Goal 3); quality education (Goal 4); reduced inequalities (Goal 10); and life on land (Goal 15).



Further, the Board of Directors has established the ESG Committee to assist the Board in supporting the Group in fulfilling its responsibilities in respect to ESG matters,

Environmental

The Group created the Climate Change & Sustainability (“**CC&S**”) department to establish, develop and lead the Group’s corporate sustainability programme. The CC&S department manages and implements the corporate climate change and sustainability programs, which includes sustainability reporting, stakeholder engagement, awareness campaigns, emissions reduction programme, carbon offsetting, identification of climate change risks and its impact on the Group’s operations, setting the relevant climate change resilience plans, mitigation and adaptation programmes within the electricity and water sector, behavioural efficiency programmes for residential customers, and the ISO 50001 Energy Management System and Group certification.

The Group has been a precursor in investing in advanced technologies enabling decarbonisation. From 2006 to 2021, the Group improved cumulative energy efficiency by 37.63%, which is equivalent to a reduction of 72.7 million tons of CO₂ emitted. In 2012, the Group launched its Carbon Dioxide Emission Reduction programme that created a roadmap for short, medium and long-term emission reduction actions up to 2030.

Health and Safety

The Group seeks to ensure that strict health and safety standards are observed throughout its operations. It established the Occupational Health & Safety Department (the “**OH&S Department**”) under the Shared Services Division to monitor health and safety standards at every level of the Group’s business. The OH&S Department implements health and safety standards that the Group believes exceed those required by federal and local laws and regularly audits the health and safety practices in each division. In close coordination with the human resources team, the OH&S Department performs regular health checks, nutrient checks, stress testing and wellbeing of employees. In addition, the OH&S Department organises and conducts workshops and training sessions on corporate risk management, evaluation of compliance, incident management and crisis management procedures that are available to all employees. In 2021, 2416 employees attended 121 Health & Safety training sessions. The result of the Group’s proactive health and safety approach is demonstrated (LTIFR) achievement of 0.71 in 2021 which is amongst the best internationally for similar companies.

Insurance

The Group has arranged for property insurance in respect all of its assets, including all buildings, plant and equipment as well as stock in trade, fuel, electrical goods and spare parts, but excluding underground cables and water pipelines, which covers machinery breakdown as well as fire, but not

lost profits. The assets are evaluated by independent consultants who advise the Group of any particular risks and carry out asset valuations and risk assessment surveys in order to enable the Group to take all necessary preventative steps to minimise the risks of accidents and losses. The Group has also obtained insurance for employer's liability against employee negligence and general tort claims. In addition, the Group has a provision for self-insurance for a certain portion of machine breakdown.

Properties

As of 31 December 2021, the Group owns a total of 148 principal properties pursuant a Government order dated 26 July 2008, which stated that full legal title to all land which had previously been granted to the Group by the Government would be transferred to the Group. These principal properties comprise of 20 freeholds, 10 main buildings, 8 power stations, and 25 nos. 400 kV substations, 319 nos. 132 kV substations and a huge nos. of distributions.

In addition, the Group owns other properties including transmission and distribution lines, pipeline installations, water reservoirs and pump stations, and other land assets.

Intellectual Property

The Group owns 27 trademarks that includes the DEWA logo and other material trademarks (including trademarks of subsidiaries) comprised by logos and words, which are registered across several jurisdictions including UAE, UK, USA, EU, Oman, Bahrain, Kuwait, Saudi Arabia. A strategic goal of the Group is to create intellectual property that can be used to add value to the Group, as opposed to relying on third party intellectual property. The Group also holds five patents granted in the UK, Austria and Luxembourg and five copyrights registered in UAE.

Information Technology

SCADA and SDMS

The Group operates four control centres (two for transmission and two for distribution), located in different areas in Dubai, which are used by the Group to monitor and control the transmission and distribution power grids. The Group uses SCADA, smart monitoring, control and automation systems to provide water and power services in accordance with international standards. The SCADA system hardware and software architect was designed to provide full redundancy and availability. Each control centre acts as back up to the other control centres thereby ensuring highest level of business continuity. SCADA assist the Group's operation and infrastructure by expanding the water and power networks and by monitoring and managing the age of pipelines and extreme weather conditions. More than 8,500 instruments and 704 RTUs are monitored live through the advanced SCADA platform. Through the implementation of SCADA, the Group has been able to minimise the occurrence of power outages or power interruptions, as well as pipeline breakages or leakages. SCADA enables skilled operators to instantly detect and isolate breakages and emergencies by observing the changes in pressure and flow transmitter readings. The only significant power outage in recent years took place in April 2017, due to supply interruption at 132 kV DMAL Substation, which lasted for 96 minutes with a total load loss of 42.5 MW, and in November 2021 when a gas turbine located in Jebel Ali power station malfunction due to a generator stator ground fault, and it is not expected to be operational until May 2022. However, the distribution control centres and transmission control centres in Qusais, Warsan and Najma have been functioning without any material operational failures.

The Group has also developed SDMS, an advanced operational technology for real time monitoring and control of the water distribution network, which is an extension of SCADA. The SDMS has improved fault location as well as isolation and service restoration capabilities, which has also resulted in shorter outage spans and lower outage costs. In addition, the automation of the distribution network simplifies management of the water network, which reduces support costs and improves security of the water supply.

i-Service

In May 2019, the Group launched an i-Service initiative to use AI to proactively monitor water service continuity and detect any service interruptions within three hours of their occurrence, using existing Advanced Metering Infrastructure ("**AMI**") data from customers' smart meters without deploying any new devices or sensors which avoids any added costs. The main advantage of i-Service is its early detection

feature, which enables the relevant teams to resolve unplanned outages, such as breakages and leakages, in the water network before receiving a customer complaint. In turn, this decreases the number of customer complaints due to unexpected outages and the percentage of unaccounted-for-water. The i-Service initiative is in the design and early testing phase. Future phases will focus on achieving 100% accuracy in detecting emergency location coordinates, as well as decreasing the time of detection. The i-Service initiative is being implemented only in certain locations in Dubai, but the Group aims to expand its implementation to eventually include all of Dubai.

Smart services and channels

The Group provides 26 services clustered under six main groups. All of the Group's services are offered through various digital channels, including;

- DEWA smart application and website,
- Virtual assistance and interaction via the AI based employee Rammas
- AI powered universal self-service centres, enabling customers to complete all of their transactions online
- Customer care centre, Interactive Voice Response and Whatsapp
- Dubai Now App (which is a Government-wide app);
- Service partners including RTA, Dubai Municipality, Dubai Land Department and Dubai Real Estate Regulatory Agency
- Smart payment channels through partners including; Emirates NDB cheque deposit machines, Etisalat machines and petrol stations, more than 22 banks utilising their online channels and Empay application.

Research and Development

The Group has a research and development (“**R&D**”) centre which focuses on four areas: (i) solar power; (ii) water; (iii) smart grid integration; and (iv) energy efficiency. The R&D centre implements international R&D best practices to develop solutions in support of the Group's business and Dubai's broader stakeholders. The R&D centre develops enabler technologies, such as 3D printing, robotics, drones, IoT, AI, data analytics, advanced materials and energy systems analysis. The R&D centre was completed in 2018 and is located at the MBR Solar Park in Dubai, and it supports the objectives of the Dubai Clean Energy Strategy 2050 to diversify energy sources and enhance energy efficiency relying on local innovations. As at 31 December 2021, the R&D centre staff had 43 employees, of which 30 were UAE nationals.

3. Statement of capital development

Company's current share capital structure before the commencement of the Offering

As at the date of this Prospectus -

Before the Offering:

| | Number of Shares | Percentage |
|--|------------------|------------|
| <i>Shareholder</i> | | |
| Government of Dubai represented by the Department of Finance | 50,000,000,000 | 100% |

After the Offering:

| Name | Nationality | Type of Shares | Number of Shares owned | Total value of Shares owned* | Ownership percentage |
|--|-------------|----------------|------------------------|------------------------------|----------------------|
| Government of Dubai represented by the Department of Finance | UAE | Ordinary | 46,750,000,000 | 467,500,000 | 93.5% |

* Based on the nominal value

Company's capital structure upon completion of the Offering

Upon the completion of the Offering, the Company's paid-up share capital shall be AED 500,000,000 (five hundred million UAE dirhams), divided into 50,000,000,000 (Fifty billion) Shares with a nominal value of AED 0.01 (One Fils) per Share.

Assuming all of the Offer Shares are allocated, the Founder will hold 93.5% (ninety-three point five per cent) of the Shares, and assuming that the Selling Shareholder sells all of the Shares being offered and the Offering size is not increased. The Company has presented its plan to the Authority for the Selling Shareholder to offer 3,250,000,000 (three billion two hundred fifty million) of the total share capital. The Selling Shareholder reserves the right to amend the size of the Offering at any time prior to the end of the subscription period at its sole discretion, subject to the applicable laws and the SCA's approval.

| | |
|---|---|
| No. of Founder's Shares: | 46,750,000,000 (forty-six billion seven hundred fifty million) Shares |
| No. of total Subscribers' Shares (assuming all Offer Shares are allocated including all tranches mentioned under the Prospectus): | 3,250,000,000 (three billion two hundred fifty million) Shares |
| Total: | 50,000,000,000 (fifty billion) Shares |

4. Statement of the status of the existing litigations actions and disputes with the Company

The Group has not been involved in any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the last 12 months preceding the date of this Prospectus which may have, or have had, a significant effect on its financial position or profitability

5. Statement of the number and type of employees of the Company:

As at 31 December 2021, we had 11,206 employees were employed in our head office, corporate and administrative functions and in field support.

6. Accounting policies adopted at the Company:

The Company prepares its accounts in accordance with IFRS as issued by the International Accounting Standards Board and applicable requirements of UAE laws.

7. Statement of Company's financing, credit facilities and indebtedness and the most significant conditions thereof:

Please see "*Material Contracts*" section.

8. Statement of current pledges and encumbrances on the Company's assets:

Please see "*Material Contracts*" section.

9. Investment Risks: Investing in and holding the Shares involves financial risk. Prospective investors in the Shares should carefully review all of the information contained in this Prospectus and should pay particular attention to the following risks associated with an investment in the Company and the Shares which should be considered together with all other information contained in this Prospectus. If one or more of the following risks were to arise, our business, financial condition, results of operations, prospects or the price of the Shares could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in the Company and the Shares. Additional risks and uncertainties not currently known to the Company or which it currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Company's business, results of operations, financial condition, prospects or the price of the Shares.

Risks Relating to the Group

The Government, as a major shareholder, will maintain a controlling interest in the Group following completion of the Offering

The Government will continue to be the major shareholder of the Group following completion of the Offering, holding approximately 93.5% of the Company's share capital (assuming that the Selling Shareholder sells all of the Shares being offered and that the size of the Offering is not increased), and will therefore continue to have a controlling stake in the Group, which includes the ability to appoint the

number of the board of directors equivalent to its shareholding of the Company's share capital (the "Board of Directors" or "Board") and determine the outcome of votes at general meetings of shareholders of the Company (other than in any cases where the Selling Shareholder would need to abstain from such vote, such as not participating in the election of the remaining directors). Since the establishment of the Company as a public joint stock company, the Company is mandated to conduct its business on a commercial basis in accordance with the original decree of its establishment and the Dubai law no. 27 of 2021. While the support of the Government has historically helped to drive and encourage the Group's success, the interests of the majority of the Board of Directors, and those of the Group's major shareholder, may from time to time not be aligned with certain of the Group's strategic or commercial objectives, and in addition there can be no assurance that the Government's interests will coincide with the interests of the Group or all purchasers of the Shares.

Electricity and water tariffs are approved by the Government and may not reflect the Group's cost of production

The Group generates substantially all of its revenue from the sale of electricity and water to its customers in Dubai and therefore its revenue is dependent upon the tariffs charged to its customers for the consumption of electricity and water. In March 2008, a tiered billing system was introduced whereby tariffs increased incrementally based on consumption.

Any proposed increase in the Group's tariff levels is made pursuant to a recommendation from the Company's Board of Directors and needs to be approved by the Government through the Dubai Executive Council (the "Executive Council"). Before such approval, the Supreme Council of Energy (which includes the CEO of the Company, Mr. Al Tayer, as vice chairman) a governmental body established to regulate the water and energy sector in Dubai, needs to review and assess any proposed tariff revisions and make recommendations to the Executive Council. The Executive Council will then consider for approval the recommendations made by the Board of Directors, as per Dubai law no. 27 of 2021, taking into consideration the review and recommendations of the Supreme Council of Energy.

Although a tariff increase was last approved in 2011 for more information), there can be no assurance that the Government will agree to any adjustment to the Group's tariffs proposed to it by the Board of Directors in the future. If operating costs rise and the Group is unsuccessful in applying for an increase in tariffs (or is not able to adjust existing fuel surcharges to offset part or all of the rise in operating costs), there is a risk that the Group may realise a loss in its operating income if expenditure exceeds its revenue, which could result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group's revenue, profits and cash flows are concentrated in Dubai

The Group relies, to a significant extent, on the revenue, profits and cash flows generated by its operations in Dubai to make payments on its financing, pay operating expenses, fund its capital expenditure and meet its other obligations that may arise from time to time. For example, in 2021, the Group's Dubai revenue accounted for almost 100% of its total revenue, and of this amount approximately 17% was from Government entities. The Group continued to remain profitable during the COVID-19 pandemic and the 2009 economic downturn in Dubai, however reflecting this concentration, both in respect of Dubai and certain customer risk, the Group's results of operations may be negatively affected by adverse economic or political developments in or affecting Dubai or the UAE which in turn affect the ability of the Group's customers in Dubai or the wider UAE to perform their respective obligations under their contracts or commitments with the Group. These factors could negatively impact the Group's revenue including by materially adversely impacting the customers of the Group, or the local Dubai or broader UAE economy.

In addition, with respect to the Group's planned expansion (whether with respect to I(W)PPs, or otherwise), the Group's continued growth depends in part on its ability to service new developments or population growth, and a significant economic slowdown in Dubai or the wider the UAE could reduce the number of new projects available to the Group.

The Group's revenue is dependent on the demand for electricity and water

Any reduction in the demand volume of electricity and water as a result of market factors, such as

reduced demand resulting from COVID-19 lockdowns, or otherwise may negatively impact DEWA's revenues, profits, and cash flows generated by its operations which may impact its ability to make payments on its financing, pay operating expenses, fund its capital expenditure and meet its other obligations that may arise from time to time.

For example, in 2020, as a result of the COVID-19 pandemic, demand for electricity declined from 41.3 GWh in 2019 to 40.6 GWh in 2020, while water demand decreased from 116 billion IG in 2019 to 116 billion IG in 2020. While the two-component electricity and water tariffs (fixed component slab tariff and variable fuel surcharge), alongside other projects and initiatives undertaken by the Group contributed to a net income of AED 5.3 billion, this was below the 2019 net income of AED 6.6 billion.

The Group is dependent on DUSUP for its supply of natural gas

The policy of the Group is to rely on natural gas and clean energy sources to operate its plants, with a concerted effort to increase the percentage of energy obtained from clean energy sources and move toward the Group's goal of generating power solely through clean energy sources by the year 2050 (and as at 31 December 2021, 11.4% of the Group's power generation capacity was from clean energy sources). Since early December 2021, natural gas is the energy source used by the Group for the ongoing operation of conventional plants. The Group's power and desalination plants that do not run on renewable energy operate using natural gas (and, in very limited circumstances, can operate, if required as backup or on emergency basis, on other liquid fuel oils and fuel sources). The Group seeks to maximise its usage of renewable energy sources and natural gas minimising and reducing its use of any fuel oils in its production activities as a matter of policy, for both environmental and cost reasons. The Group's ability to generate electricity and water in an efficient and cost effective manner is currently largely dependent on a steady and regular supply of natural gas (in addition to the Group's ability to generate energy from renewable sources).

Dubai Supply Authority ("DUSUP") is a wholly-owned entity of the Government of Dubai, established to supply natural gas primarily to the Group, and the only authorised supplier of natural gas in Dubai to Government entities. The Group is required to purchase all of its natural gas and liquefied natural gas requirements from DUSUP, which is carried out pursuant to annual (including forward-looking rolling forecasts, typically between five to seven years) requests made to DUSUP, rather than by way of a formal supply contract between DUSUP and the Group. Additional ad-hoc requests may be made by the Group to DUSUP from time to time. DUSUP receives the natural gas requirements of its customers from the Supreme Council of Energy. Based on such requirements, DUSUP enters into long-term contracts with multiple natural gas suppliers and liquefied natural gas suppliers and allocates the substantial majority of the supply it receives to the Group accordingly (that has historically been at pre-fixed prices, which have been generally lower than the market price.). The Group's pre-fixed prices with DUSUP are renewed and reconfirmed on a yearly basis; however, these prices have not changed in the past 10 years. In addition, the introduction of fuel surcharge has allowed the Group to pass on increases in its variable cost of gas charged by DUSUP to the end consumers on a monthly basis.

The Group maintains an ongoing dialogue with DUSUP, including a committee focused on helping to ensure that sufficient natural gas supplies are available. DUSUP also maintains strategic natural gas storage facilities at Margham (the largest onshore oil and gas field in the UAE, situated in Dubai), which holds in excess of one year of the Group's gas demand. The Group also maintains high pressure and low pressure natural gas storage at each of its power stations to allow for successful fuel changeover to diesel fuel oil in the event of an interruption of natural gas supplies.

In addition to the above, arrangements are in place with the Abu Dhabi National Oil Company ("ADNOC") and others to help ensure continuity of supplies of natural gas to the Group in the event of an emergency; however, there can be no assurance that renewable energy and natural gas supplies will be sufficient to meet all of the Group's energy requirements in the future or that DUSUP will be able to meet all of the Group's forecasted natural gas demands, or that DUSUP will not increase the price it charges. As a result, the Group's cost of production may increase, or it may become necessary for the Group to use additional fuel oils from time to time, which would increase its production costs and may result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group's generation and desalination stations, distribution network and/or its transmission network may experience equipment or other failures and may otherwise not operate as planned

While the Group has in place redundancies in its transmission and distribution network, such as the Multisite Transmission Control Centres and Distribution Control Centres, as well as reserve margins in respect of power and water, the operation of the Group's generation and desalination stations and transmission and distribution network may be subject to material operating risks such as IT failures, unplanned outages, equipment failure or facilities operating inefficiently or below capacity. The occurrence of an operating risk could affect the Group's ability to supply electricity and water at levels sufficient to meet demand. Although the Group maintains back-up facilities, additional water storage and is able to purchase electricity and water from third parties, there is no assurance that such alternative sources will be available when needed or that such resources will be able to provide adequate supplies of electricity and water to meet demand in the event of a shortfall in the Group's supplies and reserves. A significant network failure may result in increased costs and/or loss of revenue and may have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group may face risks related to the dependency of power generation from renewable energy sources on having suitable meteorological conditions

The Group has invested in various renewable projects that utilise solar and/or renewable resources to generate electricity and may further invest in renewable energy. The Group's current renewable energy generation resources include CSP plants (that have thermal storage capabilities to allow operation during the evening using the stored solar energy) and PV plants in operation, construction or advanced development in the UAE.

As of 31 December 2021, the Group's renewable energy plants represented approximately 11.4% of its total gross capacity in operation, and by 2050 the Group expects to generate all of its clean energy power from renewable resources.

The Group undertakes research during the developmental phase to assess adequate sunlight and conditions. However, these conditions are nevertheless beyond the Group's control and can vary significantly from period to period, are subject to seasonal variations, or potential changes to the climate, and are difficult to predict. Such variability, as well as general weather conditions, climate and unusually severe weather, may result in volatility in solar energy production levels and profitability, which depend on, among other things, adequate sunlight. Solar energy projects are dependent on suitable solar conditions and associated weather conditions, and excessive temperatures may reduce solar energy production.

The Group's businesses forecast electricity production is based on normal weather representing a long-term historical average for the UAE. Solar resource estimates are based on historical experience when available and on resource studies and are not expected to reflect actual solar energy production in any given year. There can be no assurance that planning by the Group for possible variations in normal weather patterns and potential impacts on the Group's operations and the Group's businesses can prevent these impacts or accurately predict future weather conditions or climate changes.

Any of the abovementioned impacts on solar resources could have a material adverse impact on the expected results of operation of the Group's solar power generation.

The Group may not meet its ESG targets or strategy, or may incur additional costs in connection with such strategies

The Group is committed to environmental, social and governance ("ESG") principles, and ESG is at the centre of the Group's priorities and strategic initiatives. The Group regularly considers the environmental and social factors, such as climate change and governance responsibilities in its business and investment decisions and, accordingly, has set and disclosed ESG targets, including certain time-bound targets, in accordance with its ambition to support Dubai's transition to a 100% clean energy economy.

In the event that the Group may not meet these targets fully, partially or in a timely manner, it may affect the ease with which it can raise new capital from the increasing number of lenders and investors who consider it important to incorporate disclosure of and performance against ESG-related metrics into their investment criteria. Additionally, in the event of repeated unfulfillment of these targets, the Group may face the risk of higher cost of capital by such lenders or investors, which may lead to adverse impact on the Company's business and reputation.

The regulatory framework governing the Group is subject to change under the supervision of the Supreme Council of Energy

The Supreme Council of Energy was established in June 2009 to set the strategy for, and regulate, the energy sector in Dubai. The Supreme Council of Energy (together with the RSB with respect of private sector participants) has wide powers to regulate, *inter alia*, the generation and transmission of electricity, the production, storage and distribution of potable water and provide recommendations in respect of proposals to revise the relevant electricity and water tariffs (however the imposition and amounts of electricity and water tariffs is ultimately approved by the Executive Council and not the Supreme Council of Energy). Currently the Group's Managing Director and Chief Executive Officer serves as the Vice Chairman of the Supreme Council of Energy (and abstains from voting on matters relating to the Group), however there can be no assurance that future directions, recommendations or regulatory influence by the Supreme Council of Energy will not impose additional obligations on the Group, any of which may result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group's IPP and IWPs face risk in the construction of new plants or facilities When constructing a new plant or facility, an IPP/IWP project company faces a number of risks, including: (i) the requirement to make significant capital expenditures without receiving cash flow from the project concerned until future periods; (ii) possible shortage of cash flow to fund construction and capital improvements and the related possibility that financing for such construction and capital improvements may not be available to the project company on suitable terms, or at all; (iii) delays in obtaining, or a failure to obtain, all necessary governmental and regulatory permits, approvals and authorisations, including right of way permits (which, are typically integral to the installation of the water pipes used in district cooling or in other transmission or distribution lines); (iv) an inability to complete projects on schedule or within budget; and (v) fluctuations in demand for the capacity produced by the plant due to a number of factors, including market and economic conditions, delayed construction of the customer's site and competition from third parties, that may result in the Group's investment not generating the originally anticipated level of cash flows. There can be no assurance that the Group's current or future projects will be completed in the anticipated timeframe or at all, whether as a result of the factors specified above or for other reasons. Any of the aforementioned factors could materially delay the completion of a project or materially increase the costs associated with a project.

In addition, when constructing new plants or facilities through an IPP/IWP project company, such construction requires delivery and assembly of a range of technical equipment. No assurance can be provided that the relevant IPP/IWPP project company will, be able to purchase a sufficient quantity of technical equipment to satisfy its construction targets, or that certain suppliers will not give priority to other market participants, including competitors. Any significant delay by a project company's suppliers in the performance of its contractual commitments, or any inability by its suppliers to meet those commitments, unavailability of components and equipment, or failure of components and equipment to meet the project company's needs and expectations could result in delays to construction timetables and result in new revenue streams being delayed and the costs of construction increasing, both of which could ultimately negatively impact the Group's profitability and business.

The Group's operations and other expansion projects are subject to a range of development and construction risks

In connection with its long-term expansion strategy, the Group currently has adequate electricity generation and water production capacity to meet forecasted demand with a minimum reserve margin of 25% for electricity generation and 15% for water desalination (which the Group is expected to maintain until at least 2030). Although the Group's planned reserve margin is below the European average, it is nonetheless in line with those of US power systems and utilities and in line with the planned reserved margin of growing economies, which includes South Africa, Russia, China, India and Brazil. As at the date of this Prospectus, the Group is in the process of expanding its transmission and distribution network which is in various stages of development, construction and commissioning.

Moving forward, it is expected that the Group will expand its electricity generation and water production by way of IWPs, and in respect of district cooling, via the expansion of Empower's assets. The risk of supply interruption is considered extensively at the design stage of projects and is approached proactively, as opposed to reactively, with each system being designed to have dual redundancy.

Notwithstanding the above, the Group continues to have certain plants under construction and expects

to build additional transmission, distribution and storage capacity. Every phase of the Group's projects, including the planning, design and construction phases, are typically outsourced to third party contractors through "turnkey" contracts. These projects often require substantial capital expenditure and may take months or years before they become operational, during which time the Group may be subject to a number of construction, operating, project and other risks beyond its control such as, but not limited to:

- an inability to find a suitable contractor or sub-contractor either at the commencement of a project or following a default by an appointed contractor or sub-contractor;
- default or failure by its contractors or sub-contractors to finish projects or parts of projects on time, according to specifications or within budget;
- failure to obtain financing or a default by a financing party;
- inability to employ and retain third parties such as architects, engineers or other service providers;
- shortages or escalating costs of construction materials and increased global commodity prices;
- shortages or increases in the costs of equipment;
- disputes with contractors or sub-contractors; or
- work stoppages or labour disputes.

The occurrence of one or more of these events may negatively affect the Group's ability to complete its current or future expansion projects on schedule or within budget, if at all. This may result in the Group's inability to supply electricity, water or district cooling in accordance with customer demand and may result in a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's counterparties may default on their contractual obligations

The Group enters into contracts with contractors, sub-contractors, architects, engineers, operators and other service providers and suppliers in connection with the development and construction of its energy generation and water desalination plants and transmission networks and accordingly, is subject to the risk that a counterparty will be unable or unwilling to honour its contractual obligations and that any guarantee or performance bond in respect of such obligations will not be honoured. Such counterparties may default on their obligations due to, *inter alia*, bankruptcy, lack of liquidity or operational failure. Such counterparty risk is more acute in difficult market conditions where there is an enhanced risk of default by counterparties. Failure by a material counterparty or, where relevant, its guarantor, to fulfil its contractual obligations could delay the completion of a project or impact the operations of a completed project. Even though the arrangements entered into by the Group with its contractors may allocate some of the risk of delays or failure to the contractors through the use of performance bonds, the Group may be unable to seek indemnification from its contractors with respect to any breach, failures or delays and accordingly, the Group may have to bear the additional costs required to complete a project.

As a result of the COVID-19 pandemic, the above risks may be further exacerbated. Since March 2020, the governments of various countries have imposed nationwide lockdowns, intermittently introducing and relaxing restrictions. While the Group has continued to deliver positive financial performance through the COVID-19 pandemic to date and has been able to avoid redundancy programmes with respect to its employees, the Group experienced decreased demand for electricity and water during the 2020 lockdown in Dubai due to increased remote working, social distancing measures and self-isolation or quarantine measures.

In the event of future lockdowns or other national restrictions, the Group cannot be certain of the speed of the construction and development of its projects, or of the availability of labour, components and materials for its projects. The Group may also lose key workers due to COVID-19 related illness and related issues. As was common with many such projects during the 2020 lockdowns, the Group received force majeure notices from at least two of its suppliers due to COVID-19, Hassyan Energy Phase 1 PSC and Noor Energy 1 PSC. Settlement agreements were entered into in respect of both force majeure

claims, with no material additional cost to the Group.

The Group also provided one-off discounts across all of its customer categories for a period of three months beginning from the 12 March 2020 to 12 June 2020 during the COVID-19 pandemic, which were equal in total to AED 404 million worth of discounts. Although the discounts had impacted the Group's cash flow, the Group will still be able to achieve and surpass its target surplus for 2020.

The occurrence of one or more of these events may negatively affect the Group's ability to complete its current or future expansion projects on schedule or within budget, if at all. This may result in the Group's inability to supply electricity, water or district cooling in accordance with customer demand and may result in a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's strategy requires it to make substantial long-term capital expenditures

In line with the Group's expansion strategy, the Group's long-term capital expenditure is expected to be approximately AED 40 billion across the next five years, including those relating to investments in IWPs, as well as the construction of additional transmission power and distribution networks, water transmission and distribution pipelines and reservoirs and other installations and capital expenditures necessary for the operation of its business. The Group expects to fund all expected long-term capital expenditure through its operational cash flows. For the years ended 31 December 2020 and 2021, the Group's capital expenditure totaled AED 17.9 million and AED 13.7 million, respectively. The Group expects capital expenditures for 2022 and 2023 of approximately AED 15 billion and AED 10 billion, respectively, followed by a steady medium-term decline in capital expenditure of approximately AED 5-7 billion per annum as new IPPs become operational.

Moving forward, it is expected that the Group will expand its electricity generation and water production by way of IWPs (which are financed on a non-recourse, project financing basis), and in respect of district cooling, through Empower.

The Group expects to increase its transmission substations and circuits network which will require approximately AED 9.6 billion in capital expenditure between 2022 and 2025. Although the Company and its subsidiaries are authorised to engage in any investment, borrowing, lending, or issuing guarantees or any other debt instruments pursuant to Ruler of Dubai Law No. (27) of 2021, the Company intends to fund all long-term capital expenditure through its operational cash flows and there can be no assurance that the Group will have sufficient operational cash flow to fund its capital expenditures, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group and its IPPs/IWPs have risks relating to existing and future leverage

The Company has provided undertakings, including to the Emirates NBD Bank, in respect of guaranteeing the financing obligations of its subsidiaries.

In addition, as it is common for project finance transactions, the project companies in respect of IPPs/IWPs are highly leveraged and have project-level indebtedness outstanding on a non-recourse basis, meaning that the debt is repayable solely from the relevant project's revenues and the repayment of the financings (and financing expenses thereon) is secured solely by the capital stock, physical assets, contracts, insurance policies and cash flow of that project company. Further, the Group has hedging agreements in place in relation to interest rates on the IPP/IWP's financings, providing almost full coverage. Project companies generally enter into financing arrangements effective from the financial close of each project. In addition, the project companies may raise additional debt in the future to the limited extent permitted under their financing and project arrangements, specifically only in the event of a permitted refinancing with the express intent of keeping shareholder returns whole. Subject to any restrictions contained in its existing financing agreements or the new financing agreement, the increased leverage and indebtedness of the Group or a particular project company could, amongst other things:

- impose restrictions pursuant to financing arrangements on the ability of such project company to make dividends to the Group; in case of additional indebtedness;
- particularly in the case of the financing for: (i) Hassyan Energy Phase 1 IPP, Noor Energy 1 IPP,

and Shuaa Energy 3 PSC (also referred to as DEWA V PV) which are structured as soft mini-perm financings (i.e. financings which while having a long-dated contractual maturity have built in incentives to refinance with permanent financing shortly - typically three to five years -after the project is operational, the failure of which results in the margin on the financing to increase and most, if not all, of the project's available cash flow being used to pay down the principal amount of the financing) and (ii) for Shuaa Energy 1 IPP structured with a repayment balloon at the end of the PPA contract term (which may also be the case for future financings). For these projects and others, there can be no assurance that the existing financing arrangements, and any future similar arrangements, will be able to be refinanced on similar terms or at all. Should the project company be unable to obtain financing in the future (on similar terms which are not more onerous than the current arrangements), the financial performance of the Group may ultimately be impacted by requiring an increased portion of cash flow from operations of project companies to be dedicated to the payment of principal and commission on its indebtedness, thereby further reducing their ability to use cash flow to fund operations and capital expenditures and to make distributions of dividends, which could ultimately have a material adverse effect on the business, financial position and results of operations of the Group;

- limit their ability to obtain additional financing for working capital, capital expenditure, project development, debt service requirements and general corporate or other purposes; and
- increase the likelihood of failure to meet their respective financial and other obligations.
- the existing leverage and any potential increase in the leverage of an IPP/IWP project company could ultimately reduce the cash flows to the Group or otherwise have a material adverse effect on the Group's revenues and business, financial position and results of operations.

The Group's IPP/IWPs have risks relating to events of default under the financing arrangements

Provisions governing events of default are typical in project finance structures and are prescribed in the financing documentation entered into between the Group or a project company and its lender(s). The occurrence of an event of default could restrict a project company or a Group subsidiary's ability to make distributions or pay dividends to its shareholders (including to the Group) (see "*The Group may be subject to restrictions under financing arrangements on the ability of IPP/IWP project companies to pay dividends (or equivalent distributions)*").

In addition, certain of the Group's assets (including its ownership in various project companies) are secured in favour of the lender(s) who could enforce such security upon the occurrence of a significant and continuing event of default (see "*Risks related to the repayment of the Group's debt, availability of financing or equity funding or the requirement to make additional equity investments*") for further details on such security. This could lead to shareholders losing all or part of their investment in the project which would have a material adverse effect on the business, financial position and results of operations of the Group and any affected project companies.

The obligations of the IPPs/IWP project companies under the various financing are secured against, amongst other things, certain project accounts, plant and equipment, intellectual property, insurance proceeds and (in some cases) shares. Upon an event of default, the financiers are entitled to enforce their security. This may lead to the shareholders losing all or part of their investment in the project.

In addition, a material event of default occurring at the project company or another Group company level could result in a reclassification of the long-term liability to a current liability, which could have an adverse impact on balance sheet and financial condition at the Group level.

Furthermore, as is customary for project finance structures, most of the project finance arrangements entered into by the IPPs/IWPs contain financial indebtedness cross-default provisions, which would both apply to the relevant project company and to the Group as offtaker. Notwithstanding any arrangements to the contrary, these provisions allow lenders to invoke an event of default under the financing arrangements in the event the Group, as offtaker, or a relevant project company and/or another party that is material to the project (such as the shareholders or contractors) triggers an event of default (often in excess of an agreed monetary threshold) under other financing agreements. With respect to potential cross-default, such provisions would only apply in the event that the Group defaults as offtaker. The respective rights of the lenders under the financing agreements in respect of the

IPPs/IWPs could accelerate the loan repayment, which could ultimately materially and adversely affect the Group's business, financial position and results of operations.

In some instances, default provisions in the finance documentation, could apply if insolvency proceedings occur in relation to a counterparties of a project company, such as the EPC contractor for the project or the operation and maintenance contractor. If such counterparties suffer insolvency proceedings, including unrelated to the project, an event of default could occur under the finance documentation for the projects, even in the absence of any default by the project companies. If any of the above risks were to materialise, this could ultimately materially and adversely affect the Group's business, financial position and results of operations.

The Group may be subject to restrictions under financing arrangements on the ability of IPPs/IWP project companies to pay dividends (or equivalent distributions)

The IPPs/IWP project companies make payments through a cash waterfall mechanism in their financing documents, pursuant to which the costs of the project company such as operation and maintenance fees, taxes, debt payments, salaries and similar payments are paid before its shareholders receive distribution of cash flows such as dividends, payments on shareholder loans and other subordinated payments to the shareholders. In some instances, dividends (and all other amounts) payable may be assigned in favour of the lending shareholder. Additionally, most of the project companies are required to set aside an annual percentage of net profits to statutory reserves up to a set threshold, which applies to companies in the UAE.

The ability of the project companies to distribute cash flows to the shareholders of the project companies (shareholder financing repayments, shareholders financing expenses payments, or dividends) depends on satisfying certain covenant tests and conditions under their financing arrangements, which could typically include: (i) completion of the relevant IPP/IWP project; (ii) the occurrence of the first repayment date and the payment of all amounts due and payable on such date with respect to the facilities utilised to finance the project; (iii) no actual or potential event of default has occurred under the finance documents and is then continuing or would result from the payment of such dividends; a reserve (or credit support) equal to not less than six or twelve months of debt service (i.e. loan repayment plus interest) is in place; and the debt service coverage ratio being in excess of the debt service cover ratio test level for dividend payments for the relevant calculation period. Certain borrowings are to be obtained from IPP/IWP project companies' on a floating rate basis, which will often be mitigated by entering into hedging arrangements.

Individual IPP/IWP project companies must also satisfy certain other conditions, as set out in the project financial models, to be able to pay dividends and should any of the project companies be unable to pay dividends as a result of restrictions under their financing agreements it could have a material adverse effect on the business, financial position and results of operations of the Group.

Should any of the above risks materialise it could have a material adverse effect on the business, financial position and results of operations of the Group.

The Group relies on its OT and its IT infrastructure, which may fail or be adversely affected by cyber crimes

The Group is heavily reliant on an uninterrupted operation of its operational technology ("OT") as well as its information technology ("IT") infrastructure that includes, amongst others, complex and sophisticated computer, telecommunication, satellite, supervisory control centres, data processing, data acquisition, data centres, monitoring systems and electric vehicle ("EV") charging, and also sells certain IT services to third parties. If the Group's OT, or its IT infrastructure, including its control centres, data centres, back-up facilities and emergency recovery procedures, or any other IT used throughout its business including its automated facilities, were to fail or become subject to disruptions for any reason (including, without limitation, computer viruses, malicious and destructive code, phishing attacks, and denial of service attacks), such failure could lead to significant increased costs (including to repair the plant or other assets), reductions in available capacity and output and critical data, which could result in loss of personal data, financial losses and reputational damage to the Group, or loss of customers, particularly where the IT impacted is customer-facing. This risk may be further exacerbated where the Group's projects make up a critical part of the national infrastructure which may become the target of politically motivated actors, including by way of attacks on physical assets or cyber attacks which could disrupt the Group's OT or its IT infrastructure.

In addition, remote working during the COVID-19 pandemic lockdown has put and continues to put additional strain on the reliability of the Group's IT infrastructure. Moreover, there is a risk that the IT security systems set up by the Group to help prevent cyber attacks or leaks of sensitive information could be affected by cyber crimes. In addition to adversely impacting business operations, a failure in the Group's operations monitoring or satellite systems (which focus on plant availability, activity and efficiency, operational oversight, customer communication channels, maintenance and predictive maintenance, health and safety, and compliance with environmental laws and regulations) could lead to non-compliance with permit requirements and the imposition of fines or penalties, as well as potential system failures.

Further, with respect to customer-facing digital services, the Group's provision of cyber security services to its customers typically requires it to comply with certain security obligations. There can be no assurance that the Group will be able to continue to comply with all of those obligations, which may result in the Group no longer being able to provide such cyber security services to its customers and a customer no longer being able to work with the Group resulting in the termination particular contracts or liabilities arising to the Group or its customers. IT security breaches could lead to shutdowns or disruptions of the Group's systems and potential unauthorised disclosure of confidential information or data, including personal data. The Group may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurance that IT security breaches and other issues in the future will not have a material impact on the Group's business or that the Group's procedures will be sufficient to address future IT security breaches and other issues.

If any of these risks materialise, this could negatively impact the Group's revenues and could have a material adverse effect on its business, financial position and results of operations.

The Group's operations may be adversely affected by terrorist attacks, natural disasters, climate change, or other catastrophic events that are beyond the Group's control

The Group's business operations could be adversely affected or disrupted by terrorist attacks, impacts of climate change (such as rising sea levels), natural disasters (such as earthquakes or tsunamis, among others) or other potentially catastrophic events that are beyond the Group's control. There can be no assurance that its business operations will not be disrupted by damage by any of the foregoing. Further, the majority of the Group's conventional generation plants are concentrated in the Jebel Ali and Al-Awir areas, while its desalination plants are concentrated in the Jebel Ali area (with one outside of Jebel Ali under development in Al-Hassyan) and the Group's renewable energy activities are concentrated in Al-Qudra (The Mohammed bin Rashid Al Maktoum Solar Park (the "MBR Solar Park")), the Group also has transmission control centres in Warsan and Najma and distribution control centres in Warsan and Qusais. As a result, any catastrophic occurrence in the Jebel Ali, Al-Awir, Al-Qudra, Al-Warsan or Al-Ruwaiya areas or which affects water or electricity transmission or distribution from Jebel Ali, Al-Awir, Al-Qudra, Al-Warsan or Al-Ruwaiya could severely disrupt the Group's operations.

The Group is also subject to risks from climate change and of disasters, natural or otherwise, that may affect the seawater that is supplied to its desalination plants. Any major accidents, including oil spills or slicks or other material environmental contamination, may result in material damage to the water supplies or cause a disruption to the desalination process. Moreover, all of the supplies of natural gas received by DUSUP are transported to its gas control stations. Any major incident which affects or cuts off this gas supply line may affect the supply of fuel to the Group's power and desalination stations.

The Group's standby stations, which are located in the Al-Awir and Al-Qudra areas, that may be unable to supply sufficient electricity to meet demand. Further, the Group does not currently have any desalination stations located outside the Jebel Ali area (however, a station outside the Jebel Ali area is under development). The Group has access to additional electricity supplies from third parties through the Emirates National Grid, access to reserves of additional water from its reservoirs and wells to meet peak demand (as at 31 December 2021 the Group had one day of reserve water supplies stored at customer premises and two days of bulk storage within the Group's reserves), underground gas reservoirs to address limited supply shortages or disruptions of natural gas supply and is in the process of constructing an underground aquifer storage in the Al Maha Desert Conservation Reserve as part of its Aquifer Storage and Recovery project. However, despite these reserves, the Group may not be able to provide adequate supplies in the event of a disaster or other catastrophic event. The occurrence of any of these events may affect the Group's ability to supply electricity and water and have a material

adverse effect on its reputation, business, financial condition and results of operations.

The Group cannot guarantee the accuracy of its forecasts for future demand for electricity and potable water in Dubai

The Group's business operations and corporate strategy are influenced by its modelling of anticipated future demand for electricity and water in Dubai. The Group uses the results of its modelling, which are based on statistics and population growth projections provided by the Government, to identify and execute strategic initiatives such as the expansion of its capacity for generation and desalination plants and transmission networks. However, despite maintaining the accuracy of its forecasts for almost the past 20 years, there can be no assurance that the Group's modelling will continue to accurately reflect the actual demand for electricity and water in the future. Although the Group's forecast inaccuracy has always been within the KPI target of "less than 5%" Absolute Percentage Error ("APE"), demonstrating the Group's ability to accurately deliver on its forecasts, a material divergence between the Group's anticipated demand models and actual demand may result in either excess or insufficient capacity to generate electricity and produce water. While the Group has certain interconnectivity with the Emirate of Abu Dhabi with respect to water, and the Emirates National Grid (comprising the Emirates of Dubai, Abu Dhabi, Sharjah and the Northern Emirates) to support electricity supplies in the event of temporary outages or deficiencies in supply, there can be no assurance that the Group would be able to meet the entire shortfall in the supply of electricity by purchasing from the UAE or Gulf Cooperation Countries ("GCC") grids, or that its water storage capacity will be sufficient in the event of a shortfall in the supply of water. Similarly, there can be no guarantee that the Group would be able to sell any excess capacity to these grids, as this would be dependent on the demand across the GCC region. Any of the foregoing events may have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group may not be able to maintain sufficient insurance coverage for the risks associated with the operation of its business

The Group's operations may be affected by a number of risks, including terrorist acts and war-related events, for which full insurance cover is either not available or is not available on commercially reasonable terms. Nonetheless, the Group has purchased insurance to cover claims against any possible losses through acts of terrorism. In addition, severe or frequently occurring events, such as accidents and other mishaps, business interruptions or potential damage to its facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and natural catastrophes, may result in losses or expose the Group to liabilities in excess of its insurance coverage or significantly impair its reputation. The Group cannot assure investors that its insurance coverage will be sufficient to cover losses arising from any, or all such events, or that it will be able to renew existing insurance policies on commercially reasonable terms, if at all.

Should an incident occur in relation to which the Group has no insurance coverage or inadequate insurance coverage, the Group could lose the capital invested in, and anticipated future revenue relating to, any property that is damaged or destroyed and, in certain cases, the Group may remain liable for financial obligations related to the impacted property. Similarly, in the event that any assessments are made against the Group in excess of any related insurance coverage that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to remain compliant with changing environmental laws

The risks of environmental damage such as pollution, contamination and leakage are inherent in the utilities industry. The Group is subject to environmental regulations passed at UAE federal level as well as by the Government. The Group is compliant with ISO 14001. 2015 These regulations set various standards for regulating certain aspects of environmental quality and impose civil and criminal penalties for violations. In addition, compliance with specific legal and regulatory provisions may be required in environmentally sensitive areas of the Group's operation, such as waste discharge. While as at the date of this Prospectus, the Group is not and has not been in violation of any environmental regulations, there can be no assurance that the Group will continue to maintain full compliance in the future. Any incidents of environmental damage may result in disruption to the Group's services, projects and operations, result in reputational harm to the Group and significant liability could be imposed on the

Group for clean-up costs, damages to third parties or penalties for non-compliance with environmental laws and regulations. The occurrence of any of the events may have a material adverse effect on the Group's business, financial condition and results of operations.

Further, the Group cannot predict what prospective environmental legislation may be enacted, or how existing or future laws will be interpreted, administered or enforced. In addition to the aforementioned regulatory bodies, the Group is also subject to regulation by the Supreme Council of Energy. The Supreme Council of Energy has very wide powers which include the implementation and enforcement of environmental regulations. Although the Group does not expect the Supreme Council of Energy to impose more extensive or stringent environmental laws and regulations on the Group, compliance with any new environmental laws and regulations that may be implemented in future, or more vigorous enforcement policies and activities by any regulatory authority could, result in material additional costs to the Group, requiring additional expenditure, for example from the installation and operation of systems for remedial measures, or the payment of fines or penalties.

The Group's business may be harmed if it fails to attract and retain qualified and experienced employees

If the Group is unable to retain experienced, capable and reliable personnel, especially senior and middle management, engineers and information technology professionals, with appropriate professional qualifications, or fails to recruit skilled professional and technical staff, the Group's operations may be adversely affected. Experienced and capable personnel in the engineering and technical fields remain in high demand in Dubai, and there is significant competition for their talents. Consequently, when talented employees leave, the Group may have difficulty replacing them and may incur additional costs and expenses in securing such replacements.

The loss of any member of the Group's senior management team, in particular the Managing Director, or the loss of any of the Group's other key employees may result in a loss of organizational focus, poor execution of operations or an inability to identify and execute potential strategic initiatives such as expansion of capacity. The occurrence of any of these events may have a material adverse effect on the Group's business, financial condition and results of operations.

Certain of the Group's senior management have limited experience in managing a publicly listed company

Prior to its conversion, the Company has been operated as a Government Authority and, accordingly, some of the Group's senior management have limited experience in managing a publicly listed company complying with the specific laws and regulations pertaining to public companies listed in the UAE. While the Group has historically operated in accordance with robust internal policies and procedures, the regulatory oversight, compliance and reporting obligations imposed on public companies will require substantial attention from the senior management, including in order to rapidly invest time and financial resources in the appropriate governance and compliance infrastructure, as well as to attract, empower, and retain professionals able to ensure governance and compliance in a manner meeting or exceeding legal and regulatory requirements for a public company. There can be no assurance that such senior management will be successful in this transition, which could have a material adverse effect on the Group's business. Non-compliance in a timely manner with the regulations and disclosure requirements imposed on listed companies may expose the Group to regulatory sanctions and fines. The imposition of fines on the Company could adversely impact the Group's business, financial condition, results of operations and prospects.

The Group may face occupational health and safety risks

The Group's operations are subject to extensive laws and regulations relating to the maintenance of safe conditions in the workplace and protection of the work environment, and the Group also has in place extensive procedures in respect of such matters. Nonetheless, the businesses that the Group operates in, including water and power, involve a high degree of potential operational risks, including electrocutions, fires, explosions, mechanical failures, weather-related incidents, transportation or logistical incidents and damage to equipment. These hazards can cause serious injury, disability or death to the Group's employees, damage to or destruction of the Group's property and equipment, and other consequential damages, which could lead to claims, impact operations, or other liability. While the Group regularly reviews its health and safety procedures and efforts to help ensure a strong health and

safety record, any such incidents in the future or any deterioration of the Group's health and safety record could adversely impact the Group's business, financial condition, results of operations and prospects.

The Group, or parts of it, may face competition in the future

The Group is currently the sole electricity and water utility in Dubai and the supplier of potable water in Dubai by virtue of an exclusive mandate granted to it by the Government (with the exception of certain entities such as Emirates Global Aluminium ("EGA") which is permitted to produce electricity and water for use in its own operations but not for distribution to the public) and, as such, the Group does not currently face any competition in the provisions of its services. The Group continues to be the sole off-taker, transmission operator and distributor after enactment of Law No. (6) of 2011 Regulating the Participation of the Private Sector in Electricity and Water Production in the Emirate of Dubai. However, there can be no assurance that the Government will not unilaterally revoke the Group's exclusive mandate and open the market to competitors in the future, or, for any reason, appoint a different entity to implement aspects of the functions which have historically been allocated to the Group (such as unbundling the electricity and water industry in Dubai so that the generation of electricity, desalination of water and the distribution and sale of electricity and water will be separately carried out by different entities). Any such action by the Government could, among other things, limit the Group's mandate for current or future development projects, limit the amount of future land grants or any other capital contribution the Group receives from the Government or introduce competitors into the market.

In addition, the Shams Dubai programme introduced the limited ability for customers to add distributed rooftop solar exclusively for their own consumption. The maximum allowed capacity is a fraction of a customer's connected load and is capped at 2MW per site. This initiative encourages household and building owners to install PV panels to generate electricity, and connect them to the Company's grid. While the impact of this distributed solar capacity is currently small, there can be no assurance that rooftop solar or other localised energy generation (outside of the Group) will not expand.

Furthermore, while electricity and water within each Emirate in the UAE is currently supplied by a separate utility provider serving that Emirate (with the exception of the Federal Electricity and Water Authority ("FEWA"), which serves the Northern Emirates of Ras Al-Khaimah, Umm Al Quwain and Fujairah), there is no assurance that the supply of electricity and water will continue to be managed at a local rather than a federal level, or that the Group will not face competition from one of the other electricity and water authorities within the UAE.

To date, activities relating to nuclear energy do not form part of the Group's 2050 strategy. The Supreme Council for Energy is responsible for reviewing any future activities relating to nuclear energy. Any implementation of nuclear energy generation by another body within or relating to Dubai or the UAE could materially adversely affect the Group's position in the energy production market.

Any of the above factors could result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group's investments into new businesses and innovation may not be successful or commercially viable

The Group makes (directly by the Company or through its subsidiaries) investments into new businesses and innovation, including technologies that may be partly untested or in very early stages, including as part of its growth strategies. These investments are related to the Group's core business or the business of established subsidiaries. There can be no assurances that these investments will be successful or commercially viable and the failure of any such investments may have an adverse effect on the Group's business, financial position and results of operations.

Risks Relating to the Group's Key Subsidiaries

Empower may face increasing competition with future expansion

Empower is a material subsidiary of the Group that contributed approximately 9.3% of the Group's revenue, and 10% of the Group's Adjusted EBITDA, in 2021. Empower enjoyed nearly 79% market share in Dubai as of 31 December 2021 and is the world's largest district cooling provider by connected capacity. However, Empower operates in an increasingly competitive environment. Empower's

competitors in these markets include government-owned entities and entities which are owned by major regional property developers. Some of Empower's competitors outside of Dubai may have substantially greater financial, personnel, technical, marketing and other resources. As Empower seeks to expand to markets outside of Dubai, the Group believes that certain of its competitors may be able to leverage their knowledge and contacts more efficiently than Empower or the Group. In addition, certain competitors may face less competition for customers because they principally or solely provide district cooling to their parent or sister companies. Empower's competitors may, from time to time, adopt more aggressive pricing policies, offer better products and services, develop and deploy more rapidly any new or improved technologies, expand and enhance their plants more rapidly, and undertake more extensive advertising and marketing than Empower.

In order for Empower to establish itself as the district cooling partner of choice in all the markets in which it operates, it will need to: (i) maintain its market leading positions in terms of connected capacity in the markets in which it operates; (ii) continue to provide high quality, reliable and cost-effective services to its customers; (iii) maintain strong relationships with its customers to maximize the chance of winning new business from them; (iv) bid competitively for new projects, both in terms of price and by demonstrating a flexible approach to ensure that each customer's needs are met to the fullest extent possible; and (v) continue to innovate, particularly in relation to sustainability and renewable energy. In addition, increased adoption and affordability of renewable energy may result in innovative renewable energy based cooling systems that are more efficient than district cooling solutions offered by Empower. Any failure by Empower to compete effectively, particularly if it is unable to maintain uninterrupted operations, it loses significant customer relationships, it fails to win new business in the face of competition or it is unable to identify and exploit new opportunities, could materially adversely affect Empower and the Group's future revenue, profitability and results of operations.

Empower enters into long-term contracts with its customers and material changes to key terms in those contracts could adversely affect the Group

Empower's contracts with its customers are typically for over 25 years and provide for four sources of revenue:

- Consumption charge revenue, being the charge applied per consumption hour as a product of the consumption charge rate and the number of consumption hours. The consumption charge rate is a pass-through mechanism that incorporates cost of water and power, as supplied by the Group in respect of Dubai, and treated sewage effluent water with an added margin. As such, increases in electricity and water costs are passed through to the customer such that Empower's margins are not directly impacted by such increases. Tariffs have remained the same since Empower's inception other than to reflect the changes to electricity and water input costs (which were done on a pass-through basis).
- Demand charge revenue, being the set rate for the provision of district cooling services per refrigeration tonne. The charge is a product of the set demand rate (AED per refrigeration tonne) and the demand load (in refrigeration tonnes). The current demand rate for organic demand load of AED 750 per refrigeration tonne has been in place for over five years.
- Connection charge revenue, which is a charge applied per new connection.
- Other revenues, which includes the sale of insulated pipes and items such as temperature surcharge for low Delta T (such that if customers return water at a lower temperature than indicated, they are charged a fee).

To date, Empower has generally been successful in applying these charges in line with contractual terms, including the pass-through provisions where utility costs have escalated, and has also continued to receive capacity payments in cases where not all capacity has been used. Nonetheless, there remains a risk that one or more customers may default on their contractual obligations, delay their payments or seek to renegotiate their contractual arrangements during the term of the contract or as a condition of renewing the contract, and such customers may also seek to challenge certain provisions of the contractual terms which they have agreed to.

This risk may be exacerbated at certain times by poor economic performance, including as a result of the COVID-19 pandemic and low oil prices, or when a customer is experiencing significant financial difficulties or other material adverse changes in its business, which may become more likely in poor

economic climates. Should any of the above risks relating to the performance of customer contracts materialise, the Group's revenue and cash flow would be negatively impacted and the Group may become involved in litigation or arbitration proceedings which may be costly and the outcome of which would be uncertain. These factors could also negatively affect the Group's profitability and reputation. In addition, there is a risk that Empower may be required to amend provisions in its contracts by a change of law or regulation and such required amendments may be adverse to the Group.

Empower and certain other members of the Group have a significant customer concentration

In each of 2020 and 2021, Empower's three biggest customers, Dubai Properties LLC, Nakheel PJSC and the Atlantis Hotel, collectively accounted for 6%, 4% and 3%, respectively, of Empower's revenue.

Any factor, including but not limited to default, repudiation, termination, extended force majeure or expropriation, which affects Empower's ability to recover the full amount of the revenue due to it under one of its contracts with these customers or under its contracts generally could have a material adverse effect on Empower, and in turn the Group. In any such case, although Empower may be entitled to contractual remedies against the customer or customers concerned, the enforcement of contractual remedies can be a time-consuming and expensive process and there is no certainty that Empower would successfully recover any or all of the amounts owed to it.

Empower's ability to enforce all of the provisions of its contracts may be limited in certain circumstances

A significant proportion of Empower's projects are developed by government entities or companies that are controlled directly or indirectly by governments. These government-related entities may be able to negotiate better contractual terms than some of the Group's other customers. Should any of the government-related entities that Empower contracts with dispute the contractual terms they have agreed, it may be difficult for Empower to enforce those terms as a result of sovereign immunity and other considerations. Should such a risk materialise, Empower's revenue and cash flow would be negatively impacted and its profitability and reputation could also be adversely affected, which would in turn adversely impact the Group.

Unexpected equipment failures, or third party damage to Empower's distribution networks, may disrupt Empower's ability to operate its plants

Interruptions in the production capabilities of one or more of Empower's district cooling plants could reduce Empower's revenue and profit for the affected period. Empower's plants are also subject to the risk of catastrophic loss due to unanticipated events.

Each of Empower's district cooling plants is dependent upon critical pieces of equipment, which could reduce the relevant plant's production capacity or incur downtime as a result of unanticipated defects or failures. Empower deployed SCADA technology, and each of Empower's plants across Dubai are connected to its centrally located Command Control Centre, which monitors the operations of all of its plants remotely and observes the entire network 24 hours a day, seven days a week using SCADA technology. Network failures and equipment defects are alerted immediately, allowing a dedicated team to address them. Notwithstanding the above, in the future, Empower could experience inoperability or reduced production capabilities in one or more of its plants due to equipment failure. In addition, damage to any of Empower's chilled water distribution networks by third parties that are undertaking construction and other activities adjacent to the networks could interrupt the operations of a district cooling plant.

Unexpected interruptions in production capabilities would adversely affect the relevant plant's business, productivity and financial condition. Moreover, any interruption in production capability may require significant capital expenditure to remedy the problem, which would reduce the amount of cash available for Empower's operations. The Group's, or Empower's, insurance may not cover such losses. In addition, a long-term disruption could harm Empower's, or the Group's, reputation and result in a loss of customers, which could materially adversely affect the Group.

Empower's plants, pipelines and cooling infrastructure are purpose built

Empower builds its plants, pipelines and cooling infrastructure to meet the demands of particular customers in specific locations. If a customer defaults on its contractual obligations or abandons the building, development or project for which the district cooling system has been built, it may be difficult or impossible to use the district cooling system for alternative customers or purposes, which may require

Empower to write-off the assets involved. Alternative customers may not have a similar creditworthiness, proximity to the existing plant, capacity needs or high density demand for cooling. Even if alternative customers could be procured for a particular plant, there can be no guarantee that the contractual terms would be similar to the initial contractual terms or that the capacity charges would be as profitable or that the cost of additional capital expenditure to service the new customer could be fully recovered, which again may require Empower to make impairments against the relevant assets. These factors could materially adversely affect Empower's profitability in any period, and in turn the Group's profitability.

In addition, while Empower has put in place innovative techniques to manage such risks, there is a risk that when constructing a new district cooling plant that it may complete a plant and the construction of one or more buildings to which the plant was due to be connected are delayed or simply not completed, whether because the developer becomes insolvent or the construction becomes uneconomic or for other reasons. In such cases, the Group's ability to enforce contractual agreements may be limited, particularly if the end customer becomes insolvent or the construction ceases. As a result, Empower may not receive any revenue, or may receive less than the originally anticipated revenue, from the plant until completion is achieved by the customer and the customer begins to receive revenues from its building, development or project.

The Group faces risks related to expanding its digital and technological services, solutions, products and capabilities in the face of rapidly-evolving technological developments and customer demand

There can be no assurance that the Group will be able to continue to expand its products and capabilities to address the needs of its customers, or the needs of the Group, across different segments and verticals. As the IT services market in the UAE and wider region further develops and customers require more specialised IT solutions, the Group may be required to build capabilities focusing on other verticals, in order to expand its enterprise customer base.

Different customer segments and verticals have different service and product requirements and in order to appropriately service the needs of different customer segments, the Group will need to develop the relevant tools and capabilities and tailor its value proposition accordingly. If the Group is unable to effectively sell its services to a broader market, then its competitive position may be negatively impacted. Expanding the Group's products and services involves new risks and challenges, and may place strain on the Group's management and resources.

The market for IT services is characterized by rapid technological change, frequent new product introductions, technology enhancements, increasingly sophisticated customer requirements and evolving industry standards. The Group's future success in digital services and technological solutions depends on its ability to continue to develop, market and implement services and solutions that are attractive, timely and cost-efficient for its existing and new customers. This requires the Group to anticipate and respond to rapid and continuing changes in technology, industry developments and IT service and solution offerings by new entrants in order to serve the evolving needs of the Group's customers. If the Group does not adapt, expand and develop its services and solutions in response to changes in technology or customer demand, the Group's ability to develop and maintain a competitive advantage and continue to grow could be negatively affected, which would have an adverse effect on the Group's business, results of operations, financial position, and future prospects.

Developments in the industries or verticals that the Group serves could shift demand to new services, software and solutions. If, as a result, the Group's customers demand new services, software or solutions, the Group may be less competitive in these new areas or need to make significant investments to meet that demand.

In addition, the Group operates in an environment in which there currently are, and the Group expects will continue to be, new entrants that may offer new services, software and solutions. New services, software and solutions offered by competitors or new entrants may make the Group's offerings less attractive or less competitive, when compared to other alternatives. The Group also may not be able to successfully anticipate or adapt to changes or customer requirements on a timely basis. If the Group fails to keep up with such changes or to convince customers of the value of its services, software and solutions in light of new technologies or new offerings by competitors, this would have a material adverse effect on the Group's business, results of operations, financial position, and future prospects.

The Group faces risks related to the procurement of additional work from existing customers

The Group contracts with customers to provide various digital services and technological solutions. The Group's contracts generally do not give the Group a right to be the exclusive supplier of services and solutions to its customers. In addition, these contracts are not long-term by nature.

Part of the Group's success depends on its ability to attract additional work from existing customers. If the Group's customers are not satisfied with the quality of the Group's work or with the types of services or solutions delivered or otherwise seek to renegotiate their contracts (for example, as part of their internal cost-cutting initiatives), the Group could incur additional costs to address the situation and the profitability of such work might be impaired. In order to maintain or increase margins, the Group must attract additional work from such renewing customers through cross-selling or up-selling its other services. Additionally, customers may also decline to extend contracts or may direct future business to the Group's competitors. Consequently, the Group's results of operations in subsequent periods could be materially lower than expected, which could have a material adverse effect on the Group's business, results of operations, financial position and future prospects.

The Group's technology business faces risks related to customer retention

The Group's ability to retain its technology business customers depends on its ability to maintain high standards of service. Any failure by the Group to consistently meet a technology business customer's service requirements could disrupt the customer's business, and may cause it to lose the customer and affect the Group's ability to attract new customers to its technology business, which could have a negative impact on the Group's reputation.

If the parties contracting with the Group's technology businesses terminate any of their agreements with the Group, or refuse to renew them on terms acceptable to the Group or at all, this will result in the Group losing a portion of its revenues. When contracts are terminated or not renewed, the Group loses the anticipated revenue, which it may take significant time to replace. The initial phases of a relationship with a technology customer often require that the Group invests time and money understanding the customer's needs, as compared to established customer relationships where the Group's understanding of the customer's needs often allows the Group to deliver its products and services more efficiently. If long-term customers are replaced by new customers on terms that are less favourable to the Group, or new customers do not become long-term customers, customer churn could adversely impact the Group's business, results of operations, financial position, and future prospects.

The Group may face risks related to undetected errors or defects in products or solutions

The Group's products, or solutions, including hardware, software and services provided by various suppliers, could contain errors or defects that the Group has not been able to detect and that could adversely affect the performance of the products, or solutions and negatively impact the demand therefor. If errors or defects are discovered, the Group may have to incur significant capital expenditures to eliminate them and may not be able to successfully correct them in a timely manner or at all. Errors and failures in products, or solutions could result in a loss of, or delay in, market acceptance of such products, or solutions and could damage the Group's reputation. Any such errors or defects could result in adverse customer reactions and negative publicity, because many of the Group's customers and potential customers are highly sensitive to defects in the products, or solutions they use. Furthermore, any errors in products, or solutions could result in the need to provide concessions and corrective measures to existing customers in order to maintain their business. The Group also relies on software, hardware and applications from various third parties to deliver its services and solutions, in addition to its use of some open-source software. The Group has entered into a number of agreements with suppliers that include technology solutions. If any of these software, hardware or applications become unavailable due to extended outages or because they are no longer available on commercially reasonable terms or in the event that agreements with suppliers are terminated for any reason including the Group's violation of its contractual terms under those agreements, it could result in delays in the provisioning of the Group's services until equivalent technology is identified, obtained and integrated, which could increase the Group's expenses or otherwise harm its business. While the Group seeks to closely collaborate with its third-party suppliers of software, hardware and applications with a view to streamlining the acquisition and integration of technology, there can be no assurance that the current relationships between the Group and its suppliers will continue in their current form. Changes in these supplier relationships may impact the ability of the Group to procure tailored services and technology from such suppliers, which may increase the Group's expenses, capabilities or otherwise harm its business.

In addition, any errors or defects in or failures of this third-party software, hardware or applications could result in errors or defects in or failures of the Group's services and solutions, which could harm its business and could be costly to correct. Many of these suppliers attempt to impose limitations on their liability for such errors, defects or failures, and, if enforceable, the Group may have additional liability to its customers or third-party providers that could harm the Group's reputation and increase its operating costs. If any of the above-mentioned risks materialise, it would have a material adverse effect on the Group's business, results of operations, financial position and future prospects.

The Group's digital businesses face risks related to failure of information technology systems and data centres

The Group's digital businesses depend on the Group's information and technology systems in their daily business, and any failure or breakdown in these systems could interrupt normal business operations and result in a significant slowdown in operational and management efficiency for the duration of such failure or breakdown. Any prolonged failure or breakdown could impact the Group's ability to offer services to its customers, which would have an adverse effect on the Group's business, results of operations, financial position, and future prospects. There can be no assurance that any future new IT will not result in any business interruptions. Any significant delays or interruptions in providing services could negatively impact the Group's reputation.

In addition, the Group relies on third party vendors to supply and maintain much of its internal IT. The Group concludes annual contracts with various providers to maintain and support its internal IT and upgrade it to the latest versions. In the event that one or more of the third-party vendors that the Group engages to provide support and upgrades with respect to components of the Group's IT ceased operations or became otherwise unable or unwilling to meet its needs, there is no assurance that the Group would be able to replace any such vendor promptly or on commercially reasonable terms, if at all. Delay or failure in finding a suitable replacement could adversely affect the Group's business, results of operations, financial position, and future prospects.

To serve its customers, the Group must maintain continuous data centre operations, including network, storage and server operations. In the event of any significant disruption in operations or any major system failure, or if the Group is not able to move its data centres to alternate locations if it is forced to do so for any reason, including the lack of a suitable alternate site, this could compromise the Group's ability to deliver services according to its contracts or to complete projects for its customers on a timely basis (which could trigger penalty and/or damages payments by the Group), result in the loss of customers or curtailed operations, any of which would have a material adverse effect on the Group's business, results of operations, financial position, and future prospects. Additionally, losses in customers due to performance issues, system interruptions or other failures could result in a loss of revenue, reputational harm, and additional operating expenses in order to remediate the failures, and exposure to other losses or other liabilities, including those incurred in resolving backlog issues once systems are restored, all of which could have a material adverse effect on the Group's business, results of operations, financial position, and future prospects.

The Group may infringe third party intellectual property rights

The Group's services, software and solutions could infringe on the intellectual property rights of third parties when the Group integrates services, software and solutions of third parties to the services that the Group offers to its customers as part of its digital services offering. Although the Group is not aware of any infringement claims, third parties may, in the future, assert claims against the Group or the Group's customers alleging infringement, misappropriation or violation of patent, copyright, trademark, or other intellectual property rights. Infringement claims could harm the Group's reputation, result in liability for the Group or prevent the Group from offering some services, software or solutions. Any claims that the Group's services, software or solutions infringe the intellectual property rights of third parties, regardless of the merit or resolution of such claims, may result in significant costs in defending and resolving such claims, and may divert the efforts and attention of the Group's management and technical personnel from the Group's business. In addition, as a result of such intellectual property infringement claims, the Group could be required or otherwise decide that it is appropriate to: (i) discontinue using, licensing, or offering particular services, software, solutions, technology or processes subject to infringement claims; (ii) develop other technology not subject to infringement claims, which could be costly or may not be possible; (iii) obtain rights to use such intellectual property; or; (iv) enter into settlement discussions with the third party that is pursuing an infringement claim.

The occurrence of any of the foregoing could result in unexpected increased expenses. In addition, if the Group alters or discontinues offering a particular service, software or solution as a result of an infringement claim, the Group's revenue could be affected. If a claim of infringement were successful against the Group or the Group's customers, an injunction might be ordered against the Group's customers or the Group's own operations, causing further damages.

The Group currently licenses intellectual property from a variety of third parties and other registered software owners. It may be necessary in the future to renew licenses relating to various aspects of these licenses or to seek new licenses for existing or new platforms or other products or services. There can be no assurance that the necessary licenses would be available on commercially acceptable terms, if at all. Third parties may terminate their licenses with the Group for a variety of reasons, including actual or perceived failures or breaches of security or privacy, or reputational concerns, or they may choose not to renew their licenses with the Group. The loss of, or inability to obtain, certain third party licenses or other rights or to obtain such licenses or rights on favourable terms, or the need to engage in litigation regarding these matters, could result in product roll-backs, delays in product releases until equivalent technology can be identified, licensed or developed, if at all, and integrated into the Group's services or platforms, and may have a material adverse effect on the Group's business, results of operations, financial position, and future prospects.

In addition, licenses for the programs provided by suppliers regularly contain specific conditions with regard to the number of users per license and the license scope. Any infringement of such licenses by the Group or the Group's customers, for example by not obtaining the correct number of licenses or exceeding the scope of such licenses, could lead to substantial costs to the Group due to any fines or penalties imposed under the terms of those licenses, which would have an adverse effect on the Group's business, results of operations, financial position, and future prospects.

The Group relies on technology partners, suppliers, manufacturers, service providers and subcontractors

In order to operate and manage its business, the Group relies on products and services provided by third party suppliers and subcontractors. The Group also partners with global technology vendors and integrates them into the solutions that it offers to customers. The Group has entered into a number of agreements with suppliers that include technology solutions. The Group has also subcontracted a number of entities to implement specific projects for customers (for further details on agreements with suppliers and subcontracting see "*Material Agreements*"). If the Group loses access to partner products, margins tighten on its partner products, or the Group's agreements with any of its suppliers expire and the Group is unable to renew or replace them with other agreements with other suppliers, at all or on favorable terms, this may adversely affect the Group's business. Any restriction by any third-party suppliers and subcontractors upon which the Group relies in addition to the temporary and permanent discontinuation of their business or inability to provide their services at prices or conditions acceptable to the Group will adversely affect the Group. Accordingly, this will have a material adverse effect on the Group's business, results of operations, financial position, and future prospects.

Moreover, the Group is unable to directly guarantee the effectiveness and quality of subcontractors when executing contracts. The Group may be indirectly liable if these suppliers and subcontractors are not able to implement such contracts and deliver services within the specified time frame and to the agreed standards, given that the Group is the party contracting with customers and is responsible to customers for the implementation of contract obligations, regardless of subcontracting. The Group has entered into several agreements with subcontractors.

However, if the Group cannot pass on any losses (in whole or in part) as a result of defaults by a supplier or a subcontractor under the subcontracts for any reason, the Group will necessarily bear this loss. Accordingly, this will have a material adverse effect on the Group's business, results of operations, financial position, and future prospects.

Risks Relating to Dubai, UAE and the MENA Region

General economic, financial and political conditions, especially in Dubai and elsewhere in the UAE, where the Group conducts all of its operations, may materially adversely affect the Group's business, financial condition and results of operations

General economic, financial, and political conditions, especially in Dubai and elsewhere in the UAE

where the Group conducts all of its operations, may have a material adverse effect the Group's business, results of operations, financial condition and prospects. An adverse change in the credit rating of the UAE, declines in consumer confidence and/or consumer spending, changes in unemployment, significant inflationary or deflationary changes or disruptive regulatory or geopolitical events could contribute to increased volatility and diminished expectations for the economy and markets, including the market for the Group's products and services, and lead to demand or cost pressures that could negatively and adversely impact the Group's business, results of operations, financial condition and prospects. The UAE's economy may be adversely affected by tightening global economic conditions and external shocks, including financial market volatility, trade disruptions and protectionist trade policies or threats thereof. In particular, a global shift in policies, including towards protectionism, with lower global growth due to reduced trade, migration and cross-border investment flows, could slow non-oil growth in the UAE and Dubai. These conditions could affect all of the Group's business segments. Examples of such conditions could include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economies;
- regulatory changes that could impact the markets in which the Group operates; and
- deflationary economic pressures, which could hinder the Group's ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to its cost structure.

The nature of these types of risks make them unpredictable and difficult to plan for or otherwise mitigate, compounding their potential impact on the Group's business, financial condition and results of operations.

The UAE's economy is significantly affected by volatility in international crude oil prices and its economy has in the past been, and is likely in the future to continue to be, materially adversely affected by lengthy periods of low crude oil prices

The UAE's economy is significantly impacted by international crude oil prices and is highly dependent upon its hydrocarbon-related revenue. Crude oil prices have historically fluctuated in response to a variety of factors beyond the Group's control, including (without limitation):

- economic and political developments both in oil-producing regions, particularly in the MENA region, and globally (see “—General economic, financial and political conditions, especially in Dubai and elsewhere in the UAE, where the Group conducts all of its operations, may materially adversely affect the Group's business, financial condition and results of operations”);
- global and regional supply and demand, and expectations regarding future supply and demand, for oil and gas products;
- the ability of the members of OPEC and OPEC+ to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions, and global weather and environmental conditions; and
- prices, availability and trends relating to the use of alternative fuels and technologies.

Many economic sectors within the UAE remain in part dependent, directly or indirectly, on crude oil prices, so extended periods of low crude oil prices may have a negative impact across the economic landscape of Dubai and other Emirates. For example, the Dubai, Abu Dhabi or other Emirati governments may decide to reduce government expenditures in light of the budgetary pressures caused by lower crude oil prices, which may, in turn, reduce fiscal spending on infrastructure and other projects that create revenue streams for both public and private entities. Local financial institutions may experience lower liquidity (if significant government and government-owned company deposits are withdrawn to fund deficits) or higher financing losses or impairments. Furthermore, businesses that are dependent on household consumption, including consumer products, education, healthcare and housing, may be adversely affected by lower levels of economic activity created by extended periods of low crude oil prices.

As lockdown measures and restrictions on international and domestic travel and transport are eased globally, oil-producing countries may further increase output to meet recovering demand, which may result in further volatility of crude oil prices, both in the UAE and globally.

Any of the factors described above, including further developments with respect to the COVID-19 pandemic (and the possibility of additional waves or resurgences thereof) and OPEC or OPEC+ agreements, could have a material adverse effect on the economic, political and fiscal position of Dubai (and the UAE generally), and may consequently have a material adverse effect on the Group's business, financial condition and results of operations.

Continued instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the Group's business, financial condition and results of operations

Although Dubai and the wider UAE enjoy domestic political stability and generally healthy international relations, since 2011 there has been political unrest in a number of countries in the MENA region, including Bahrain, Egypt, Iran, Iraq, Libya, Syria, Tunisia and Yemen. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as civil unrest, war or other hostilities, or the impact that such events or occurrences might have on Dubai and the UAE. The MENA region currently is subject to a number of armed conflicts including those in Yemen, Syria (in which multiple state and non-state actors are involved, such as the USA, Russia, Turkey and Iran), Iraq and Palestine, as well as conflicts with militants associated with the Islamic State.

The economies of Dubai and the UAE, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises and extensive regulation of market conditions, including foreign investment, foreign trade and financial services. Whilst Dubai and the UAE have enjoyed significant economic growth and relative political stability in recent years, there can be no assurance that such growth or stability will continue. Moreover, while the Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. A general downturn or instability in certain sectors of the UAE or the regional economy could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, Dubai and the other Emirates are, and will continue to be, affected by political developments in or affecting the UAE and the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets, including the UAE. On 14 September 2019, the Abqaiq processing facility and the Khurais oil field in Saudi Arabia were significantly damaged in attacks by unmanned aerial vehicles and missiles, which caused an immediate significant reduction in the oil output of Saudi Aramco. In January 2020, direct confrontation occurred between the USA and Iran when a targeted drone strike killed a senior Iranian military commander in Iraq which was followed by an Iranian attack using ballistic missiles on a USA military base in Iraq. In the course of this confrontation, the government of Iran confirmed that it would no longer adhere to the terms of the Joint Comprehensive Action Plan in respect of Iran's nuclear power programme. On 11 April 2021, a major power failure occurred at the Natanz complex south of Tehran, Iran, as a result of an explosion which has been reported to be caused by an attack on the Natanz complex. On 18 January 2022, Abu Dhabi experienced a drone attack launched by Houthi rebels near the Abu Dhabi airport that killed at least three people. Although the UAE has otherwise generally not experienced terrorist attacks or armed conflict such as those experienced by a number of other countries in the MENA region, there can be no assurance that extremists or terrorist groups will not initiate terrorist or other violent activity in the UAE, or that the UAE will not be impacted by any escalation of regional armed conflict. Any terrorist incidents in or affecting Dubai or the UAE and increased regional geopolitical instability (whether or not directly involving Dubai or the UAE), or any heightened levels of military conflict in the region, may have a material adverse effect on Dubai and the UAE's attractiveness for foreign investment and capital, their ability to engage in international trade, their tourist industry, and, consequently, their economic, external and fiscal positions, and therefore could adversely impact the Group's business, financial condition and results of operations.

Furthermore, the UAE is dependent on expatriate labour, including unskilled labourers as well as highly skilled professionals in a range of industry sectors, and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the country. These steps make the UAE

potentially more vulnerable should regional instability increase, foreign militants commence operations in the Emirate, or extremist or terrorist groups engage in activities in the country. In addition, as the government endeavours to further diversify the UAE's economy into other sectors, including tourism, the exposure to broader regional and global economic trends and geopolitical developments likely will increase.

Dubai and the UAE may decide to introduce new laws and regulations, which, if so introduced, could adversely affect the way in which the Group is able to conduct its businesses and its results of operations and financial condition

Emerging market economies generally and the UAE in particular are characterized by less comprehensive legal and regulatory environments than are found in more developed regions. However, as these economies mature, and in part due to the desire of certain countries in the MENA region, including in particular the UAE, to accede to the World Trade Organization, the governments of these countries have begun, and the Group expects will continue, to implement new laws and regulations which could impact the way the Group conducts its business and have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Changes in investment policies or in the prevailing political climate in the UAE could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- corporate income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

The Group is not currently subject to corporate income tax in the UAE, and the UAE has historically not had any tax regime. However, on 31 January 2022 the Ministry of Finance announced that it will introduce a 9% federal corporate tax regime for the first time in the UAE to be applied on the adjusted accounting net profits of a business above AED 375,000 (US\$102,000), which is expected to come into effect on or after 1 June 2023. The UAE Federal Tax Authority will be responsible for administering, collecting, and enforcing corporate tax in line with rules and regulations to be issued by the Ministry of Finance. See "*Taxation—UAE Taxation*". There can be no assurance that the introduction of a corporate income tax or any other changes to current laws or taxation would not increase the Group's costs or otherwise materially adversely affect its business, financial condition and results of operations.

The UAE's Emiratisation initiative may increase the Group's costs and may reduce its ability to rationalise its workforce

Emiratisation is an initiative by the UAE government to employ its citizens in a meaningful and efficient manner in the public and private sectors and to reduce its reliance on foreign workers. Under the initiative, companies are encouraged to employ Emiratis in management, administrative and technical positions. However, the cost of employing UAE nationals typically is significantly higher than the cost of employing foreign workers. In addition, meeting and maintaining the Group's Emiratisation targets reduces its flexibility to rationalise its workforce, which limits its ability to reduce costs in many areas of its operations and may be made difficult as a result of the COVID-19 pandemic (particularly if additional waves or resurgences thereof occur). As a result, there can be no assurance that meeting and maintaining the Group's Emiratisation targets will not have a material adverse effect on its business, financial condition and results of operations.

The Group's financial condition and results of operations may be materially adversely affected if the USD/AED exchange rate were to change

The Group maintains its accounts, and reports its results, in UAE dirhams. Although the UAE dirham

has been pegged to the US dollar at a rate of AED 3.6725 to USD 1.00 since 1997, there can be no assurance that the UAE Central Bank will continue to maintain this fixed rate in the future, particularly if there continues to be increased demand for the US dollar as a result of the COVID-19 pandemic and any additional waves or resurgences thereof. Any de-pegging or change to the USD/AED exchange rate could increase the costs that the Group pays for its products or to service its indebtedness, or could cause its results of operations and financial condition to fluctuate due to currency translation effects, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks Relating to the Offering and to the Shares

After the Offering, the Selling Shareholder will continue to hold the majority of the Shares

The Selling Shareholder's significant Share ownership of approximately 90% of the Company's shares may: (i) delay or deter a change of control of the Company (including deterring a third party from making a takeover offer for the Company); (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and (iii) affect the liquidity of the Shares, any of which could have a material adverse effect on the market price of the Shares.

Substantial sales of Shares by the Selling Shareholder or future issuances of Shares by the Group could depress the price of the Shares

Sales of a substantial number of Shares by the Selling Shareholder following the completion of the Offering or any future issuances of Shares by the Group may significantly reduce the share price. The Selling Shareholder will be prohibited from disposing of its Shares for the lock-up period of six months commencing from Listing date. As an exception, the Selling Shareholder may sell its Shares to the following: (1) any foreign government or (2) any foreign Strategic Investor as defined in the Companies Law. Any agreement with the procuring entity shall include that it is subject to the remainder of the lock-up period to which the Selling Shareholder is subject (or any longer lock-period agreed between the parties). The Selling Shareholder undertakes to publicly announce any disposition of Shares made pursuant to the exceptions set forth in clauses (1) or (2) above promptly after such disposition during the Lock-up Period.

The Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. In addition, the DFM is significantly smaller in size than other established securities markets, which may also affect liquidity in the Shares

Prior to the Offering, there has been no public trading market for the Shares. The Group cannot guarantee that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the offer price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of the Group's actual performance or conditions in the UAE.

The Company has applied for the Shares to be listed on the DFM. The DFM is substantially smaller in size and trading volume than other established securities markets, such as those in the United States and the UK. As of 31 December 2021, there were 68 companies with securities traded on the DFM with a total market capitalization of approximately AED 411 billion. The DFM had a total regular trading volume of AED 72.3 billion in 2021. Brokerage commissions and other transaction costs on the DFM are generally higher than those in Western European countries.

These factors could generally decrease the liquidity and increase the volatility of share prices on the DFM, which in turn could increase the price volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the DFM in the desired amount and at the price and time achievable in more liquid markets.

The Company may not pay dividends on the Shares and consequently, investors may not receive any return on investment unless they sell their Shares for a price greater than that which was paid for them

The distribution of dividends by the Company will be dependent upon a number of factors, including the

future profit, financial position, capital requirements, statutory reserve requirements, the amount of distributable reserves, available credit of the Company and general economic conditions and other factors that the Board of Directors deem significant from time to time. Also, the Company's ability to declare and pay cash dividends on the Shares may be restricted by, among other things, covenants in any credit facilities that the Company may enter into in the future, the recovery of any incurred losses in the future and provisions of UAE law. While the Company has historically been able to pay regular dividends, and intends to pay dividends in respect of the Shares, there can be no assurance that any dividend will ever be paid, nor can there be an assurance as to the amount, if any, which will be paid in any given year.

Furthermore, as part of the Group's business is undertaken through IPP/IWP project companies, the Company is reliant on distributions from these companies in gathering cash flows from which to pay a dividend. A material decline in revenues generated by one or more of the IPP/IWP project companies or the occurrence of a material investment by the Company in relation to any project company could prevent the Company from making distributions to its shareholders. In addition, in the event of the insolvency, bankruptcy, liquidation, dissolution or winding-up of a project company, secured and unsecured creditors of the project company will have the right to be paid before any distributions are made to the Company. These factors could have a material adverse effect on the Company's ability to distribute dividends to the Shareholders.

In addition, any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, applicable law and regulations, the Group's results of operations, financial condition, cash requirements, contractual restrictions, future projects and plans and other factors that Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them. See "*Dividend Policy*".

It may be difficult for shareholders to enforce judgments against the Group in the UAE, or against the Group's directors and senior management

The Company is a public joint stock company incorporated in the UAE. All of its directors and all of its officers reside outside the UK and the EEA. In addition, the Group's material assets and the majority of the assets of its directors and senior management are located outside the UK and the EEA. As a result, it may not be possible for investors to effect service of process outside the UAE upon the Group or its directors and senior management or to enforce judgments obtained against them in courts outside the UAE, including judgments predicated upon the civil liability provisions of the securities laws of the UK or the EEA.

Holders of the Shares in certain jurisdictions outside of the UAE may not be able to exercise their pre-emptive rights if the Company increases its share capital

Under the Articles of Association to be adopted in connection with the Offering, holders of the Shares generally have the right to subscribe and pay for a sufficient number of ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. Holders of the Shares outside of the UAE may not be able to exercise their pre-emptive rights unless certain registrations are effective with respect to such rights and the related ordinary shares or an exemption from their respective registration requirements. The Company currently does not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable holders of the Shares outside of the UAE to exercise their pre-emptive rights or, if available, that the Company will utilise such exemption. Furthermore, provided that the Company obtains all the required approvals from the SCA and its General Assembly, the Company may increase its capital without applying the pre-emption rights of the existing Shareholders, such as (i) for the purpose of the entry of a strategic partner, (ii) for the purpose of capitalising the Company's debts, (iii) for the purpose of converting bonds or sukuk issued by the Company into shares, and/or (iv) acquiring an existing company and issuing new shares in the Company to the partners or Shareholders of that acquired company. To the extent that holders of the Shares outside of the UAE are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such holders outside of the UAE would be reduced.

UAE Taxation

The following comments are general in character and are based on the current applicable tax regime in

the UAE and the current practice of the UAE authorities as at the date of this Prospectus. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all types of shareholders and do not relate to any taxation regime outside the UAE. Each shareholder is responsible for its own tax position and, if you are in any doubt as to your own tax position, you should seek independent professional advice without delay.

Taxation of the Company and Individuals

Currently there is no corporate tax legislation at the federal UAE level. However, corporate tax legislation has been enacted in some of the Emirates (including Abu Dhabi) through their own decrees. These tax decrees are currently only enforced on foreign oil companies and branches of foreign banks.

In accordance with the above practice, the Company is not currently subject to corporate income tax in the UAE or in Abu Dhabi.

As per the aforementioned announcement and Frequently Asked Questions published, the federal tax system is applicable to all businesses and commercial activities operating within the seven emirates, with the exception of:

- businesses operating in the extraction of natural resources. These will continue to be subject to the tax decrees issued by the respective Emirate;
- individuals earning income in their personal capacity (i.e. salary, investment income) as long as the income generating activity does not require a commercial license; and
- businesses registered in Free Trade Zones, provided they comply with all the regulatory requirements, and that do not conduct business with Mainland UAE.

The announced UAE CIT regime introduces a tier system with three rates:

- all annual taxable profits that fall under AED 375,000 shall be subject to the zero rate;
- all annual taxable profits above AED 375,000 shall be subject to 9% rate; and
- all MNEs that fall under the scope of Pillar 2 of the BEPS 2.0 framework (i.e. consolidated global revenues in excess of AED 3.15 billion) shall be subject to different rates as per the OECD Base Erosion and Profit-Sharing rules.

Taxable profits are the accounting profits subject to certain adjustments.

The announced UAE CIT regime confirmed the following income shall be in general exempt from income tax:

- capital gains and dividend income earned by UAE company from its qualifying shareholdings (to be defined in the law);
- profits from group reorganization (further details awaited);
- profits from Intra-group transactions (further details awaited);
- foreign investor's income from dividends, capital gains, financing expenses, royalties and other investment returns.

There will be no UAE withholding tax on domestic and cross-border payments.

The UAE CT law has not yet been released.

Proposed Corporate Tax in the UAE

On 31 January 2022, the UAE Ministry of Finance announced a federal corporation tax to be implemented in the UAE for effective financial years commencing on or after 1 June 2023.

There is currently no personal tax levied on individuals in the UAE.

Taxation of purchase of Shares

Completion of the Offering is likely to be characterised for UAE tax purposes as a purchase of Shares by the shareholders. If a shareholder is tax resident outside the UAE and/or is subject to tax in another jurisdiction, the Offering may be characterised differently and may be subject to tax in that other jurisdiction.

There are no transfer taxes in the UAE on the purchase of Shares. Accordingly, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

Taxation of dividends and capital gains on sale

Based on the current tax practice within the UAE outlined above, the purchase of Shares should not result in any UAE tax liabilities for shareholders who are individuals or corporations tax resident in the UAE, provided they are not subject to tax in the UAE by virtue of them being a foreign oil company or branch of a foreign bank. Non-UAE tax residents, or dual tax residents, individuals and corporations, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Shares based on local tax regulations.

Based on the same principles as outlined above, UAE resident shareholders who are not subject to tax in the UAE or jurisdictions outside the UAE (both corporate and individual), should not currently be taxed on the receipt of dividend income and gains on the future sale of the Shares.

Shareholders who are subject to tax in the UAE by virtue of being a foreign oil company or branch of a foreign bank, or tax resident in jurisdictions outside the UAE, as well as shareholders tax resident in the UAE but also subject to tax in jurisdictions outside the UAE (both corporate and individual), should consult their own tax advisers as to the taxation of dividend income and gains on the future sale of the Shares under the relevant applicable local laws in those jurisdictions.

There is currently no withholding tax in the UAE and as such, any dividend payments made by the Company should be made free of any UAE or Abu Dhabi withholding tax.

The contents of this section is also generally in line with the FAQs issued under the proposed Corporate Tax to be introduced, subject to fulfilment of conditions that may be prescribed in the final law.

UAE VAT

The UAE has adopted an excise tax, which was effective on 1 October 2017, and implemented a VAT, which was effective on 1 January 2018. The excise tax imposes a 50% tax on carbonated beverages and a 100% tax on tobacco products and energy drinks. On 27 August 2017, the VAT Law was published on the website of the Federal Tax Authority. The executive regulations of the VAT Law were issued on 28 November 2017 under Cabinet decision No. 52 of Federal Decree Law No. (8). The executive regulations provide more detail about products and services that are subject to VAT and which particular products are zero-rated or exempted. The executive regulations of the VAT Law outline the conditions and parameters of such VAT treatment. The GCC VAT Framework Agreement, which is a country level agreement between all the GCC States, sets out broad principles that should be followed by all the GCC countries in their VAT laws while providing individual member states some discretion to adopt a different VAT treatment in respect of certain matters. Each GCC country will enact its own domestic VAT legislation based on the underlying principles in this common framework.

VAT applies on the sale of goods and services in the UAE and on imports to the UAE. Unless the supply of goods and services falls within a category that is specifically exempt or is subject to the zero rate of VAT. VAT will apply at the standard rate. The standard VAT rate in the UAE is 5%.

The mandatory registration threshold is AED 375,000 and the voluntary registration threshold is AED 187,500. Businesses must register for VAT if the value of taxable supplies and imports of goods or services is above the mandatory registration threshold in the last 12 months, or it is expected to be

above that threshold in the next 30 days. In addition, businesses would have an option to register for VAT on a voluntary basis if (i) the value of taxable supplies and imports of goods or services, or (ii) the value of taxable expenses (i.e. expenses with VAT) is above the mandatory registration threshold in the last 12 months, or it is expected to be above that threshold in the next 30 days.

The supply of goods or services by VAT registered businesses is subject to VAT at either the standard rate or zero rate. Businesses are entitled to claim a credit for VAT paid on their purchases if they relate to a supply that is standard rated or zero-rated. However, any VAT incurred in connection with a supply that is exempt from VAT cannot be reclaimed.

Article 42 of the executive regulations outlines the scope of financial services classified as exempt and, on this basis, no VAT would be applied on any transfer of Shares. However, it should be noted that fees relating to the transfer of ownership of Shares would be standard rated at 5%.

Third Section: Financial Disclosures

Summary of the Company's Financial Statements and a Summary of Key Notes and Key Financial Indicators as of and for the Years Ended 31 December 2020 (with comparative financials for the year ended 31 December 2019) and 31 December 2021).

The following discussion and analysis should be read in conjunction with the Company's audited financial statements, including the notes thereto, included in this Prospectus as at and for the years ended 31 December 2020 (with comparative financial information as at and for the year ended 31 December 2019) and 2021 included in this Prospectus. Investors should also read certain risks associated with the purchase of Offer Shares in the section entitled "Investment Risks".

EBITDA and Net debt are Non-IFRS measures and were calculated by the Company based on data derived from the Company's Financial Statements.

1. Selected Financial Information and Operating Data

The selected financial information set forth below shows our historical financial information and other unaudited operating information as at and for the years ended 31 December 2019, 2020 and 2021.

The financial information set forth below under the captions "Statement of Profit or Loss Data", "Statement of Financial Position Data", "Statement of Cash Flows Data" and "Statement of Changes in Equity Data" has been derived from, and should be read in conjunction with, the Financial Statements included elsewhere in this Prospectus.

1. Statement of Profit or Loss Data

| | Year ended 31 December | | |
|--|-------------------------------|------------------|------------------|
| | 2019* | 2020 | 2021 |
| | <i>(AED thousands)</i> | | |
| Revenue | 22,886,986 | 22,461,895 | 23,823,968 |
| Cost of sales | (14,119,335) | (14,201,213) | (15,539,787) |
| Gross profit | 8,767,651 | 8,260,682 | 8,284,181 |
| Administrative expenses | (2,696,870) | (3,012,311) | (2,916,445) |
| Credit impairment losses | (21,212) | (87,970) | (83,822) |
| Other income | 331,890 | 378,018 | 921,993 |
| Operating profit | 6,381,459 | 5,538,419 | 6,205,907 |
| Finance costs | (243,778) | (267,966) | (382,866) |
| Finance income | 501,869 | 239,479 | 165,465 |
| Finance income/costs – net | 258,091 | (28,487) | (217,401) |
| Provision for impairment of investment in a joint venture | - | - | (4,785) |
| Share of profit / (loss) from investments in joint ventures | (2,467) | (2,392) | 502 |
| Profit for the year before net movement in regulatory deferral account credit balance | 6,637,083 | 5,507,540 | 5,984,223 |
| Net movement in regulatory deferral account credit balance | - | (201,202) | 569,224 |
| Profit for the year and net movement in regulatory deferral account credit balance | 6,637,083 | 5,306,338 | 6,553,447 |
| Other comprehensive income / (loss) for the year | (1,780,506) | (2,123,720) | 1,518,845 |
| Total comprehensive income for the year | 4,856,577 | 3,182,618 | 8,072,292 |
| Earnings per share | | | |
| Basic and diluted earnings per share (AED) | 0.13 | 0.10 | 0.12 |

2. Statement of Financial Position Data

| | As at 31 December | | |
|--|------------------------|--------------------|--------------------|
| | 2019* | 2020 | 2021 |
| | <i>(AED thousands)</i> | | |
| Total non-current assets | 129,418,183 | 142,534,643 | 151,719,453 |
| Total current assets | 20,904,557 | 17,390,323 | 17,727,981 |
| Total assets | 150,322,740 | 159,924,966 | 169,447,434 |
| Total equity | 87,874,349 | 90,021,579 | 93,591,708 |
| Total non-current liabilities | 41,727,470 | 52,021,973 | 58,105,641 |
| Total current liabilities | 19,973,875 | 16,933,166 | 17,371,061 |
| Total liabilities | 61,701,345 | 68,955,139 | 75,476,702 |
| Total equity and liabilities | 149,575,694 | 158,976,718 | 169,068,410 |
| Regulatory deferral account credit balance | 747,046 | 948,248 | 379,024 |
| Total equity, liabilities, and regulatory deferral account credit balance | 150,322,740 | 159,924,966 | 169,447,434 |

3. Statement of Cash Flow Data

| | Year ended 31 December | | |
|---|------------------------|------------------|-------------------|
| | 2019* | 2020 | 2021 |
| | <i>(AED thousands)</i> | | |
| Cash flows from operating activities | | | |
| Profit for the year | 6,637,083 | 5,306,338 | 6,553,447 |
| <i>Adjustment for:</i> | | | |
| Depreciation | 4,404,006 | 4,732,753 | 5,231,682 |
| Amortisation – intangible assets | 66,560 | 57,619 | 81,121 |
| Provision for slow moving and obsolete inventories | 7,869 | 19,508 | 28,621 |
| Reversal of impairment of property, plant and equipment | (80,294) | (53,529) | (32,328) |
| Fair value adjustments of receivables | - | - | (48,832) |
| Reversal of fair value adjustment for trade receivables | 75,690 | 31,399 | 7,204 |
| Charge for impairment of trade receivables | 21,212 | 87,969 | 83,822 |
| Deferred income | (762,435) | (865,157) | (933,167) |
| Retirement benefit obligations - gratuity | 124,267 | 124,973 | 124,204 |
| Retirement benefit obligations - pensions | 102,769 | 112,695 | 112,810 |
| Provision for impairment from investment in joint venture | - | - | 4,785 |
| Share of loss from investment in joint ventures | 2,467 | 2,392 | (502) |
| Ineffective portion of gain on derivative financial instrument | 3,801 | 20,306 | (5,969) |
| Loss on sale of property, plant and equipment | 513 | 1,428 | (181) |
| Finance income | 243,778 | 267,966 | 382,866 |
| Finance cost expenses | (501,869) | (239,479) | (165,465) |
| <i>Operating cash flows before changes in operating assets and liabilities</i> | 10,345,417 | 9,607,181 | 11,424,118 |
| Changes in operating assets and liabilities: | | | |
| Inventories | (45,260) | (147,991) | (64,368) |
| Other assets | (141,149) | 240,841 | 285,367 |
| Trade receivables before provision for impairment | (1,429,105) | (1,402,379) | (1,064,227) |
| Other financial assets at amortised cost | (344,730) | (1,107,391) | (661,766) |
| Trade and other payables | 2,073,088 | 1,174,483 | 838,477 |
| Regulatory deferral account credit balance | - | 201,202 | (569,225) |
| <i>Net operating cash flows</i> | 10,458,261 | 8,565,946 | 10,188,376 |
| Payment for retirement benefit obligations – gratuity | (30,811) | (36,581) | (51,883) |
| Payment for retirement benefit obligations – pensions | (104,209) | (111,784) | (116,499) |
| Net cash inflows generated from operating activities | 10,323,241 | 8,417,581 | 10,019,994 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, and equipment net of movements in trade payables and other long-term liabilities | (11,883,897) | (13,103,101) | (12,268,280) |
| Deposits with original maturity of greater than three months – placed during the year | (5,651,122) | (601,375) | (3,012,766) |
| Deposits with original maturity of greater than three months – matured during the year | 6,205,314 | 8,272,067 | 325,000 |
| Purchase of intangible assets | (18,794) | (32,543) | (381,752) |

| | | | |
|---|---------------------|--------------------|---------------------|
| Interest received | 443,992 | 256,675 | 138,225 |
| Movement in other financial assets | (16,628) | 96,156 | (10,039) |
| Sale of / investment in a joint venture | - | - | 797 |
| Proceeds from disposal of property, plant, and equipment | 5,334 | 1,877 | 3,916 |
| Net cash used in investing activities | (10,915,801) | (5,110,244) | (15,204,899) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | (630,408) | (5,605,224) | (517,537) |
| Proceeds from borrowings | 6,013,610 | 7,717,351 | 8,552,340 |
| Interest paid | (1,108,101) | (1,024,347) | (1,076,336) |
| Payment of lease liabilities | (6,850) | (8,397) | (7,443) |
| Capital contribution by the non-controlling interest | - | 2,000 | - |
| Dividends paid to owner | (4,500,000) | (1,500,000) | (2,000,000) |
| Dividends paid to non-controlling interests in subsidiaries | (92,394) | (92,041) | (96,585) |
| Net cash (used in) / from financing activities | (324,143) | (510,658) | 4,854,439 |
| Regulatory deferral account credit balance | 219,426 | - | - |
| Net (decrease)/increase in cash and cash equivalent | (697,277) | 2,796,679 | (330,466) |
| Cash and cash equivalents at the beginning of the year | 3,203,112 | 2,505,835 | 5,302,514 |
| Cash and cash equivalents at the end of the year | 2,505,835 | 5,302,514 | 4,972,048 |

4. Statement of Changes in Equity Data

| | Government of Dubai account | General reserve | Statutory reserve <i>(AED thousands)</i> | Hedging reserve | Retained earnings | Total | Non- controlling interests | Total equity |
|---|-----------------------------------|--------------------|--|--------------------|----------------------|-------------------|----------------------------------|-------------------|
| At 1 January 2019 | 38,092,123 | 48,433,035 | 309,131 | 108,486 | (2,012) | 86,940,763 | 1,276,999 | 88,217,762 |
| Total comprehensive income for the year | | | | | | | | |
| Profit for the year | - | - | - | - | 6,414,663 | 6,414,663 | 222,420 | 6,637,083 |
| Other comprehensive income | - | - | - | (966,029) | 83,133 | (882,896) | (897,610) | (1,780,506) |
| Total comprehensive income for the year | - | - | - | (966,029) | 6,497,796 | 5,531,767 | (675,190) | 4,856,577 |
| Transactions with the Owner | | | | | | | | |
| Transfer to reserve | - | 5,519,842 | 42,822 | - | (5,562,664) | - | - | - |
| Non-cash distribution | - | - | - | - | (933,120) | (933,120) | - | (933,120) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | 6,710 | 6,710 |
| Capital contribution by Government of Dubai – value of lands (net) | 318,814 | - | - | - | - | 318,814 | - | 318,814 |
| Dividend paid | - | (4,500,000) | - | - | - | (4,500,000) | (92,394) | (4,592,394) |
| At 31 December 2019* | 38,410,937 | 49,452,877 | 351,953 | (857,543) | - | 87,358,224 | 516,125 | 87,874,349 |

| | Government of Dubai account | General reserve | Statutory reserve | Hedging reserve | Retained earnings | Total | Non- controlling interests | Total equity |
|--|-----------------------------------|--------------------|----------------------|--------------------|----------------------|-------------|----------------------------------|-----------------|
| | (AED thousands) | | | | | | | |
| At 1 January 2020 | 38,410,937 | 49,452,877 | 351,953 | (857,543) | - | 87,358,224 | 516,125 | 87,874,349 |
| Total comprehensive income for the year | | | | | | | | |
| Profit for the year | - | - | - | - | 5,094,728 | 5,094,728 | 211,610 | 5,306,338 |
| Other comprehensive income | - | - | - | (1,125,444) | 19,696 | (1,105,748) | (1,017,972) | (2,123,720) |
| Total comprehensive income for the year | - | - | - | (1,125,444) | 5,114,424 | 3,988,980 | (806,362) | 3,182,618 |
| Transfer to reserve | - | 4,286,699 | 150 | - | (4,286,849) | - | - | - |
| Transactions with the Owner | | | | | | | | |
| Non-cash distribution | - | - | - | - | (827,575) | (827,575) | - | (827,575) |
| Reclassification of capital contribution by non-controlling interest to borrowings* | - | - | - | - | - | - | (6,713) | (6,713) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | 2,000 | 2,000 |
| Capital contribution by Government of Dubai – value of lands (net) | 1,418,941 | - | - | - | - | 1,418,941 | - | 1,418,941 |
| Dividend paid | - | (1,500,000) | - | - | - | (1,500,000) | (122,041) | (1,622,041) |
| At 31 December 2020 | 39,829,878 | 52,239,576 | 352,103 | (1,982,987) | - | 90,438,570 | (416,991) | 90,021,579 |

| | Share capital | Government of Dubai Account | General reserve | Statutory reserve | Hedging reserve | Retained earnings | Total | Non-controlling interests | Total equity |
|--|---------------|-----------------------------|-----------------|-------------------|-----------------|-------------------|-------------|---------------------------|--------------|
| At 1 January 2021 | - | 39,829,878 | 52,239,576 | 352,103 | (1,982,987) | - | 90,438,570 | (416,991) | 90,021,579 |
| Transfer to capital account | 500,000 | (500,000) | - | - | - | - | - | - | - |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 6,123,112 | 6,123,112 | 430,335 | 6,553,447 |
| Other comprehensive income | - | - | - | - | 746,842 | 96,851 | 843,693 | 675,152 | 1,518,845 |
| Total comprehensive income for the year | - | - | - | - | 746,842 | 6,219,963 | 6,966,805 | 1,105,487 | 8,072,292 |
| Transfer to reserve | - | - | 3,103,859 | 3,364 | - | (3,107,223) | - | - | - |
| Transactions with the owner | | | | | | | | | |
| Non-cash distribution | - | - | - | - | - | (3,112,740) | (3,112,740) | - | (3,112,740) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | - | - | - |
| Capital contribution by Government of Dubai – value of lands (net) | - | 707,162 | - | - | - | - | 707,162 | - | 707,162 |
| Dividend paid | - | - | (2,000,000) | - | - | - | (2,000,000) | (96,585) | (2,096,585) |
| At 31 December 2021 | 500,000 | 40,037,040 | 53,343,435 | 355,467 | (1,236,145) | - | 92,999,797 | 591,911 | 93,591,708 |

**Please note, there have been limited reclassifications and presentation changes in the financial statements for FY21 and FY20 as compared to FY19. However, the FY19 figures and presentation in this document have been kept in conformity with the audited financials for FY19.*

Dubai Electricity and Water Authority (PJSC)

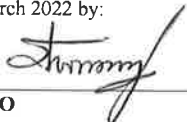
(formerly Dubai Electricity and Water Authority)

Condensed consolidated interim statement of financial position as at

| | 31 January 2022 AED'000 (Unaudited) | 31 December 2021 AED'000 (Audited) |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 149,737,720 | 149,472,061 |
| Intangible assets | 524,454 | 529,577 |
| Investments accounted for using the equity method | 640 | 640 |
| Derivative financial instruments | 75,223 | 10,645 |
| Financial assets at fair value through other comprehensive income | 58,113 | 58,113 |
| Other assets | 486,063 | 456,773 |
| Other financial assets | 1,147,146 | 1,191,644 |
| | <u>152,029,359</u> | <u>151,719,453</u> |
| Current assets | | |
| Inventories | 1,436,151 | 1,451,149 |
| Other assets | 802,900 | 1,001,724 |
| Trade receivables | 3,468,677 | 3,888,627 |
| Other financial assets | 2,498,910 | 2,181,453 |
| Short-term deposits | 4,732,368 | 4,798,864 |
| Cash and cash equivalents | 4,740,281 | 4,406,164 |
| | <u>17,679,287</u> | <u>17,727,981</u> |
| Total assets | <u>169,708,646</u> | <u>169,447,434</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 500,000 | 500,000 |
| Government of Dubai account | 40,056,290 | 40,037,040 |
| General reserve | 43,685,367 | 53,343,435 |
| Statutory reserve | 355,467 | 355,467 |
| Hedging reserve | (958,394) | (1,236,145) |
| | <u>83,638,730</u> | <u>92,999,797</u> |
| Non-controlling interests | 854,843 | 591,911 |
| Total equity | <u>84,493,573</u> | <u>93,591,708</u> |
| Liabilities | | |
| Non-current liabilities | | |
| Borrowings | 33,418,922 | 23,325,798 |
| Retirement benefit obligations | 1,014,881 | 1,008,904 |
| Derivative financial instruments | 1,833,203 | 2,259,830 |
| Lease liabilities | 11,779 | 11,939 |
| Other long term liabilities | 31,537,613 | 31,499,170 |
| | <u>67,816,398</u> | <u>58,105,641</u> |
| Current liabilities | | |
| Trade and other payables | 13,444,543 | 13,781,679 |
| Borrowings | 3,498,727 | 3,430,072 |
| Derivative financial instruments | 118,579 | 156,297 |
| Lease liabilities | 2,769 | 3,013 |
| | <u>17,064,618</u> | <u>17,371,061</u> |
| Total liabilities | <u>84,881,016</u> | <u>75,476,702</u> |
| Total equity and liabilities | <u>169,374,589</u> | <u>169,068,410</u> |
| Regulatory deferral account-credit balance | 334,057 | 379,024 |
| Total equity, liabilities and regulatory deferral account credit balance | <u>169,708,646</u> | <u>169,447,434</u> |

To the best of our knowledge, the condensed consolidated interim financial information fairly represents in all material respects, the financial position, results of operation and cash flows for the Authority as of and for, the period ended 31 January 2022.

The condensed consolidated interim financial information was approved and signed on behalf of the Board of Directors on 4 March 2022 by:


CFO


MD & CEO

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

Notes form an integral part of this condensed consolidated interim financial information.

Other Financial Information

Dividend Policy

The Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and its capital expenditure plans and other cash requirements in future periods, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be. See "*The Company may not pay dividends on the Shares and consequently, investors may not receive any return on investment unless they sell their Shares for a price greater than that which was paid for them.*" Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of the Board of Directors.

Subject to the foregoing, the Company intends to pay dividends twice each fiscal year after the Offering in April and October of each year. The Group expects to pay a minimum dividend amount of AED 6.2 billion per annum, over the next 5 years (October 2022- April 2027). For the avoidance of doubt, the Company expects to pay a first dividend payment of AED 3.1 billion after the Offering, for the second half of 2022, by October 2022. In addition, on 31 January 2022 the Board of Directors approved a dividend payment of AED 10 billion to the Selling Shareholder. This dividend policy is designed to reflect the Group's expectation of strong cash flow and expected long-term earnings potential, while allowing the Group to retain sufficient capital to fund ongoing operating requirements and continued investment for long-term growth. This dividend policy is subject to consideration of the Board of Directors of the cash management requirements of the Group's business for operating expenses, interest expense and anticipated capital expenditures. In addition, the Group expects that the Board of Directors will also consider market conditions, the then current operating environment in the Group's markets, and the Board of Directors' outlook for the Group's business.

Selling Shareholder

The following table sets forth our shareholder holding our Shares (i) as at the date of this Prospectus, with a total share capital of 50,000,000,000 (Fifty billion) shares of AED 0.01 (One Fils) each, and (ii) immediately following the Offering, assuming that the Selling Shareholder sells all of the Shares being offered:

| | As at the date of this Prospectus | | Immediately following the Offering ⁽¹⁾ | |
|---------------------|-----------------------------------|------------|---|------------|
| | Number of Shares | Percentage | Number of Shares | Percentage |
| <i>Shareholder</i> | | | | |
| Government of Dubai | 50,000,000,000 | 100% | 46,750,000,000 | 93.5% |

(1) Assumes that the maximum number of Shares offered by the Selling Shareholder in the Offering are sold and the Offering size is not increased.

DEWA is wholly owned by the government of Dubai. No Shares have voting rights that differ from those of any other Shares. As at the date of this Prospectus, the Company is not aware of any arrangements that may result in a change in control of the Company.

Material events and contracts concluded by the Company (including related party agreements)

The following is a summary of certain terms of our material contracts. The following summaries do not purport to describe all of the applicable terms and conditions of such contracts and are qualified in their entirety by reference to the actual agreements.

Related Party Transactions

The Group is and has been a party to various agreements and other arrangements with related parties comprising the Company and certain of its other subsidiaries and the Government. The most significant of these transactions are described below. For details of the impact of related party transactions on the Group's financial position and financial results as at and for the years ended 31 December 2019, 2020

and 2021, please refer to notes of the 2021 Financial Statements and note of the 2020 Financial Statements, included elsewhere in this Prospectus.

Relationship with the Department of Finance

There is an ongoing relationship between the Group and the Department of Finance, outside of its role as a shareholder of the Company on behalf of the government of Dubai. The Department of Finance is also responsible for settling payment on behalf of approximately 70 electricity and water accounts for Dubai government entities, as well as settling certain amounts in respect of the electricity and water fees of UAE nationals that are customers of the Group, however, there is currently no formal agreement in place that governs the rights and obligations of the Group vis-à-vis the Department of Finance, or any other governmental entity or department that falls under the accounts settled by the Department of Finance, with respect to the provision of electricity and water other than a confirmation from the Department of Finance that it would settle all invoices for such electricity and water accounts in cash starting January 2022. While the payment terms relating to most customers of the Group are 30 days, the Selling Shareholder is afforded a 90-day payment terms.

Relationship with the Dubai government

The Group transacts with its owner, joint ventures, and entities controlled, jointly controlled, or significantly influenced by the owner within the scope of its ordinary business activities, including suppliers and customers. Since the Group is ultimately wholly owned by the Government of Dubai, these entities are jointly referred to as 'government-related entities'.

Fuel Supply

The Group procures fuel from entities owned or controlled by the Government. The Group is required to purchase all of its natural gas requirements from DUSUP, which is wholly-owned by the Government and the only authorised supplier of natural gas in Dubai to Government entities. Purchases are made based on requests (typically annually) made to DUSUP and there is no agreement in place for the supply of natural gas from DUSUP to the Group. Where required by the Group, other fuels are also typically purchased through Government-owned entities.

Dubai Municipality Collection Agreement

The Group entered into a housing fees and sewage operation charges collection agreement with the Dubai Municipality on 5 January 2017 for an initial term of three (3) years which is automatically renewed for equivalent periods unless either party provides notice of non-renewal of the agreement three (3) months prior to the expiry of the initial term or any renewal period thereto. Pursuant to the agreement the Group agreed to collect housing fees and sewage operation charges from all households in Dubai on behalf of the Dubai Municipality in consideration for a handling and collection charge equal to three percent (3)% per annum of all collected amounts up to a maximum of fifty (50) million dirhams per year. The agreement may be terminated by either party if the other party breaches any of its terms by issuing written notice to the defaulting party of such breach, provided that the notified breach is not remedied within three (3) months of the defaulting party receiving such notice.

Dubai Silicon Oasis Collections

Pursuant to a letter from the Department of Finance to the Group dated 17 May 2016, the Group is entitled to apply and collect a charge of 0.005 dirhams per gallon of water provided to the Dubai Silicon Oasis Authority in addition to any other charges due from the Dubai Silicon Oasis Authority to the Dubai Municipality.

Project Management and Consultancy Services Agreement

On 22 June 2016 the Group entered into a Project Management and Consultancy Services Agreement with Meydan Group LLC and Meraas Development LLC in respect of the development of three 132 kV substations in DXB Canal, Canal Gate and Qanat Substations. Pursuant to the terms of the agreement, each of Meydan and Meraas were to issue irrevocable letters of credit in favour of the Group for fees

due. On 13 November 2016 the parties entered into an amendment agreement to change the payment mechanic from irrevocable letters of credit to post-dated cheques of an aggregate value of AED 255,000,000 (of which 50% each to Meydan and Meraas), the last of which was due on 1 June 2018. Pursuant to a letter dated 19 March 2020, the Group received twenty four (24) cheques from Meydan in respect of payments for electricity and water consumption, for the substations and interest for an aggregate amount of AED 147,607,965 payable monthly from 31 January 2022 to 31 December 2023.

Sewage handling charge

The Group collects “Housing Fees and Sewage Operation Charges” from customers on behalf of the Dubai Municipality through the invoices issued to customers. The amounts collected by the Group in respect of such charges are transferred to the Dubai Municipality (or the Department of Finance on behalf of the Dubai Municipality). The Group also collects cooling charges on behalf of Empower and Nakheel district cooling, which has recently been acquired by Empower, using the Group’s billing infrastructure, which such amounts are transferred to the relevant provider. The Group receives a collection charge for amounts collected on behalf of the Dubai Municipality, subject to an annual cap of AED 50 million.

Material Contracts

The following is a summary of the agreements that the Group considers material or important or which may otherwise influence an investor’s decision to invest in the Shares. These summaries do not purport to describe all the applicable terms and conditions of such agreements and are qualified in their entirety by the respective agreements.

Contracting Structure

The Group typically contracts by way of purchase orders that are on standard arms’ length terms. No one purchase order of the Group composes more than five percent (5)% of its annual revenue.

Offtake Agreements

Hassyan Energy Power Purchase Agreement

The Group entered into a power purchase agreement with Hassyan Energy Phase 1 PSC on 1 June 2016, as amended on 29 November 2016 (the “**Hassyan Energy PPA**”). Pursuant to the terms of the Hassyan Energy PPA, the Group agreed to purchase the net electrical energy generated by Hassyan Energy Phase 1 PSC for a period equal to twenty-five (25) years from the commercial operation date of the power plant. The Group’s certain payment obligations are guaranteed by an irrevocable payment undertaking issued by the Department of Finance on 27 July 2016. Pursuant to the Department of Finance’s payment undertaking, the Department of Finance shall be liable for amounts equal to the lesser of:

- the maximum aggregate payment liabilities of the Group under the Hassyan Energy PPA; and
- the amount not exceeding, in aggregate of all claims or demands made in respect of the period (i) up to the tenth (10th) anniversary of the commercial operation date of the power plant, USD 5,360,000,000; (ii) from the tenth (10th) anniversary of the commercial operation date of the power plant and up to the twentieth (20th) anniversary of such commercial operation date, USD 4,824,000,000; and (iii) from the twentieth (20th) of the commercial operation date of the power plant, USD 4,288,000,000.

Shuaa Energy 1 Power Purchase Agreement

The Group entered into a power purchase agreement with ACWA Power Solar Limited on 26 March 2015, as amended to Shuaa Energy 1 PSC on 7 July 2015 and as further amended on 7 July 2015 (the “**Shuaa Energy 1 PPA**”). Pursuant to the terms of the Shuaa Energy 1 PPA, the Group agreed to

purchase the net electrical energy generated by Shuaa Energy 1 PSC for a period equal to twenty-five (25) years from the commercial operation date of the power plant. The Group's certain payment obligations are guaranteed by an irrevocable payment undertaking issued by the Department of Finance on 7 July 2015. Pursuant to the Department of Finance's payment undertaking, the Department of Finance shall be liable for amounts equal to the lesser of:

- the maximum aggregate payment liabilities of the Group under the Shuaa Energy 1 PPA; and
- the amount, in aggregate of all claims or demands made over the term of the payment undertaking, of USD 460,000,000.

Shuaa Energy 2 Power Purchase Agreement

The Group entered into a power purchase agreement with Emirates Solar Power Company LLC on 28 November 2016, as novated to Shuaa Energy 2 PSC on 12 June 2017 (the "**Shuaa Energy 2 PPA**") and as further amended on 12 June 2017. Pursuant to the terms of the Shuaa Energy 2 PPA, the Group agreed to purchase the net electrical energy generated by Shuaa Energy 2 PSC for an initial period equal to twenty-five (25) years from the commercial operation date of the power plant. The Group's certain payment obligations are guaranteed by an irrevocable payment undertaking issued by the Department of Finance on 12 June 2017 Pursuant to the Department of Finance's payment undertaking, the Department of Finance shall be liable for amounts equal to the lesser of:

- the maximum aggregate payment liabilities of the Group under the Shuaa Energy 2 PPA; and
- the amount not exceeding, in aggregate of all claims or demands made in respect of the period (i) up to and including 31 December 2024, USD 1,288,536,793; (ii) from 1 January 2025 up to and including 31 December 2029, USD 963,837,659; (iii) from 1 January 2030 up to and including 31 December 2034, USD 752,394,918, (iv) from 1 January 2035 up to and including 31 December 2039, USD 542,783,308 and (v) from 1 January 2040, USD 302,227,485.

Noor Energy 1 Power Purchase Agreement

The Group entered into a power purchase agreement with Noor Energy 1 PSC on 15 March 2018, as amended and restated on 30 October 2018 and as further amended on 14 March 2019 (the "**Noor Energy 1 PPA**"). Pursuant to the terms of the Noor Energy 1 PPA, the Group agreed to purchase the net electrical energy generated by Noor Energy 1 PSC for a period equal to thirty-five (35) years from the commercial operation date of the power plant. The Group's certain payment obligations are guaranteed by an irrevocable payment undertaking issued by the Department of Finance on 10 December 2018. Pursuant to the Department of Finance's payment undertaking, the Department of Finance shall be liable for amounts equal to the lesser of:

- the maximum aggregate payment liabilities of the Group under the Noor Energy 1 PPA; and
- the amount not exceeding, in aggregate of all claims or demands made in respect of the period (i) up to the fifth anniversary of the commercial operation date of the plant, USD 6,225,526,099; (ii) from the fifth to the tenth anniversary of the commercial operation date of the plant, USD 5,914,249,794; (iii) from the tenth to the fifteenth anniversary of the commercial operation date of the plant, USD 5,618,537,304; (iv) from the fifteenth to the twentieth anniversary of the commercial operation date of the plant, USD 5,337,610,439; (v) from the twentieth to the twenty fifth anniversary of the commercial operation date of the plant, USD 5,070,729,917; (vi) from the twenty fifth to the thirtieth anniversary of the commercial operation date of the plant, USD 4,563,656,925; and (vii) from the thirtieth anniversary of the commercial operation date of the plant, USD 3,879,108,387.

Shuaa Energy 3 Power Purchase Agreement

The Group entered into a power purchase agreement with Solar V Holding Co Ltd on 29 April 2020, as amended and novated to Shuaa Energy 3 PSC on 30 September 2020 (the "**Shuaa Energy 3 PPA**").

Pursuant to the terms of the Shuaa Energy 3 PPA, the Group agreed to purchase the net electrical energy generated by Shuaa Energy 3 PSC for an initial period equal to twenty-five (25) years from the commercial operation date of the power plant.

Hassyan Water Company 1 Water Purchase Agreement

The Group entered into a water purchase agreement with Utico IWP Twenty Holdings DMCC on 31 March 2021. Pursuant to the terms of the agreement, the Group agreed to purchase the water output of the seawater reverse osmosis plant for an initial period of thirty-five (35) years from the commercial operation date of that plant.

Shareholders' Agreements

Hassyan Energy Phase 1 PSC Shareholders' Agreement

The Hassyan Energy 1 DEWA HoldCo and ACWA Power Harbin Holdings Limited (the “**Hassyan Energy Shareholders**”), who entered into a shareholders' agreement on 1 June 2016, as amended and restated on 7 September 2016, and further amended on 29 November 2016, (the “**Hassyan Energy Shareholders' Agreement**”) relating to the constitution, governance and management of Hassyan Energy Phase 1 PSC, the project company established for the 2,400MW Hassyan Energy power plant IPP project. The Hassyan Energy Shareholders' Agreement sets out the Hassyan Energy Shareholders' respective governance rights and obligations regarding the operation and management of Hassyan Energy Phase 1 PSC.

Pursuant to the Hassyan Energy Shareholders' Agreement, each of the Hassyan Energy Shareholders hold the following interest and board seats in Hassyan Energy Phase 1 PSC:

| Shareholder | Interest | Board Seats |
|-------------------------------------|-------------|-------------|
| Hassyan Energy DEWA HoldCo | 51% | 4 |
| ACWA Power Harbin Holdings Limited. | 49% | 3 |
| Total | 100% | 7 |

The Hassyan Energy DEWA HoldCo, which has a 51% ownership interest in Hassyan Energy Phase 1 PSC, is wholly owned by JEI Holding, which in turn is wholly owned by the Company.

Shuaa Energy 1 PSC Shareholders' Agreement

The Shuaa Energy 1 DEWA HoldCo and ACWA Power Solar Limited (the “**Shuaa Energy 1 Shareholders**”) entered into a shareholders' agreement on 26 March 2015, (the “**Shuaa Energy 1 Shareholders' Agreement**”) relating to the constitution, governance and management of the Shuaa Energy 1 PSC, the project company established for the 200MW Phase II photovoltaic solar IPP project at MBR Solar Park. The Shuaa Energy 1 Shareholders' Agreement sets out the Shuaa Energy 1 Shareholders' respective governance rights and obligations regarding the operation and management of Shuaa Energy 1 PSC.

Pursuant to the Shuaa Energy 1 Shareholders' Agreement, each of the Shuaa Energy 1 Shareholders hold the following interest and board seats in Shuaa Energy 1 PSC:

| Shareholder | Interest | Board Seats |
|----------------------------|-------------|-------------|
| Shuaa Energy 1 DEWA HoldCo | 51% | 4 |
| ACWA Power Solar Limited | 49% | 3 |
| Total | 100% | 7 |

The Shuaa Energy 1 DEWA HoldCo, which has a 51% ownership interest in the Shuaa Energy 1 Project Company, is wholly owned by JEI Holding, which in turn is wholly owned by the Company.

Shuaa Energy 2 PSC Shareholders' Agreement

The Shuaa Energy 2 DEWA HoldCo and Emirates Solar Power Company LLC (the “**Shuaa Energy 2 Shareholders**”) entered into a shareholders’ agreement on 28 November 2016, as amended on 12 June 2017, (the “**Shuaa Energy 2 Shareholders’ Agreement**”) relating to the constitution, governance and management of Shuaa Energy 2 PSC, the project company established for the 800MW Phase III photovoltaic solar IPP project at MBR Solar Park. The Shuaa Energy 2 Shareholders’ Agreement sets out the Shuaa Energy 2 Shareholders’ respective governance rights and obligations regarding the operation and management of the Shuaa Energy 2 PSC.

Pursuant to the Shuaa Energy 2 Shareholders’ Agreement, each of the Shuaa Energy 2 Shareholders hold the following interest and board seats in Shuaa Energy 2 PSC:

| Shareholder | Interest | Board Seats |
|----------------------------------|-------------|-------------|
| Shuaa Energy 2 DEWA HoldCo | 60% | 4 |
| Emirates Solar Power Company LLC | 40% | 3 |
| Total | 100% | 7 |

The Shuaa Energy 2 DEWA HoldCo, which has a 60% ownership interest in Shuaa Energy 2 PSC, is wholly owned by JEI Holding, which in turn is wholly owned by the Company.

Noor Energy 1 PSC Shareholders’ Agreement

The Noor Energy 1 DEWA HoldCo and ACWA Power Solar CSP Holding Ltd. (the “**Noor Energy 1 Shareholders**”) entered into a shareholders’ agreement on 15 March 2018, as amended on 30 October 2018, 22 December 2018, and 14 March 2019, (the “**Noor Energy 1 Shareholders’ Agreement**”) relating to the constitution, governance and management of the Noor Energy 1 PSC, the project company established for the 950MW Phase IV concentrated solar power & photovoltaic solar IPP project at MBR Solar Park. The Noor Energy 1 Shareholders’ Agreement sets out the Noor Energy 1 Shareholders’ respective governance rights and obligations regarding the operation and management of Noor Energy 1 PSC.

Pursuant to the Noor Energy 1 Shareholders’ Agreement, each of the Noor Energy 1 Shareholders hold the following interest and board seats in No or Energy 1 PSC:

| Shareholder | Interest | Board Seats |
|-----------------------------------|-------------|-------------|
| Noor Energy 1 DEWA HoldCo | 51% | 4 |
| ACWA Power Solar CSP Holding Ltd. | 49% | 3 |
| Total | 100% | 7 |

Noor Energy 1 DEWA HoldCo, which has a 51% ownership interest in Noor Energy 1 PSC, is owned by JEI Holding (94%) and Dubai Green Fund (6%), which in turn are directly and indirectly, respectively, wholly owned by the Company.

Shuaa Energy 3 PSC Shareholders’ Agreement

The Shuaa Energy 3 DEWA HoldCo and Solar V Holding Co Ltd, (the “**Shuaa Energy 3 Shareholders**”) entered into a shareholders’ agreement on 29 April 2020, as amended on 30 September 2020, (the “**Shuaa Energy 3 Shareholders’ Agreement**”) relating to the constitution, governance and management of Shuaa Energy 3 PSC, the project company established for the 900MW Phase V photovoltaic solar IPP project at MBR Solar Park. The Shuaa Energy 3 Shareholders’ Agreement sets out the Shuaa

Energy 3 Shareholders' respective governance rights and obligations regarding the operation and management of the Shuaa Energy 3 PSC.

Pursuant to the Shuaa Energy 3 Shareholders' Agreement, each of the Shuaa Energy 3 Shareholders hold the following interest and board seats in Shuaa Energy 3 PSC:

| Shareholder | Interest | Board Seats |
|----------------------------|-------------|-------------|
| Shuaa Energy 3 DEWA HoldCo | 60% | 4 |
| Solar V Holding Co Ltd | 40% | 3 |
| Total | 100% | 7 |

The Shuaa Energy 3 DEWA HoldCo, which has a 60% ownership interest in Shuaa Energy 3 PSC, is owned by JEI Holding (66.66%) and Dubai Green Fund (33.34%), which in turn are, directly and indirectly, respectively, wholly owned by the Company.

Hassyan Water Company 1 PSC Shareholders' Agreement

The Hassyan RO DEWA HoldCo and Utico IWP Twenty Holdings DMCC (the "Hassyan RO Shareholders") entered into a shareholders' agreement on 31 March 2021, (the "Hassyan RO Shareholders' Agreement") relating to the constitution, governance and management of Hassyan Water Company 1 PSC, the project company established for the 120 million imperial gallon seawater reverse osmosis IWP project. The Hassyan RO Shareholders' Agreement sets out the Hassyan RO Shareholders' respective governance rights and obligations regarding the operation and management of Hassyan Water Company 1 PSC.

Pursuant to the Hassyan RO Shareholders' Agreement, each of the Hassyan RO Shareholders hold the following interest and board seats in Hassyan Water Company 1 PSC:

| Shareholder | Interest | Board Seats |
|--------------------------------|-------------|-------------|
| Hassyan RO Energy DEWA HoldCo | 60% | 4 |
| Utico IWP Twenty Holdings DMCC | 40% | 3 |
| Total | 100% | 7 |

The Hassyan RO DEWA HoldCo, which has a 60% ownership interest in Hassyan Water Company 1 PSC, is wholly owned by JEI Holding, which in turn is wholly owned by the Company.

EPC Contracts

Noor Energy 1 EPC Contract

Noor Energy 1 PSC entered into a lump sum, turnkey engineering, procurement and construction contract on 13 April 2018, as amended and restated on 22 November 2018 and further amended on 11 March 2019, comprising an offshore engineering and procurement contract and a coordination agreement with the Noor Energy 1 EP Contractor and the Noor Energy 1 Construction Contractor to ensure joint and several liability for the works between the two (together, the "Noor Energy 1 EPC Contract"). The Noor Energy 1 EPC Contract reflects market standard terms including provision for delay liquidated damages, performance liquidated damages, defects liability and performance security. The combined limit of liability of the Noor Energy 1 EP Contractor and the Noor Energy 1 Construction Contractor under the Noor Energy 1 EPC Contract is 100% of the total contract price, subject to standard carve-outs and a typical consequential loss exclusion. The key terms of the Noor Energy 1 EPC Contract are as follows:

| Phase | Guaranteed Initial Acceptance Date | Noor Energy 1 EP Contract Price (USD) | Noor Energy 1 Construction Contract Price (USD) |
|------------|--|---------------------------------------|---|
| Phase 1 CT | 32 months after full notice to proceed | 529,918,747 | 221,970,943 |
| Phase 1 PT | 32 months after full notice to proceed | 594,644,455 | 254,164,151 |
| Phase 2 | 40 months after full notice to proceed | 587,717,766 | 254,164,151 |
| Phase 3 | 48 months after full notice to proceed | 623,741,187 | 266,655,164 |

Noor Energy 1 PSC entered into an operation and maintenance agreement (“**Noor Energy 1 O&M Agreement**”) on 13 December 2018 with an operations and maintenance provider (the “**Noor Energy 1 Operator**”), pursuant to which the Noor Energy 1 Operator shall operate and maintain the plant from the period commencing on the commercial operation date of each phase of the plant and expiring on the date of expiry or termination of the Noor Energy 1 PPA in exchange for a monthly fee (which, following the project commercial operation date, amounts to USD 2,755,131.45 per month, subject to indexation). Additional fees, in accordance with the fee schedule, shall be payable with respect to the period prior to operation period. The Noor Energy 1 O&M Agreement reflects standard market terms and the Noor Energy 1 Operator’s liability in any year is limited to 130% of the fees payable in such year, subject to standard carve-outs.

Shuaa Energy 1 EPC Contract

Shuaa Energy 1 PSC entered into a lump sum, turnkey engineering, procurement and construction contract on 17 June 2015 with an EPC contractor (“**Shuaa Energy 1 EPC Contractor**”) for the completion of design, engineering, procurement, construction and completion of works on a turnkey basis (the “**Shuaa Energy 1 EPC Contract**”). The Shuaa Energy 1 EPC Contract reflects market standard terms including provision for delay liquidated damages, performance liquidated damages, defects liability and performance security. The combined limit of liability of the Shuaa Energy 1 EPC Contractor under the Shuaa Energy 1 EPC Contract is 100% of the total Shuaa Energy 1 EPC Contract price, subject to standard carve-outs and a typical consequential loss exclusion. The key terms of the Shuaa Energy 1 EPC Contract are as follows:

| Guaranteed Initial Acceptance Date | Shuaa Energy 1 EPC Contract Price (USD) |
|------------------------------------|---|
| 2 April 2017 | 297,675,247 |

Shuaa Energy 1 PSC entered into an operation and maintenance agreement (“**Shuaa Energy 1 O&M Agreement**”) on 17 June 2015 with an O&M provider (the “**Shuaa Energy 1 Operator**”), pursuant to which the Shuaa Energy 1 Operator shall operate and maintain the plant from the period commencing on the “Closing Date” (as defined in the Shuaa Energy 1 PPA) and expiring on the date of expiry or termination of the Shuaa Energy 1 PPA. In exchange for the provision of such services, the Shuaa Energy 1 Operator is paid monthly fees which, during the operating period, amount to: (i) USD 35,167 per month as an operating fixed fee, and (ii) operating costs (indicative amounts of which are USD 259,583 per month), both subject to indexation. The Shuaa Energy 1 O&M Agreement reflects standard market terms and the Shuaa Energy 1 Operator’s liability in any year during the operating period is limited to 100% of the operating fixed fees payable in such year, subject to standard carve-outs.

Shuaa Energy 2 EPC Contract

Emirates Solar Power Company L.L.C. (the “**Original Shuaa Energy 2 Project Company**”) entered into an engineering, procurement and construction contract on 6 December 2016 (the “**Shuaa Energy 2 EPC Contract**”) with a consortium of: EPC contractors (the “**Original Shuaa Energy 2 EPC Contractor**”). The

Shuaa Energy 2 EPC Contract was amended on 12 June 2017, and, pursuant to a separate agreement also dated 12 June 2017, the rights and obligations of the Original Shuaa Energy 2 Project Company and another EPC contractor were novated to: (i) Shuaa Energy 2 PSC. The Shuaa Energy 2 EPC Contract was further amended on 4 July 2021 (the “**Shuaa Energy 2 Amendment**”). The Shuaa Energy 2 EPC Contract reflects market standard terms including provision for delay liquidated damages, performance liquidated damages, defects liability and performance security. The combined limit of liability of Shuaa Energy 2 PSC and the New Shuaa Energy 2 EPC Contractor under the Shuaa Energy 2 EPC Contract is 100% of the total Shuaa Energy 2 EPC Contract price (less the “Phase Contract Price” of each “Phase, if any, as defined within the Shuaa Energy 2 EPC Contract), subject to standard carve-outs and a typical consequential loss exclusion. The key terms of the Shuaa Energy 2 EPC Contract are as follows:

| Phase | Scheduled Commencement Date | Work | Scheduled Acceptance Date | Provisional | Shuaa Energy 2 EPC Contract Price (USD) |
|---------|-----------------------------|------|---------------------------|-------------|---|
| Phase A | 6 December 2016 | | 27 March 2018 | | 222,642,501 |
| Phase B | 2 December 2017 | | 27 March 2019 | | 322,862,397 |
| Phase C | 1 December 2018 | | 26 March 2020 | | 303,768,322 |

The Shuaa Energy 2 Amendment confirms that the total contract price factoring all additions and deductions is USD 849,273,220.

Shuaa Energy 2 PSC also entered into a short-term operation and maintenance agreement (“**Short Term Shuaa Energy 2 O&M Agreement**”) on 12 June 2017 with an operation and maintenance provider (together, the “**Shuaa Energy 2 Short Term Operator**”), pursuant to which the Shuaa Energy 2 Short Term Operator shall operate and maintain the plant from the period commencing during the pre-operating period for each phase and expiring on the earlier of the last expiry date or termination pursuant to Clause 15, in exchange for a monthly fee. The term may potentially be up to five years from completion of Phase A. In respect of pre-operating periods, the fees payable are USD 336,000, USD 287,000 and USD 258,454 for Phases A, B and C respectively, and during the operating period the services fee payable is the fixed lump sum for each operating phase during each contract year or pro rata thereof, as set out in Schedule 3 to the Short Term Shuaa Energy 2 O&M Agreement. The Short Term Shuaa Energy 2 O&M Agreement reflects standard market terms and the Shuaa Energy 2 Short Term Operator’s liability in any year is limited to 100% of the anticipated aggregate services fee payable in each contract year, subject to standard carve-outs.

Shuaa Energy 2 PSC entered into a long-term operation and maintenance agreement (“**Long-Term Shuaa Energy 2 O&M Agreement**”) on 12 June 2017 with a consortium of operation and maintenance providers (together, the “**Shuaa Energy 2 Long-Term Operator**”), pursuant to which the Shuaa Energy 2 Long Term Operator shall operate and maintain the plant from the period commencing on the date of the Shuaa Energy 2 Long-Term O&M Agreement and terminating until the last day of the term of the Shuaa Energy 2 PPA prior to any extension thereunder. In respect of pre-operating periods, the fees payable are USD 64,711, USD 72,929 and USD 62,359 for Phases A, B and C, respectively, and during the operating period the services fee payable is the fixed lump sum for each operating phase during each contract year or pro rata thereof, as set out in Schedule 3 to the Long-Term Shuaa Energy 2 O&M Agreement. The Long-Term Shuaa Energy 2 O&M Agreement reflects standard market terms and the Shuaa Energy 2 Long-Term Operator’s liability in any year is limited to 100% of the anticipated aggregate services fee payable in each contract year, subject to standard carve-outs.

Shuaa Energy 3 EPC Contract

Shuaa Energy 3 PSC entered into a lump sum turnkey engineering, procurement and construction contract on 23 July 2020 (the “**Shuaa Energy 3 EPC Contract**”). The Shuaa Energy 3 EPC Contract reflects market standard terms including provision for delay liquidated damages, performance liquidated damages, defect liability and performance security. The combined limit of liability of Shuaa Energy 3

PSC and the Shuaa Energy 3 EPC Contractor under the Shuaa Energy 3 EPC Contract is 100% of the total Shuaa Energy 3 EPC Contract price, subject to standard carve-outs and a typical consequential loss exclusion. Shuaa Energy 3 PSC's aggregate liability is also limited to 100% of the Shuaa Energy 3 EPC Contract price. The Shuaa Energy 3 EPC Contract price is USD 144,226,795.

| Phase | Guaranteed Completion Date - Initial Acceptance | Guaranteed Completion Date - Final Acceptance |
|---------|---|---|
| Phase A | 28 July 2021 | 28 July 2023 |
| Phase B | 2 April 2022 | 2 April 2024 |
| Phase C | 2 April 2023 | 2 April 2025 |

Shuaa Energy 3 PSC entered into an operation and maintenance agreement (the "**Shuaa Energy 3 O&M Agreement**") on 14 October 2020 with an operation and maintenance provider (the "**Shuaa Energy 3 Operator**"), pursuant to which the Shuaa Energy 3 Operator shall operate and maintain the plant from the period commencing on the date of the Shuaa Energy 3 O&M Agreement up to the date that the Shuaa Energy 3 PPA expires or is otherwise terminated. The fee structure is as follows:

| Phase | Mobilisation Period Fee (USD/pcm) |
|---------|-----------------------------------|
| Phase A | 194,557 |
| Phase B | 229,940 |
| Phase C | 216,390 |

| Phase | Operation Period Fee (USD/pcm) |
|-----------------|--------------------------------|
| Phase A | 108,376 |
| Phase A + B | 216,752 |
| Phase A + B + C | 334,982 |

The Shuaa Energy 3 O&M Agreement reflects standard market terms and the Shuaa Energy 3 Operator's liability in any year is limited to 100% of the fees payable in each contract year (including any bonuses paid to the Shuaa Energy 3 Operator), subject to standard carve-outs.

Hassyan Energy Phase 1 EPC Contract

Hassyan Energy Phase 1 PSC entered into a lump sum, turnkey engineering, procurement and construction contract on 26 June 2016 with a consortium of General Electric International Inc. and Harbin Electric International Company Limited (the "**Hassyan Energy Phase 1 EPC Contractor**") for all design, engineering, procurement, construction start-up and commissioning, testing and other work necessary for the completion of the works (the "**Hassyan Energy Phase 1 EPC Contract**"). The Hassyan Energy Phase 1 EPC Contract reflects market standard terms for such projects including provision for delay liquidated damages, performance liquidated damages, performance security and defects liability. The limit of liability of the Hassyan Energy Phase 1 EPC Contractor under the Hassyan Energy Phase 1 EPC Contract is 100% of the total Hassyan Energy Phase 1 Contract Price, subject to standard carve-outs and a typical consequential loss exclusion. The key terms of the Hassyan Energy Phase 1 EPC Contract are as follows:

| Scope | Guaranteed Completion Date | Contract Price (USD) |
|---|----------------------------|----------------------|
| Plant i.e. the electricity generation facility comprising 4 power units, each with a capacity of 600 MW | 1 September 2023 | 2,130,000,000 |
| Fuel Special Facilities and the Back-up Fuel Metering System | 1 December 2020 | 220,000,000 |

Hassyan Energy Phase 1 PSC entered into an operation and maintenance agreement (“**Hassyan Energy Phase 1 O&M Agreement**”) on 11 August 2016 with an operation and maintenance provider (the “**Hassyan Energy Phase 1 Operator**”), pursuant to which the Hassyan Energy Phase 1 Operator shall operate and maintain the plant from the period commencing on the date of the agreement and expiring on the date of expiry or termination of the Hassyan Energy Phase 1 PPA in exchange for a monthly fee. The term is divided into multiple periods linked to the commercial operation date each units. The monthly fee during the operation period of the plant shall be the following, subject to indexation:

| Plant Operation Period Fees | USD |
|---|--------------|
| Monthly Fixed O&M Fee (1 March 2023 - 29 February 2024) | 6,151,280.17 |
| Monthly Fixed O&M Fee (1 March 2024 - 28 February 2025) | 6,134,928.76 |
| Monthly Fixed O&M Fee (1 March 2025 - end of Term) | 5,968,262.09 |

Additional fees, in accordance with the fee schedule, shall be payable with respect to the period prior to the operation period of the plant. The Hassyan Energy Phase 1 O&M Agreement reflects standard market terms, including provision for availability liquidated damages as well as other liquidated damages dealing with specific losses. In addition to other sub-caps relating to periods prior to the operation period of the plant, the Hassyan Energy Phase 1 Operator’s liability in any year is limited to 100% of the fees payable in such year during the “Plant Operation Period” and 130% of the fees payable in any year during the Term, subject to standard carve-outs.

Certain financing arrangements of the Group Senior Unsecured Revolving Credit Facility (“Proposed RCF”)

Overview

Pursuant to a mandate letter entered into between the Company and NBD Capital Limited (“EMCAP”) dated 24 February 2022 (the “Mandate Letter”) the Company intends to enter into a Senior Unsecured Revolving Credit Facility for an amount up to AED 2 billion with Emirates NBD Bank PJSC as financier, Underwriter and Investment Agent, subject to certain customary conditions being met. EMCAP as Coordinator, Bookrunner and Mandated Lead Arranger. This is for a tenor of 5 years. The definitive agreements relating to this Proposed RCF, once entered into will include, among others, the following key terms:

The profit payable under facility will be for the sum of: (i) 1-Month EIBOR; and (ii) the margin. Of 0.70% per annum. It also includes a charity rate of 2% (if applicable). The Proposed RCF will be governed by English law, and with the seat of arbitration in the DIFC.

Purpose

The purpose of the facility will be for general corporate purposes including fees and expenses in relation the Facility.

Obligors

The Obligors under the Proposed RCF will be the Dubai Electricity and Water Authority PJSC.

Security

None.

Change of Control

The Mandate Letter contemplates the Proposed RCF having customary mandatory prepayments, including a mandatory prepayment upon a change of control. It contemplates that a change of control event will occur: (i) before this Offering, if the Government of Dubai ceases to own 100% of the Obligor, and after this Offering, if the Government of Dubai ceases to own more than 50.1% of the Obligor.

Covenants

Financial covenants under the Proposed RCF includes a Leverage (Net Debt to EBITDA, which definition is to be agreed) OF 3.0x or lower, to be tested quarterly.

Facility Offer Letter

Overview

In 25 January and February 2022, the Company entered into to, amending the facility continuation (offer) letter dated 21 June 2010 and all its subsequent amendments including facility amendment letter no. 4 dated 10 September 2020, which appends the general terms and conditions of credit facilities of Emirates NBD Bank PJSC, providing a:

1. AED 835 million overdraft facility (the “**Overdraft Facility**”); and
2. AED 1 billion letter of credit facility (the “**Letter of Credit Facility**”),

which can be drawn in AED, EUR or USD with Emirates NBD Bank PJSC. The final maturity date is not specified in the relevant offer letter or the general terms and conditions appended thereto.

The financing expenses payable under the Overdraft Facility is: (i) in respect of AED, 1 month EIBOR plus 0.7% per annum, (ii) in respect of EUR, 1 month EURIBOR plus 0.7% per annum and (iii) in respect of USD, daily rate SOFR plus 0.7% per annum.

The commission payable under the Letter of Credit Facility is (i) in respect of AED, 1 month EIBOR plus 2.75% per annum, (ii) in respect of EUR, 1 month EURIBOR plus 2.75% per annum and (iii) in respect of USD, daily rate SOFR plus 2.75% per annum.

The DEWA Facility Offer Letter is governed by the law of the Emirate of Dubai and the federal laws of the United Arab Emirates applicable therein.

As of the date of the Prospectus, a portion of the aggregate Overdraft Facility and Letter of Credit Facility has been utilized.

Purpose

The purpose of the Overdraft Facility is for working capital requirements.

The purpose of the Letter of Credit Facility is for import requirements.

Obligors

The obligors under the DEWA Facility Offer Letter is Dubai Electricity and Water Authority PJSC.

The Overdraft Facility can be utilized by the Group including the following subsidiaries of DEWA:

1. Mai Dubai LLC (up to AED 550 million);
2. Data Hub Integrated Solutions MORO LLC (up to AED 50 million);
3. Al Etihad Energy Services Co. Owned by DEWA One Person LLC (up to AED 15 million); and
4. Etihad Clean Energy Development Company LLC, each in different proportions (up to AED 150 million).

The Letter of Credit Facility can be utilized by Dubai Electricity and Water Authority PJSC and Mai Dubai LLC (subject to a third party indemnity from Dubai Electricity and Water Authority PJSC). Third party issuance is permitted to Data Hub Integrated Solutions Moro LLC up to AED 50 million and subject to a third party indemnity from Dubai Electricity and Water Authority PJSC.

Security

Dubai Electricity and Water Authority PJSC has granted an account pledge.

Change of Control

As long as the outstanding liabilities remain unsettled, change in the ownership or corporate structure of Dubai Electricity and Water Authority PJSC is not permitted, without the prior written consent of Emirates NBD Bank PJSC

Covenants

There are no financial covenants under the DEWA Facility Offer Letter or the general terms and conditions appended thereto.

Events of Default

The general terms and conditions of credit facilities dated 9 December 2010 contains customary events of default consistent with market practice, including (but not limited to): (i) non-payment, (ii) failure to satisfy a financial covenant, (iii) misrepresentation, and (iv) insolvency. The DEWA Facility Offer Letter provides that it shall be considered as an event of default if:

1. the funded exposure in respect of Dubai Electricity & Water Authority PJSC, Mai Dubai LLC, Data Hub Integrated Solutions Moro LLC and Al Etihad Energy Services Co Owned by Dewa One Person LLC exceeds AED 2.5 Billion at any point of time; or
2. the first right of refusal is not given to Emirates NBD Bank PJSC for all banking and non-banking facilities offered by companies in the Emirates NBD Group including but not limited to corporate credit cards, staff accounts, staff salary payments, staff credit card requirements, general insurance, properties development / management, capital market products and services such as IPO, funds raising by way of bond / sukuk, rights issues, advisory services such as private placement, merger and acquisition.

AED 10,000,000,000 *Term Murabaha Facility Agreement*

Overview

On 28 January 2022, the Company entered into a commercial terms agreement (as amended from time to time, the "**Commercial Terms Agreement**") between, amongst others, the Company as obligor, Emirates NBD Capital Limited ("**EMCAP**") as mandated lead arranger and bookrunner and coordinator,

Dubai Green Fund Capital (“**DGF**”) as lead arranger, Emirates NBD Bank (P.J.S.C.) as investment agent and the financial institutions named therein as original participants. The Commercial Terms Agreement provided for the Company to act as purchaser under an AED 10 billion Murabaha facility agreement (the “**Murabaha Facilities Agreement**” and together with the Commercial Terms Agreement, the “**Facilities Agreements**”) between the Obligor and Emirates NBD Bank (P.J.S.C.) as investment agent.

The English law Facilities Agreements operate to provide the Company with a Shariah compliant senior unsecured syndicated term facility, with a tenor of five years (the “**Murabaha Facility**”).

The profit rate payable under the Facilities Agreements is the sum of: (i) EIBOR (with Murabaha calculation periods of one or three months or such other period as agreed between the Company and the investment agent); and (ii) a margin of 0.70% per annum.

As at the date of this Prospectus the AED 10 billion facility has been used in full under the Murabaha Facilities Agreement, with the total principal amount outstanding repayable in full on the termination date (or, if the term of the Murabaha Facilities Agreement is extended, in full on the extended termination date).

Purpose

The Murabaha Facility is to be used for general corporate purposes, including fees and expenses related to the entry into and drawing down of the Murabaha Facility.

Obligors

The Company is the sole obligor under the Murabaha Facility.

Security

The Murabaha Facility is unsecured.

Mandatory Prepayments

A change of control will result in a mandatory prepayment obligation arising under the Murabaha Facility, which entitles each participant to elect to declare all outstanding amounts payable to it to be immediately payable. Prior to the Offering, a change of control will be triggered if at any time the Government ceases to hold 100% of the issued share capital of the Company. Subsequent to the Offering, a change of control will only be triggered if at any time the Government, ceases to hold at least 50.1% of the issued share capital of the Company.

The Murabaha Facility contains standard mandatory prepayments for a facility of this nature, including in the event of an illegality or in relation to the proceeds of disposals of assets (subject to certain exceptions and baskets).

Covenants

The Commercial Terms Agreement contains a maintenance financial covenant, tested semi-annually, by reference to the leverage of the Company (calculated on the basis of as total net debt to EBITDA of the Company and its subsidiaries (other than any debt or EBITDA attributable to any ring-fenced projects where there is no recourse to the Company)) being equal to or less than three times. The Commercial Terms Agreement contains standard undertakings for a facility of the nature of the Facilities Agreements, including (but not limited to) restrictions on the Company granting security, entering into any merger or amalgamation and making disposals (in each case, subject to certain exceptions and permissions).

Events of Default

The Commercial Terms Agreement contains customary events of default for a facility of the nature of the Facilities Agreements, subject to certain grace periods and materiality thresholds, including (but not

limited to): (i) non-payment (ii) financial covenants (iii) cross-default in relation to the Company and (iv) insolvency of the Company.

The Cross Default Event of Default will be triggered where (a) any Financial Indebtedness of the Company is not paid when due (subject to any applicable grace period); (b) any Financial Indebtedness of the Company is declared to be or otherwise becomes due and payable prior to its specified maturity (subject to any applicable notice or grace period) as a result of an event of default (however described); (c) any commitment for any Financial Indebtedness of the Obligor is cancelled or suspended by a creditor of the Obligor as a result of an event of default (however described); and (d) any creditor of the Obligor becomes entitled to declare any Financial Indebtedness of the Obligor due and payable prior to its specified maturity as a result of an event of default (however described), provided that in each case no Event of Default will occur if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within the scope of the above is less than AED 250,000,000 (or its equivalent in any other currency or currencies).

Mai Dubai LLC Rollout Facility

Overview

On 12 August 2020, Mai Dubai LLC entered into a rollout facility amendment letter, amending the facility offer letter dated 19 March 2014 (the “**Mai Dubai Facility Offer Letter**”), which appends the general terms and conditions of credit facilities (including the trade terms therein) of Emirates NBD Bank PJSC, providing a:

- AED 550 million overdraft facility (the “**Overdraft Facility**”);
- AED 100 million letter of credit facility (the “**Letter of Credit Facility**”);
- AED 100 million shipping guarantee facility (the “**Shipping Guarantee Facility**”); and
- AED 2 million bank guarantee facility (the “**Bank Guarantee Facility**”),

with a total facility limit of AED 652 million, which can be drawn in AED with Emirates NBD Bank PJSC. The final maturity date is not specified in the Mai Dubai Facility Offer Letter or the general terms and conditions appended thereto.

The interest payable under the Overdraft Facility is 0.5% per annum.

The commission payable under the Letter of Credit Facility is the sum of: (i) 1/180% p.m. on the entire value / outstanding balance of the Letter of Credit Facility at the beginning of each month, (ii) minimum Letter of Credit Facility opening commission is AED100.00 per Letter of Credit Facility opened, (iii) Letter of Credit Facility extension charges are 1/180% per month, and (iv) on bills negotiated under the Letter of Credit Facility the interest is the sum of one month EIBOR and 0.5% per annum.

There is no commission payable under the Shipping Guarantee Facility.

The commission payable under the Bank Guarantee Facility is 1.50% of the face value of the Bank Guarantee Facility calculated for a minimum of three months and subject to a minimum amount of AED 250.00, payable quarterly and in advance.

The Mai Dubai Facility Offer Letter is governed by the law of the Emirate of Dubai and the federal laws of the United Arab Emirates applicable therein.

As at the date of this Prospectus the facility has been drawn in full.

Purpose

- The purpose of the Overdraft Facility is for working capital requirements.
- The purpose of the Letter of Credit Facility is for import requirements.

- The purpose of the Shipping Guarantee Facility is towards the issuance of shipping guarantee for L/C and collection documents.
- The purpose of the Bank Guarantee Facility is for the issuance of Performance Bond / Tender Bond / Labor Visa Guarantee.

6. *Security*

Mai Dubai LLC has granted a movables assets security agreement over (i) all existing and future movable assets, stocks, inventories, and receivables (on a *pari passu* basis), (ii) assignment of insurance over stock, inventories, and movable assets / machinery, and (iii) registered mortgage over machinery (on a *pari passu* basis).

The Company has granted comfort.

7. *Change of Control*

A change of control will be triggered if there is a change in the ownership of Mai Dubai without the prior written consent of Emirates NBD Bank PJSC.

8. *Covenants*

There are no financial covenants under the Mai Dubai Facility Offer Letter or the general terms and conditions appended thereto.

9. *Events of Default*

The Mai Dubai Facility Offer Letter contains customary events of default consistent with market practice, including (but not limited to): (i) non-payment; (ii) failure to satisfy a financial covenant; (iii) misrepresentation; and (iv) insolvency.

Etiihad Clean Energy Facility Letter

Overview

On 27 September 2021, Etiihad Clean Energy Development Company LLC entered into a facility letter (a AED 15 million overdraft facility), which can be drawn in AED with Emirates NBD Bank PJSC (). The final maturity date is not specified in the Etiihad Clean Energy Facility Letter or the general terms and conditions appended thereto.

The financing expenses payable under the facility is the sum of: (i) one month EIBOR and (ii) 0.70% per annum.

The Etiihad Clean Energy Facility Letter is governed by the laws of the Emirate of Dubai and the federal laws of the United Arab Emirates applicable therein.

As at the date of this Prospectus, Etiihad Clean Energy Development Company LLC had drawn AED 12 million from the facility.

Purpose

The purpose of the facility is for working capital requirements.

Obligor

The obligor under the Etiihad Clean Energy Facility Letter is Etiihad Clean Energy Development Company LLC.

Security

The Company has given Emirates NBD Bank PJSC a debt of the company's account in case of any shortfall in servicing interest and/or any excess in the Etihad Clean Energy Facility Letter.

Change of Control

Prior to the Offering, a change of control will be triggered if at any time there is a change in the current shareholding of Etihad Clean Energy Development Company LLC (as per Emirates NBD Bank PJSC records), without the prior consent of Emirates NBD Bank PJSC and the Etihad Clean Energy Facility Letter will be subject to review by Emirates NBD Bank PJSC.

Covenants

There are no financial covenants under the Etihad Clean Energy Facility Letter or the general terms and conditions appended thereto.

Events of Default

The Etihad Clean Energy Facility Letter contains customary events of default consistent with market practice, including (but not limited to): (i) non-payment, (ii) failure to satisfy a financial covenant, (iii) misrepresentation, and (iv) insolvency.

Dubai Green Fund Facility

Overview

On 30 June 2021, Dubai Green Fund Investments Single Owner Company Owned By Jumeirah Energy International Dubai Green Fund Holding LLC entered into a facility amendment letter No. 7 (the "**Dubai Green Fund Facility Offer Letter**"), amending facility offer letter dated 31 October 2019 and all of its subsequent Facility Amendment Letters / Binding Notices up to and including Binding Notice No. 1 (Ref. CBGGRD/FA00571/21-1) dated 29 March 2021, which appends the general terms and conditions for the purposes of the financing terms, providing a:

- AED75 million term loan facility (the "Dubai Green Fund Term Loan Facility 1");
- AED769,705,334.75 term loan facility (the "Dubai Green Fund Term Loan Facility 2");
- AED308 million term loan facility (the "Dubai Green Fund Term Loan Facility 3");
- AED192 million term loan facility (the "Dubai Green Fund Term Loan Facility 4");
- AED100 million term loan facility (the "Dubai Green Fund Term Loan Facility 5");
- AED91,823,750 term loan facility (the "Dubai Green Fund Term Loan Facility 6"); and
- AED150 million term loan facility (the "Dubai Green Fund Term Loan Facility 7"),

with a total facility limit of AED1,686,529,084.75, which can be drawn in AED with Emirates NBD Bank PJSC.

The final maturity date is for the:

- Dubai Green Fund Term Loan Facility 1, is 1 March 2022;
- Dubai Green Fund Term Loan Facility 2, is 25 March 2022;
- Dubai Green Fund Term Loan Facility 3, is 10 August 2021;
- Dubai Green Fund Term Loan Facility 4, is 17 September 2021;
- Dubai Green Fund Term Loan Facility 5, is 30 September 2021;
- Dubai Green Fund Term Loan Facility 6, is 10 March 2022; and
- Dubai Green Fund Term Loan Facility 7, is 12 months from the first drawdown.

The financing expenses payable under the Dubai Green Fund Facility Offer Letter is 0.90% per annum for each facility.

The Dubai Green Fund Facility Offer Letter is governed by the laws of the Emirate of Dubai and the federal laws of the United Arab Emirates applicable therein.

As at the date of this Prospectus the facility has been drawn in full.

Purpose

The purpose of the Dubai Green Fund Term Loan Facility 1 is towards general corporate purposes.

The purpose of the Dubai Green Fund Term Loan Facility 2 is towards general corporate purposes.

The purpose of the Dubai Green Fund Term Loan Facility 3 to 7 are towards investments in green energy projects / companies and for general corporate purposes.

Obligors

The obligor under the Dubai Green Fund Facility Offer Letter is Dubai Green Fund Investments Single Owner Company Owned By Jumeirah Energy International Dubai Green Fund Holding LLC.

Security

Dubai Green Fund Investments Single Owner Company Owned By Jumeirah Energy International Dubai Green Fund Holding LLC has granted liens over deposits in certain accounts.

Change of Control

Prior to the Offering, a change of control will be triggered if there is any change in the ownership structure of Dubai Green Fund Investments Single Owner Company Owned By Jumeirah Energy International Dubai Green Fund Holding LLC without the prior written consent of Emirates NBD Bank PJSC.

Covenants

There are no financial covenants under the Dubai Green Fund Facility Offer Letter or the general terms and conditions appended thereto.

Events of Default

The Dubai Green Fund Facility Offer Letter contains customary events of default consistent with market practice, including (but not limited to): (i) non-payment, (ii) failure to satisfy a financial covenant, (iii) misrepresentation, and (iv) insolvency. .

Al Etihad Energy Facility

Overview

On 16 September 2020, Al Etihad Energy Services Co Owned By Dewa One Person Company LLC entered into a facility letter (a AED 150 million overdraft facility) (the “**Al Etihad Energy Facility Letter**”), which can be drawn in AED with Emirates NBD Bank PJSC. The final maturity date is not specified in the Al Etihad Energy Facility Letter or the general terms and conditions appended thereto.

The financing expenses payable under the facility is the sum of: (i) one month EIBOR and (ii) 0.70% per annum.

The Al Etihad Energy Facility Letter is governed by the laws of the Emirate of Dubai and the federal laws of the United Arab Emirates applicable therein.

As at the date of this Prospectus the facility has been drawn in full.

Purpose

The purpose of the facility is working capital requirements.

Obligors

The obligor under the Al Etihad Energy Facility Letter is Al Etihad Energy Services Co Owned By Dewa One Person Company LLC.

Security

The Company has granted an account pledge up to 100% of the overdraft of the facility limit.

Change of Control

Prior to the Offering, a change of control will be triggered if at any time there is a change in the current shareholding of Al Etihad Energy Services Co Owned By Dewa One Person Company LLC (as per Emirates NBD Bank PJSC records) without the prior consent of Emirates NBD Bank PJSC and the Al Etihad Energy Facility Letter is subject to review by Emirates NBD Bank PJSC.

Covenants

There are no financial covenants under the Al Etihad Energy Facility Letter or the general terms and conditions appended thereto.

Events of Default

The Al Etihad Energy Facility Letter contains customary events of default consistent with market practice, including (but not limited to): (i) non-payment, (ii) failure to satisfy a financial covenant, (iii) misrepresentation, and (iv) insolvency.

Emirates Central Cooling Facility 1

Overview

On 13 December 2018, Emirates Central Cooling Systems Corporation entered into a facility agreement (a USD400 million term loan facility), which can be drawn in USD with Citibank, N.A., London Branch as global coordinator, Citibank, N.A., London Branch, Emirates NBD Capital Limited, Standard Chartered Bank, Mashreqbank PSC, and SAMBA Financial Group as mandated lead arrangers and bookrunners; Emirates NBD Bank PJSC as agent, and Citibank, N.A., UAE Branch, Emirates BND Bank PJSC, Standard Chartered Bank (Hong Kong) Limited, Mashreqbank PSC, and Samba Financial Group as original lenders (the "**Emirates Central Cooling Facility Agreement 1**"). The final maturity date is 13 December 2025.

The financing expenses payable under the facility is the sum of: (i) LIBOR and (ii) the margin.

The Emirates Central Cooling Facility Agreement 1 is governed by English law.

As at the date of this Prospectus the facility has been drawn in full.

Purpose

The purpose of the Emirates Central Cooling Facility Agreement 1 is general corporate purposes and capital expenditure of the group and if required towards refinancing the existing bank facilities.

Obligors

The obligor under the Emirates Central Cooling Facility Agreement is Emirates Central Cooling Systems Corporation.

Security

None.

Change of Control

Prior to the Offering, a change of control will be triggered if at any time Dubai Electricity & Water Authority ceases to directly or indirectly own more than 50.1% of the shares in Emirates Central Cooling Systems Corporation.

Covenants

The obligor is subject to the following financial covenants, tested semi-annually on a rolling 12-month basis, by reference to the annual or semi-annual financial statements of Emirates Central Cooling Systems Corporation (as applicable):

- consolidated total net debt to consolidated tangible net worth shall not be more than 2.25x;
- consolidated EBITDA to debt service shall be more than 1.1x; and
- consolidated total net debt on the last day of each relevant period to consolidated period shall be less than or equal to for (i) 2022, 3.75, (ii) 2023, 3.50x, (iii) 2024, 3.25x, and (iv) 2025, 3.00x.

Events of Default

The Emirates Central Cooling Facility Agreement 1 contains customary events of default consistent with Loan Market Association investment grade precedent documents, including (but not limited to): (i) non-payment, (ii) failure to satisfy a financial covenant, (iii) misrepresentation, and (iv) insolvency.

Facility Agreement (the “Emirates Central Cooling Facility Agreement 2”)

Overview

On 14 October 2021, Emirates Central Cooling Systems Corporation entered into a facility agreement (a USD250 million term loan facility), which can be drawn in USD with Citibank, N.A., London Branch as global coordinator, Citibank, N.A., London Branch and Emirates NBD Capital Limited as arranges, Emirates NBD Bank PJSC as agent, and Citibank N.A., ADGM Branch and Emirates NBD Bank PJSC as original lenders. The final maturity date is 14 April 2022.

The financing expenses payable under the facility is the sum of: (i) LIBOR and (ii) the margin.

The Emirates Central Cooling Facility Agreement 2 is governed by English law.

As at the date of this Prospectus the facility has been drawn in full.

Purpose

The purpose of the Emirates Central Cooling Facility Agreement 2 is (i) for facility A general corporate purposes and capital expenditure of the group and if required towards refinancing the existing bank facilities and (ii) for facility B general corporate purposes and capital expenditure.

Obligor

The obligor under the Emirates Central Cooling Facility Agreement 2 is Emirates Central Cooling Systems Corporation.

Security

None.

Change of Control

Prior to the Offering, a change of control will be triggered if at any time Dubai Electricity & Water Authority ceases to directly or indirectly own more than 50.1% of the shares in Emirates Central Cooling Systems Corporation.

Covenants

The obligor is subject to the following financial covenants, tested semi-annually on a rolling 12-month basis, by reference to the annual or semi-annual financial statements of Emirates Central Cooling Systems Corporation (as applicable):

- consolidated total net debt to consolidated tangible net worth shall not be more than 2.25x;
- consolidated EBITDA to debt service shall be more than 1.1x; and
- consolidated total net debt on the last day of each relevant period to consolidated period shall be less than or equal to for 2021 4.00x.

Events of Default

The Emirates Central Cooling Facility Agreement 2 contains customary events of default consistent with Loan Market Association investment grade precedent documents, including (but not limited to): (i) non-payment, (ii) failure to satisfy a financial covenant, (iii) misrepresentation, and (iv) insolvency.

EPC Agreements

In addition to the EPC agreements set out with respect to the IPP projects above, the Company has also entered into the following material EPC agreements:

The Company entered into a turnkey engineering, procurement and construction contract dated 6 February 2018 for the Aweer Power Station H - Phase IV with a consortium of Elsewedy Power S.A.E. and Siemens Aktiengesellschaft who are jointly and severally liable for the works. The works under the contract have a contract price of USD 301,898,000, excluding VAT, and the guaranteed completion dates are 29 February 2020 for gas turbine unit 1, 31 March 2020 for gas turbine unit 2 and 30 April 2020 for the balance of the works including gas turbine unit 3. The contract provided is in the form of a purchase order issued by the Company for the works and references typical EPC contract provisions, including in relation to provision of performance security, defects liability and delay and performance liquidated damages, which are set out in the conditions of contract issued with the tender (which has not been provided for review).

The Company entered into a turnkey engineering, procurement and construction contract dated 29 July 2019 for the Hatta Pumped Storage Hydro Power Plant with a consortium of STRABAG AG, STRABAG Dubai LLC, ÖZKAR Turkey, Andritz Hydro Germany and Andritz Hydro Austria who are jointly and severally liable for the works. The contract comprises two purchase orders issued by the Company for the works (one for the EUR portion of the works with a contract price of EUR 211,126,229 and the other for the AED portion of the works with an additional contract price of AED 551,176,836), each excluding VAT. The guaranteed completion date for the civil works is 24 January 2024 (1640 days from the contract commencement date) and for unit number 2 and its associated auxiliaries and ancillaries and connections to the 132 kV GIS along with SCMS and SCADA system is 23 February (1670 days from the contract commencement date). The purchase orders reference typical EPC contract provisions, including in relation to provision of performance security, defects liability and delay and performance liquidated damages, which are set out in the conditions of contract issued with the tender.

Fifth section: Other details

1. The Company's proposed management structure

- **Company's Board Structure**

The current Board consists of eleven Directors, ten of whom are independent, pursuant to Article 19 (Second) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and its amendments.

The management expertise and experience of each of the Directors is set out below:

H.E Mr. Matar Humaid Al Tayer

Mr. Al Tayer has been a director of the Group since 1990 and the Chairman of the Board of Directors of the Group since 2004. He is also the vice chairman and a member of the board of the Al Tayer Group of Companies. Between 2003 and 2011 Mr. Al Tayer was the chairman of Oman Insurance, between 1992 and 1997 he was the Under Secretary at the UAE Ministry of Communication and between 1997 and 2004 he was the UAE Minister of Labour and Social Affairs. Mr. Al Tayer holds a degree in business administration from the University of Denver, Colorado, USA.

H.E. Saeed Mohammed Ahmad Al Tayer

Mr. Saeed M. Al Tayer was appointed Managing Director and Chief Executive Officer of the Group in 2004 and he has served as a member of the Board of Directors since then. He has more than 30 years' experience in the fields of telecommunication, energy and water. He was appointed as general manager of the group in 1992. Mr. Al Tayer is the vice-chairman of the Dubai Supreme Council of Energy, a member of the Dubai Executive Council and Strategic Affairs Council, a member of the Dubai Supreme Fiscal Committee and vice chairman of the board of directors of EGA. Mr. Al Tayer has a bachelor's degree in Business Administration from Columbus State University, Georgia, USA and has been conferred with an honorary Doctorate by Amity University in Dubai.

Mr. Hilal Khalfan Bin Dhaher

Mr. Al Hashemi has been a director of the Group since 2004. He is currently a member of the investment board of Emirates REIT (CEIC) plc. He also acts as an arbitrator for the UAE Federal Government and Dubai Government and is involved in the design of projects undertaken by Al Hashemi Consultant Office. Past roles include Board Director, Dubai Islamic Bank, Head of Planning, Dubai Municipality and Board Director, Private Housing Finance scheme. Mr. Al Hashemi holds a bachelor's degree in architecture from the Fine Arts Academy in Egypt.

Mr. Khalfan Ahmad Harib

Mr. Harib has been a director of the Group since 2002. He is currently the Chairman of the Central Grievance Committee, Government of Dubai (serving since 2008 to date). Prior to that, he was the Director of H.H. The Ruler's Court, Government of Dubai from 2005 until 2008, Director General of Finance Department, Government of Dubai from 2001 until 2006, deputy chairman of the Judiciary Council of the Government of Dubai from 2004 until 2008 and board member of the Dubai Executive Council from 2002 until 2008. Mr. Harib holds a degree in Management Information Systems from the University of Arizona, USA.

Mr. Abdullah Mohammad Al Hashemi

Mr. Al Hashemi has been a director of the Group since 2004. He is currently a member of the investment board of Emirates REIT (CEIC) plc. He also acts as an arbitrator for the UAE Federal Government and Dubai Government and is involved in the design of projects undertaken by Al Hashemi Consultant Office. Past roles include Board Director, Dubai Islamic Bank, Head of Planning, Dubai Municipality and Board Director, Private Housing Finance scheme. Mr. Al Hashemi holds a bachelor's degree in architecture from the Fine Arts Academy in Egypt.

Mr. Majid Hamad Al Shamsi

Mr. AlShamsi is the 1st Vice Chairman of Dubai Chamber of Commerce and Industry since 2007 and is a director of the Group since 1991. He is Chairman of Union Coop, Dubai, Chairman of Consumer Cooperative union of UAE, Chairman of the Board of trustees of the University of Dubai and Chairman of Hamad Rahma Al Shamsi General Trading. He was a Member of the Federal National Council. Mr. AlShamsi holds a bachelor’s degree in management and finance from New York University.

Mr. Obaid Bin Mes’har

Mr. Mes’har has been a director of the Group since 1995. He has over 35 years’ experience in telecom and water & electricity industry and runs a mediation/arbitration practice in this field. Past positions held include chairman of Etisalat Investment Committee, chairman of Canartel (CDMA) operator in Sudan, chairman of Zantel (Fixed and Mobile Operator in Tanzania), chairman of the Etisalat Academy, member of Dubai e-Government executive team, board member of Etihad Etisalat, Atlantique Telecom (GSM operator in six West African countries) and board member of Sheikh Mohammed Bin Rashid Housing Establishment. Mr. Mes’har holds a bachelor’s degree in finance and business administration from UAE University and an MBA from the University of Minnesota, USA..

Mr. Saeed Mohammed Al Sharid

Mr. Al Shared has been a director of the Group since 1990. He is Board member of Union Coop. and member of UAE Accounting & Auditing Association. He is an accredited auditor in the Ministry of Economy. Positions held include general manager of Emirates Transport, chairman of the board of directors of Emirates Islamic Bank and director of Etisalat. He holds a bachelor’s degree in Accounting & Business Administration from UAE University

Mr. Nabil Abdulrahman Ahmad Arif

Mr. Arif has been a director of the Group since 1995. He is also a member of the board of Mustafa Bin Abdullatif Investment LLC and the Najibi Investment Company. Mr Arif is a founding member of the UAE Society of Engineers and founding partner of M/S Arif & Bint oak Consulting Architects & Engineers. Mr. Arif obtained a bachelor of science degree in civil engineering from the Loughborough University of Technology, United Kingdom in 1973.

Mr. Mohammed Gomaa Saif Al Suwaidi

Mr. Al-Suwaidi has been a director of the Group since 2021. He is Assistant Secretary General of the Supreme Legislation Committee in Dubai (since 2015) and Judicial member of the Rental Dispute Resolution Center in the Emirate of Dubai (since 2014). Prior to that he held key legal and legislative roles in Dubai Government Legal Affairs Department. Mr. Al Suwaidi holds a bachelor’s degree in law from Sharjah University.

Dr. Moza Shaiban Sweidan

Dr. Sweidan has been a director of the Group since 2021. She serves as the director of strategy and innovation and director general consultant for the Digital Dubai Authority. Before that, she was Director of Information Technology Department at Dubai Culture. She has also worked in Dubal Aluminum. She has over 20 years’ experience in information technology and strategic planning and held key roles in government and private sector. Dr. Sweidan holds a Ph.D. in quality management from Hamdan Bin Mohammed Smart University and MBA degree from the American University of Dubai.

• **Senior Management**

- In addition to the members of the Board of Directors, the day-to-day management of our operations is conducted by our current senior management team, as follows:

| Name | Position | Date of appointment |
|-------------------------|---|----------------------------|
| Saeed Mohammed Al Tayer | Managing Director and Chief Executive Officer | 2004 |
| Thomas Varghese | Chief Financial Officer | 2006 |

| | | |
|------------------------------------|---|------|
| Abdullah Obaidullah | Executive Vice President - Water and Civil | 2009 |
| Rashid Humaidan | Executive Vice President - Power Distribution | 2009 |
| Nasser Mohammed Hussain Bin Lootah | Executive Vice President - Generation (Power and Water -) | 2005 |
| Hussain Essa Ibrahim Lootah | Executive Vice President - Transmission Power | 2006 |
| Yousef Jebriil | Executive Vice President - Power & Water Planning | 2009 |
| Waleed Bin Salman | Executive Vice President - Business Development and Excellent | 2011 |
| Marwan Bin Haidar | Executive Vice President - Innovation and The Future | 2016 |
| Dr Yousef Al Akraf | Executive Vice President - Business Support and HR | 2011 |
| Abdulla Al Hajri | Executive Vice President - Billing Services | 2009 |
| Khawla Al Mehairi | Executive Vice President - Strategy and Government Communications | 2017 |
| Yousif Badi | Chief Legal Adviser | 2006 |
| Ahmed Obaid Altayer | Vice President - Internal Audit | 2020 |

- The management expertise and experience of each of the senior management team is set out below:

H.E. Saeed Mohammed Al Tayer - Managing Director and Chief Executive Officer See “–Board of Directors” above.

Mr. Thomas Varghese - Chief Financial Officer

Mr. Varghese joined the Group in 1998 and has served as its Chief Financial Officer since 2006. Mr. Varghese holds a CIMA and CA certification and has over 40 years’ experience in a range of industrial and commercial organisations, including as Finance Manager for Galadari Automobiles Co. Ltd. (KKC), Financial Controller for Emirates Stone Co. Ltd. and Project Finance Manager for The Associated Cement Co. Ltd. Mr. Varghese serves as Chief Financial Officer for two of the Group’s IPPs; Shuaa Energy 2 and Noor Energy 1. Mr. Varghese also serves as director for Etihad ESCO, Mai Dubai, Digital DEWA, Dubai Green Fund and Forward Investments.’

Mr. Abdullah Obaidullah - Executive Vice President - Water and Civil

Mr. Obaidullah joined the Group in 1993 and has served as Executive Vice President of the Group’s Water and Civil Division since 2009, prior to which he served as Deputy Head of Systems and held multiple other roles throughout the Group. Mr. Obaidullah also serves as director for Mai Dubai.

Mr. Rashid Humaidan - Executive Vice President - Power Distribution

Mr. Humaidan joined the Group in 1993 and has served as Executive Vice President of the Power Distribution Division since 2009, prior to which he served as an Electrical Engineer and as Deputy Head and Head of the Customer Services Department. He also serves as a director for Empower.

Mr. Nasser Mohammed Hussain Bin Lootah - Executive Vice President - Generation (Power and Water)

Mr. Bin Lootah joined the Group in 1996 and has served as Executive Vice President of the Generation (Power and Water - Generation) Division since 2005, prior to which he served as the Deputy Station Manager of the Jebel Ali power station. Mr. Bin Lootah serves as a director on multiple boards including; Empower, five of the Group's IWPs, Oilfield Supply Center Limited, SUQIA and DEWA Academy as well as serving as Advisory Committee Chairman for Dubai's Supreme Council of Energy.

Mr. Hussain Essa Ibrahim Lootah - Executive Vice President -Transmission Power

Mr. Lootah joined the Group in 1993 and has served as Executive Vice President of the Transmission Power Division since 2009. Further, he was Executive Vice President - Transmission and Distribution during 2006 to 2008 and prior to that he has served in a number of roles throughout the Group. Mr. Lootah also serves as a director for EMPOWER and for four of the Group's IWPs.

Mr. Yousef Jebriil - Executive Vice President - Power & Water Planning

Mr. Jebriil joined the Group in 1997 and has served as Executive Vice President of the Power and Water Planning Division since 2009. He is a chartered engineer with 41 years' experience in the utilities consultancy sector and in electrical power systems engineering, including in system analysis and planning, technical specification and standards, engineering works, construction, testing and system operations. Mr. Jebriil served as Division Head for six of the Group's departments relating to power and water planning. He also serves as director for the Al Etihad Energy Services Company.

Mr. Waleed Bin Salman - Executive Vice President - Business Development and Excellence

Mr. Salman joined the Group in 2007 and has served as Executive Vice President of the Business Development and Excellence Division since 2011. Mr. Salman also serves as a director for the Group's IWP project companies, the Dubai Green Fund, Etihad ESCO, Mai Dubai, Forward Investments and Digital DEWA and as Vice Chairman for the World Green Economy Organisation NPIO. Mr. Salman also serves as a member of the Supreme Council of Energy and as the Vice Chairman of the Dubai Nuclear Energy Committee. Mr. Salman has over 29 years of experience in the utilities sector.

Mr. Marwan Bin Haidar - Executive Vice President - Innovation and The Future

Mr. Bin Haidar joined the Group in 1996 and has served as Executive Vice President of the Innovation and The Future division since 2016. Mr. Bin Haidar serves as Group CEO for Digital DEWA and leads the Group's innovation, future shaping, IT, information security, customer happiness and customer experience functions. Mr. Bin Haidar serves as director for numerous Group entities, particularly those relating to innovation and technology. Mr. Bin Haidar is an executive member of multiple international institutions including the World Economic Forum's 4th Industrial revolution Centre, SAP MENA South Executive Advisory Council and Microsoft Services Executive Board.

Dr. Yousef Al Akraf - Executive Vice President - Business Support and HR

Dr. Al Akraf joined the Group in 2000 and has served as Executive Vice President for Business Support and Human Resources since 2011. Dr. Al Akraf also serves on the boards of director for Mai Dubai, DEWA Academy, the Institute of Applied Technology, Abu Dhabi Vocational Education and Training Institute (ADVETI), Fatima College of Health Sciences and the British University in Dubai. Dr. Al Akraf is an active speaker and contributor in numerous organisations and events, particularly in the areas of vocational training, management and governance. He is also Member of Center of Excellence for Applied Research and Training (CERT) at Higher College of Technology and a senior member of The Association for Talent Development (ATD, formerly ASTD). Dr. Al Akraf holds a PhD from Ohio State University, USA.

Abdulla Al Hajri - Executive Vice President - Billing Services

Mr. Al Hajri joined the Group in 2000 and has served as the Executive Vice President of the Billing Services Division since 2009. Mr. Al Hajri has over 35 years' experience in the UAE. He also serves as a director of Mai Dubai.

Khawla Al Mehairi - Executive Vice President - Strategy and Government Communications

Ms. Al Mehairi joined the Group in 2009 and has served as Executive Vice President of the Strategy and Government Communications Division since 2017. She has over 20 years' experience in marketing, communications, corporate strategy and government affairs, both in the public and private sectors in the UAE. Ms. Al Mehairi holds multiple board positions and committee memberships including on the Dubai Council on Sustainable Development Goals, Dubai Women's Establishment Board, Dubai General Network of Government Communications, Dubai International Communications Committee, Al Marmoom Media Communication Committee by Media Office, Dubai Public Diplomacy Communication Network, High Committee of Ideal Homes and High Committee of Bereaved families formed by The Executive Council of Dubai.

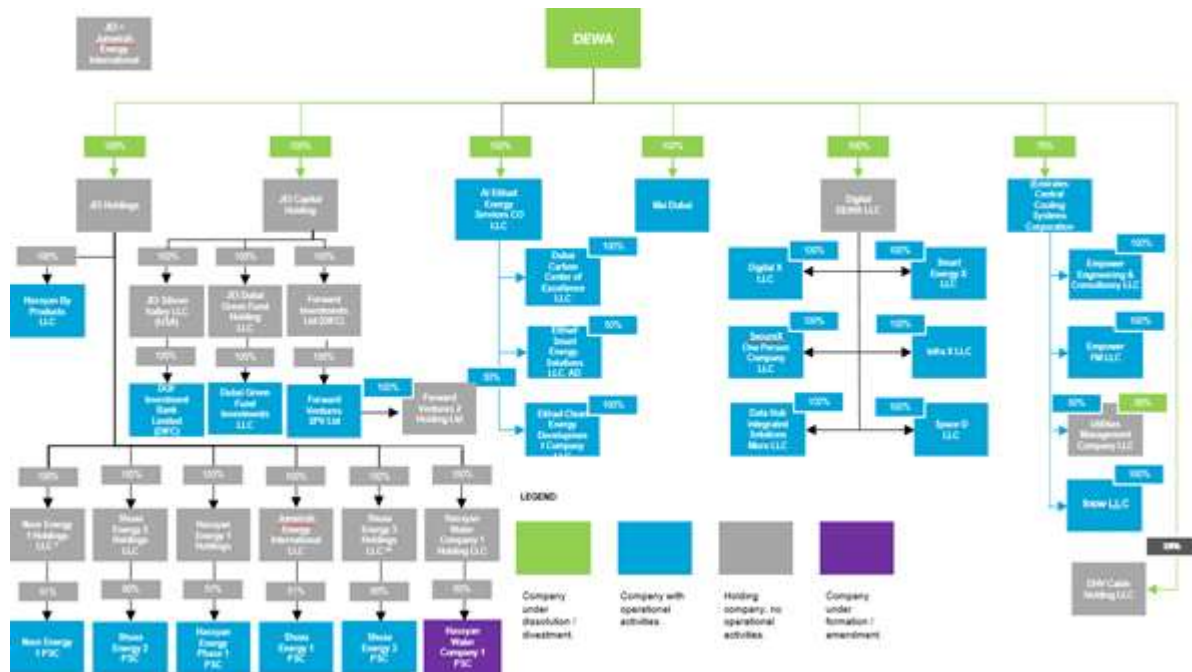
Mr. Yousif Badi - Chief Legal Adviser

Mr. Badi joined the Group in 2006, serving as the Group's Chief Legal Advisor. He also serves as a director of Mai Dubai, Forward Investments LLC and Dubai Green Fund. Between 1986 and 1993 Mr. Badi served as a Judge for the Abu Dhabi Civil Court and in 1985 served as a Judge of the Supreme Court of Sudan. Since 1995, Mr. Badi has been a member of the Commercial Arbitration Centres in Dubai and Bahrain and has over 40 years' legal experience.

Mr. Ahmed Obaid Altayer - Vice President - Internal Audit

Mr. Altayer joined the Group in 2016 and has been the vice president of internal audit since 2020. He is a certified internal auditor and has over 17 years of experience in a range of roles including finance and audit. Mr. Altayer holds master's degrees in forensic accounting and applied finance and banking.

- Company's Organization Chart**



- Employment positions of members of the senior executive in subsidiaries and other joint stock companies:**

Not applicable.

- Employment positions of members of the board of directors in subsidiaries and other joint stock companies:**

Not applicable.

- **Conditions of eligibility, election, removal and proposed names of the Company's first Board formation:**

Board members will be elected by an Ordinary General Assembly Meeting by cumulative voting by secret ballot. However, the first appointment of the Directors was made by the Founder, pursuant to Ruler of Dubai law no. 55 of 2021.

- **Director's competencies and responsibilities:**

The Board of Directors shall have all the powers to manage the Company and the authority to perform all deeds and acts on behalf of the Company and to carry out all the functions required by its objectives. Such powers and authorities shall not be restricted except as stipulated in the Law, the DEWA Law, and these Articles or as to be resolved by the General Assembly. Without limiting the generality of the foregoing and the powers vested in the Board pursuant to Article 11 of the DEWA Law, the Board of Directors is further hereby expressly authorised, for the purpose of Article 154 of the Companies Law, to conclude any loan agreements (including, but not limited to, for periods in excess of three (3) years), to, acquire, sell or mortgage the Company's real estate and assets or mortgage the movable and immovable assets, to release the Company's debtors and to conduct conciliation and agree to arbitration, agree on the application of foreign laws to any of its agreements, to file lawsuits and to settle the same, , and to establish, invest in, sell, dissolve and liquidate fully- or partially-owned companies and subsidiaries.

The Board of Directors shall approve policies relating to the administrative and financial affairs of the Company, and to personnel/employee affairs and their financial entitlements. The Board of Directors shall also organise its affairs, meetings and decide and approve the allocation and delegation of its authorities and responsibilities.

The Board of Directors shall undertake the general supervision of the Company, conduct its affairs and perform the functions entrusted to it under the DEWA Law and the Articles of Association. In particular, it may undertake any of the following:

1. Approving the Company's strategic plans and policies, and following up on their implementation;
2. Supervising the Company's achievement of its objectives;
3. Issuing the Company's financial, administrative, technical and purchasing regulations of the and managing its assets;
4. Approving the organizational structure of the Company;
5. Dividing, transferring, converting, merging, consolidating, selling or mortgaging any of the Company's funds, assets or funds of any of the companies owned by the Company, or assigning any of them and disposing of any of them by any manner of legal disposal;
6. Allowing the Company and the companies owned by it to engage in any investment, borrowing, lending, or issuing guarantees, bonds, sukuk, or any other debt instruments, in accordance with the applicable regulations in the Emirate;
7. Acquisition and merger of companies and establishments and determining the value of the acquisition; and
8. Any other functions, authorities or approvals that the Board deems to be in the interest of the Company in accordance with the applicable laws.

2. Board Committees

- **Audit Committee**

Certain members of the Board of Directors constitute a committee to review and oversee the Group's internal and external audit and financial and accounting policies. The members of the Audit Committee are appointed by the Board of Directors on a three year basis. The current members of the Audit Committee appointed in 2021 are as follows:

| <u>Name</u> | <u>Position</u> |
|----------------------------------|---------------------------------|
| Saeed Mohammed Al Sharid..... | Chairman of the Audit Committee |
| Abdulla Mohammad Al Hashemi..... | Member |
| Khalfan Ahmad Harib | Member |

The Audit Committee meets four times a year.

The duties of the Audit Committee include reviewing the Group's financial and accounting policies and procedures, monitoring and reviewing the integrity of the Group's financial statements and reports and its controls, overseeing matters relating to the Group's external auditor, overseeing matters relating to the Group's internal audit, reviewing related party transactions, and making appropriate recommendations to the Board in respect of any such matters.

- **ESG, Nomination and Remuneration Committee**

- Certain members of the Board of Directors constitute a committee to review and oversee the Group's nomination and remuneration as well as ESG matters.

The current members of the ESG, Nomination and Remuneration Committee appointed in 2021 are as follows:

| <u>Name</u> | <u>Position</u> |
|-----------------------------------|-----------------|
| Hilal Khalfan Bin Dhaher..... | Chairman |
| Obaid Bin Mes'har | Member |
| Nabil Abdulrahman Ahmad Arif..... | Member |

The duties of the ESG, Nomination and Remuneration Committee include developing a policy to apply for membership to the Board and senior management taking into account gender diversity, and relevant regulatory and independence requirements, ensuring the independence of independent Board members, reviewing and overseeing the remuneration and benefits of senior management, reviewing human resource policies of the Group and making recommendations to the Board in respect of any of the relevant matters where appropriate.

The ESG, Nomination and Remuneration Committee meets at least 6 months at appropriate intervals of its reporting and audit cycle.

The committees' focus on ESG matters is intended to benefit its shareholders, host communities, employees and suppliers. The primary objective of the ESG committee is to assist the Board of Directors in supporting the Company in fulfilling its responsibilities in respect to ESG matters, including:

- setting the company's sustainability strategy, including financial and non-financial targets and key performance indicators;
- developing, implementing, reviewing and monitoring initiatives and policies based on the Sustainability Strategy;
- overseeing internal and external communications with respect to ESG; and

- monitoring and assessing developments relating to, and improving the Company's understanding of, ESG.

The principal duties of the Committee include:

- review and oversee the content of and approach to the Sustainability Strategy taking into account the Company's core objectives;
- ensure the Sustainability Strategy is considered by the Board as part of the overall business strategy of the Group;
- review the Group's reporting of its sustainability performance, along with any proposed recommendations or actions;
- review, challenge and approve annual sustainability KPIs and related targets in line with the Sustainability Strategy;
- assist the Board in overseeing internal and external communications regarding the position and approach to ESG, including advising the Board regarding shareholder proposals and other significant shareholder concerns relating or connected to ESG, and ensuring external reporting of sustainability performance aligns to market good practice;
- consider any other matters as may be requested by the Board.

The ESG Committee meets at least 6 months at appropriate intervals of its reporting and audit cycle.

Budget Committee

Certain members of the Board of Directors constitute a committee to review and approve the Group's annual budget and remuneration of the Group personnel. The members of the Budget Committee are appointed by the Board of Directors on a yearly basis. The current members of the Budget Committee for 2021 were:

| Name | Position |
|-----------------------------------|-----------------|
| Majid Hamad Al Shamsi | Chairman |
| Saeed Mohammed Al Sharid..... | Member |
| Khalfan Ahmad Harib | Member |
| Nabil Abdulrahman Ahmad Arif..... | Member |

The Budget Committee meets once a year.

3. Shareholders' rights and responsibilities

The Shareholders' key rights as per the Companies Law and the Articles of Association are as follows:

- The right to dividend distributions determined by the General Assembly.
- The priority right to subscribe for new shares in the case of a share capital increase of the Company offerings and to receive their share of the assets upon liquidation of the Company.
- The right to attend General Assembly Meetings and receive a copy of the Company's financial statements.
- The right to request the nullity of any resolutions passed at the General Assembly and to prosecute the board members.

- The right to be nominated as a member of the Board of Directors.
- The right to appoint the auditors of the Company and determine their remuneration.
- The right to act in any way with respect to the shares, in accordance with the law.
- The limitation of liability of each Shareholder to the payment of the purchased share value, but not for the Company's debts except within the limits of the nominal value of his shares.

4. Articles of Association

The full text of the Articles of Association of the Company is annexed to the Prospectus.

5. Legal matters

The following summary is qualified by the relevant provisions of the Company's Articles of Association and the Companies Law.

- **Articles of Association**

The Company's Articles of Association describe the rights and obligations associated with the ownership of the Shares in detail.

- **Attending General Assembly and voting rights**

Each Shareholder shall have the right to attend the General Assembly meetings and shall have a number of votes equal to the number of his Shares.

- **Share register**

Upon listing on the DFM, the Shares will be dematerialized and the share register will be maintained by the DFM at Dubai CSD.

- **Financial information**

A Shareholder is entitled to request a copy of the annual audited financial statements of the Company.

- **Financial year**

The financial year of the Company will start on the 1st of January and end on 31st of December of each year.

- **Dividends and liquidation proceeds**

The Company shall pay dividends on Shares in compliance with the regulations and decisions issued by the Authority. Eligible Shareholders shall have the sole right to the profits due on those Shares. In the event of liquidation of the Company, each Shareholder shall be entitled to a part of the Company's assets in accordance with Article 133 of the Companies Law.

- **Interim Dividends**

Subject to the shareholders' approval, the Company may distribute interim dividends on a semiannual or quarterly basis.

- **General Assembly**

The Board may convene a General Assembly whenever it deems necessary. The

Shareholders may also require the Board to convene a meeting if it is requested by a number of Shareholders holding not less than 10% (ten per cent). of the Company's issued share capital. In any event, the General Assembly must convene at least once a year upon an invitation by the Board within the four (4) months following the end of the financial year at the place and the time specified in the invitation to the meeting.

Any resolution adopted by the General Assembly without consideration to the Company's interests in favor of a particular group of Shareholders, causing damage to them or providing a private benefit to the members of the Board or to third parties, may be revoked.

The judgment annulling a resolution of an Ordinary General Assembly shall consequently lead to the resolution being considered as non-existent vis a vis all Shareholders. The Board must publish the annulment judgment in two local daily newspapers published in the Arabic language.

Proceedings for annulment are time barred on the expiry of one year from the date of adopting the resolution contested. Initiating the proceedings will not prevent the implementation of the resolution unless the court decides otherwise.

- **Liability of the Board**

The Board shall be liable towards the Company, the Shareholders and third parties for all acts of fraud, abuse of power, violation of the law or the Company's Articles of Association, in addition to mismanagement. The Company shall have the right to initiate proceedings against the members of the Board claiming damages suffered by the Shareholders as a result of the Board's abuse of power, violation of the law or the Company's Articles of Association and mismanagement. A resolution of the General Assembly shall be adopted specifying who shall initiate the proceedings on behalf of the Company.

Any Shareholder may independently initiate proceedings if the Company fails to do so, if the Board's acts have caused a particular damage to the initiating Shareholder. However, he must notify the Company of his intention to initiate proceedings beforehand.

- **Appointment of the Chairman and the Powers of the Chairman**

The Articles of Association provide that the Board of Directors shall elect, from amongst their members, a chairman and a vice-chairman. The managing director and chief executive officer shall represent the Company before the courts and shall execute the resolutions adopted by the Board of Directors. In the event that there is an equality of votes by the directors, then the Chairman shall have a casting vote.

6. Independent Auditors

KPMG Lower Gulf Limited undertook the task of auditing the Company's financial statements for the year ended 31 December 2021.

| |
|--|
| <p style="text-align: center;">KPMG Lower Gulf Limited</p> <p style="text-align: center;">Tel.: +971 4 356 9581</p> <p style="text-align: center;">E-mail address: nmehrotra@kpmg.com</p> <p style="text-align: center;">Dubai, United Arab Emirates</p> |
|--|

7. Details of any employee ownership scheme

Not Applicable

Annex 1 - Financial Statements

**Dubai Electricity and Water
Authority (PJSC)**
(formerly Dubai Electricity and Water Authority)

Consolidated financial statements
for the year ended 31 December 2021

Dubai Electricity and Water Authority (PJSC)

Consolidated financial statements

for the year ended 31 December 2021

| <i>Content</i> | <i>Page(s)</i> |
|--|-----------------------|
| Independent auditors' report | 1 – 3 |
| Consolidated statement of financial position | 4 |
| Consolidated statements of profit or loss and other comprehensive income | 5 |
| Consolidated statement of changes in equity | 6 – 7 |
| Consolidated statement of cash flows | 8 |
| Notes to the consolidated financial statements | 9 – 73 |



KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent auditors' report

To the Owner of Dubai Electricity and Water Authority (PJSC) (*formerly Dubai Electricity and Water Authority*)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dubai Electricity and Water Authority (PJSC) (*formerly Dubai Electricity and Water Authority*) ("DEWA" or "the Authority") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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



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 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: **17 FEB 2022**

Dubai Electricity and Water Authority (PJSC)

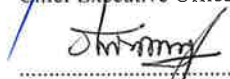
Consolidated statement of financial position

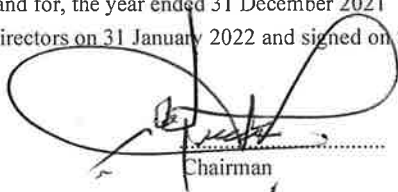
| | Note | As at 31 December | |
|---|------|--------------------|--------------------|
| | | 2021 AED'000 | 2020 AED'000 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 149,472,061 | 140,999,406 |
| Intangible assets | 10 | 529,577 | 161,862 |
| Investments accounted for using the equity method | 7.3 | 640 | 5,720 |
| Derivative financial instruments | 32 | 10,645 | 4,655 |
| Financial assets at fair value through other comprehensive income | 11 | 58,113 | 57,653 |
| Other assets | 12 | 456,773 | 606,888 |
| Trade receivables | 13 | - | 698,459 |
| Other financial assets | 15 | 1,191,644 | - |
| Total non-current assets | | 151,719,453 | 142,534,643 |
| Current assets | | | |
| Inventories | 14 | 1,451,149 | 1,415,403 |
| Other assets | 12 | 1,001,724 | 1,136,976 |
| Trade receivables | 13 | 3,888,627 | 5,245,480 |
| Other financial assets | 15 | 2,181,453 | 2,709,446 |
| Short-term deposits | 9 | 4,798,864 | 3,309,927 |
| Cash and cash equivalents | 16 | 4,406,164 | 3,573,091 |
| Total current assets | | 17,727,981 | 17,390,323 |
| Total assets | | 169,447,434 | 159,924,966 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 17 | 500,000 | - |
| Government of Dubai account | 17 | 40,037,040 | 39,829,878 |
| General reserve | 17 | 53,343,435 | 52,239,576 |
| Statutory reserve | 17 | 355,467 | 352,103 |
| Hedging reserve | 17 | (1,236,145) | (1,982,987) |
| | | 92,999,797 | 90,438,570 |
| Non-controlling interests | | 591,911 | (416,991) |
| Total equity | | 93,591,708 | 90,021,579 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 18 | 23,325,798 | 16,534,142 |
| Retirement benefit obligations | 19 | 1,008,904 | 1,036,398 |
| Derivative financial instruments | 32 | 2,259,830 | 3,825,387 |
| Lease liabilities | 20 | 11,939 | 14,887 |
| Other long term liabilities | 21 | 31,499,170 | 30,611,159 |
| Total non-current liabilities | | 58,105,641 | 52,021,973 |
| Current liabilities | | | |
| Trade and other payables | 22 | 13,781,679 | 14,649,234 |
| Borrowings | 18 | 3,430,072 | 2,265,240 |
| Derivative financial instruments | 32 | 156,297 | 12,254 |
| Lease liabilities | 20 | 3,013 | 6,438 |
| Total current liabilities | | 17,371,061 | 16,933,166 |
| Total liabilities | | 75,476,702 | 68,955,139 |
| Total equity and liabilities | | 169,068,410 | 158,976,718 |
| Regulatory deferral account credit balance | 34 | 379,024 | 948,248 |
| Total equity, liabilities and regulatory deferral account credit balance | | 169,447,434 | 159,924,966 |

To the best of our knowledge, these consolidated financial statements fairly represents in all material respects, the consolidated financial position, results of operation and cash flows for the Group as of and for, the year ended 31 December 2021

These consolidated financial statements were approved by the Board of Directors on 31 January 2022 and signed on their behalf by:


 Managing Director &
 Chief Executive Officer


 Chief Financial Officer


 Chairman


 Director

The independent auditors' report is set out on pages 1 to 3.

The notes on pages 9 to 73 form an integral part of these consolidated financial statements

Dubai Electricity and Water Authority (PJSC)

Consolidated statements of profit or loss and other comprehensive income

| | Note | For the year ended 31 December | |
|--|---------|--------------------------------|------------------|
| | | 2021 AED'000 | 2020 AED'000 |
| Revenue | 24 | 23,823,968 | 22,461,895 |
| Cost of sales | 25 | (15,539,787) | (14,201,213) |
| Gross profit | | 8,284,181 | 8,260,682 |
| Administrative expenses | 26 | (2,916,445) | (3,012,311) |
| Credit impairment losses | 13 & 23 | (83,822) | (87,970) |
| Other income | | 921,993 | 378,018 |
| Operating profit | | 6,205,907 | 5,538,419 |
| Finance costs | 28 | (382,866) | (267,966) |
| Finance income | 28 | 165,465 | 239,479 |
| Finance cost – net | 28 | (217,401) | (28,487) |
| Provision for impairment of investment in a joint venture | 7.3 | (4,785) | - |
| Share of profit/(loss) from investments in joint ventures | 7.3 | 502 | (2,392) |
| Profit for the year before net movement in regulatory deferral account credit balance | | 5,984,223 | 5,507,540 |
| Net movement in regulatory deferral account credit balance | 34 | 569,224 | (201,202) |
| Profit for the year and net movement in regulatory deferral account credit balance | | 6,553,447 | 5,306,338 |
| Other comprehensive income: | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurements of retirement benefit obligations | 19.1 | 96,851 | 19,696 |
| Debt instrument at FVOCI – change in fair value | 11 | 460 | 2,281 |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Hedging losses reclassified to profit or loss | | 388,164 | 210,323 |
| Cash flow hedges | 32 | 1,033,370 | (2,356,020) |
| Other comprehensive income/(loss) for the year | | 1,518,845 | (2,123,720) |
| Total comprehensive income for the year | | 8,072,292 | 3,182,618 |
| Profit for the year attributable to | | | |
| - Government of Dubai | | 6,123,112 | 5,094,728 |
| - Non-controlling interests | | 430,335 | 211,610 |
| | | 6,553,447 | 5,306,338 |
| Total comprehensive income for the year attributable to | | | |
| - Government of Dubai | | 6,966,805 | 3,988,980 |
| - Non-controlling interests | | 1,105,487 | (806,362) |
| | | 8,072,292 | 3,182,618 |
| Earnings per share | | | |
| Basic and diluted earnings per share (AED) | 35 | 0.12 | 0.10 |

The independent auditors' report is set out on pages 1 to 3.

The notes on pages 9 to 73 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority (PJSC)

Consolidated statement of changes in equity

| | Attributable to the Owner | | | | | | Non-controlling interests AED'000 | Total equity AED'000 |
|---|--|----------------------------|------------------------------|----------------------------|------------------------------|-------------------|--------------------------------------|-------------------------|
| | Government of Dubai account AED'000 | General reserve AED'000 | Statutory reserve AED'000 | Hedging reserve AED'000 | Retained earnings AED'000 | Total AED'000 | | |
| At 1 January 2020 | 38,410,937 | 49,452,877 | 351,953 | (857,543) | - | 87,358,224 | 516,125 | 87,874,349 |
| Total comprehensive income for the year | | | | | | | | |
| Profit for the year | - | - | - | - | 5,094,728 | 5,094,728 | 211,610 | 5,306,338 |
| Other comprehensive income | - | - | - | (1,125,444) | 19,696 | (1,105,748) | (1,017,972) | (2,123,720) |
| Total comprehensive income for the year | - | - | - | (1,125,444) | 5,114,424 | 3,988,980 | (806,362) | 3,182,618 |
| Transactions with the Owner | | | | | | | | |
| Transfer to reserve | - | 4,286,699 | 150 | - | (4,286,849) | - | - | - |
| Non-cash distribution (refer note 17) | - | - | - | - | (827,575) | (827,575) | - | (827,575) |
| Reclassification of capital contribution by non-controlling interest to borrowings* | - | - | - | - | - | - | (6,713) | (6,713) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | 2,000 | 2,000 |
| Capital contribution by Government of Dubai – value of lands (net) | 1,418,941 | - | - | - | - | 1,418,941 | - | 1,418,941 |
| Dividend paid (refer note 33) | - | (1,500,000) | - | - | - | (1,500,000) | (122,041) | (1,622,041) |
| At 31 December 2020 | 39,829,878 | 52,239,576 | 352,103 | (1,982,987) | - | 90,438,570 | (416,991) | 90,021,579 |

* The amount of loan amounting to AED 6.7 million treated as capital contribution by non-controlling interest in 2019 has been reclassified to borrowings during the year ended 31 December 2020.

The notes on pages 9 to 73 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority (PJSC)

Consolidated statement of changes in equity (continued)

| | Share capital | Government of Dubai account | General reserve | Statutory reserve | Hedging reserve | Retained earnings | Total | Non-controlling interests | Total equity |
|--|----------------|-----------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|---------------------------|-------------------|
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| At 1 January 2021 | - | 39,829,878 | 52,239,576 | 352,103 | (1,982,987) | - | 90,438,570 | (416,991) | 90,021,579 |
| Transfer to share capital (refer note 17) | 500,000 | (500,000) | - | - | - | - | - | - | - |
| Total comprehensive income for the year | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 6,123,112 | 6,123,112 | 430,335 | 6,553,447 |
| Other comprehensive income | - | - | - | - | 746,842 | 96,851 | 843,693 | 675,152 | 1,518,845 |
| Total comprehensive income for the year | - | - | - | - | 746,842 | 6,219,963 | 6,966,805 | 1,105,487 | 8,072,292 |
| Transfer to reserve | - | - | 3,103,859 | 3,364 | - | (3,107,223) | - | - | - |
| Transactions with the Owner | | | | | | | | | |
| Non-cash distribution (refer note 17) | - | - | - | - | - | (3,112,740) | (3,112,740) | - | (3,112,740) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | - | - | - |
| Capital contribution by Government of Dubai – value of lands (net) | - | 707,162 | - | - | - | - | 707,162 | - | 707,162 |
| Dividend paid (refer note 33) | - | - | (2,000,000) | - | - | - | (2,000,000) | (96,585) | (2,096,585) |
| At 31 December 2021 | 500,000 | 40,037,040 | 53,343,435 | 355,467 | (1,236,145) | - | 92,999,797 | 591,911 | 93,591,708 |

The notes on pages 9 to 73 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority (PJSC)

Consolidated statement of cash flows

| | Note | For the year ended 31 December | |
|--|--------|--------------------------------|--------------------|
| | | 2021 AED'000 | 2020 AED'000 |
| Net cash inflow from operating activities | 29 | 10,019,994 | 8,417,581 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment net of movements in trade payables and other long term liabilities | | (12,268,280) | (13,103,101) |
| Deposits with original maturity of greater than three months – placed during the year | 9 & 16 | (3,012,766) | (601,375) |
| Deposits with original maturity of greater than three months – matured during the year | 9 & 16 | 325,000 | 8,272,067 |
| Purchase of intangible assets | 10 | (381,752) | (32,543) |
| Interest received | | 138,225 | 256,675 |
| Sale/Investment in a joint venture | | 797 | - |
| Movement in other financial assets | | (10,039) | 96,156 |
| Proceeds from disposal of property, plant and equipment | | 3,916 | 1,877 |
| Net cash outflow from investing activities | | (15,204,899) | (5,110,244) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | | (517,537) | (5,605,224) |
| Proceeds from borrowings | | 8,552,340 | 7,717,351 |
| Interest paid | | (1,076,336) | (1,024,347) |
| Payment of lease liabilities | 20 | (7,443) | (8,397) |
| Capital contribution by the non-controlling interest | | - | 2,000 |
| Dividends paid to Owner | 33 | (2,000,000) | (1,500,000) |
| Dividends paid to non-controlling interests in subsidiaries | | (96,585) | (92,041) |
| Net cash inflow/(outflow) from financing activities | | 4,854,439 | (510,658) |
| Net (decrease)/increase in cash and cash equivalents | | (330,466) | 2,796,679 |
| Cash and cash equivalents at the beginning of the year | 16 | 5,302,514 | 2,505,835 |
| Cash and cash equivalents at the end of the year | 16 | 4,972,048 | 5,302,514 |

Material non-cash transactions:

- Transfer of land to the Group by the Land Department of the Government of Dubai recorded through equity amounting to AED 707 million (2020: AED 1,419 million) (refer note 8(f)).
- During the year, non-cash distributions to the Government of Dubai amounted to AED 3,113 million (2020: AED 828 million).

The independent auditors' report is set out on pages 1 to 3.

The notes on pages 9 to 73 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

1 Establishment and operations

Dubai Electricity and Water Authority (“DEWA” or the “Authority”) was incorporated on 1 January 1992 in the Emirate of Dubai by a Decree (the “Original Decree”) issued by H.H The Ruler of Dubai, effective 1 January 1992, as an independent public authority having the status of a body corporate, financially and administratively independent from the Government of Dubai.

In accordance with the Original Decree, all rights, property and assets of Dubai Electricity Company (the “DEC”) and Dubai Water Department (the “Department”) belonging to the Government of Dubai, were vested in the Authority, and the Authority was held responsible for all liabilities and debts of the DEC and the Department, of any kind whatsoever. Together, the DEC and the Department formed DEWA from the effective date of the Original Decree.

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

During the current year, the Authority has announced its plan to list its shares in Dubai Financial Market (DFM). In order to comply with the listing requirements, based on Decree under Law No. (27) of 2021 issued in The Official Gazette of Dubai Government on 29 December 2021, the legal status of the Authority has been amended to a Public Joint Stock Company, and hence the revised name of the Authority is “Dubai Electricity and Water Authority (PJSC)” *(formerly Dubai Electricity and Water Authority)*. As at 31 December 2021, the Authority has become a PJSC but continued to be 100% owned by the Government of Dubai.

DEWA and its subsidiaries are collectively referred to as “the Group”

The Group is domiciled in UAE and is not subject to tax other than Value Added Tax (“VAT”).

The Group has either directly or indirectly the following subsidiaries domiciled in UAE:

| Name of the entity | Percentage of beneficial ownership | | Principal business activities |
|---|------------------------------------|------|---|
| | 2021 | 2020 | |
| Al Etihad Energy Services Company LLC | 100 | 100 | Implement energy efficiency measures in buildings |
| Jumeriah Energy International Holdings LLC | 100 | 100 | Holding Company |
| Jumeirah Energy International LLC (JEIH) | 100 | 100 | Holding Company |
| Mai Dubai LLC | 100 | 100 | Purification and sale of potable water |
| Hassyan Energy 1 Holdings LLC | 100 | 100 | Holding Company |
| Shuaa Energy 2 Holdings LLC | 100 | 100 | Holding Company |
| Shuaa Energy 3 Holdings LLC | 100 | 100 | Holding Company |
| Jumeirah Energy International Capital Holding LLC | 100 | 100 | Holding Company |
| Jumeirah Energy International Silicon Valley LLC | 100 | 100 | Holding Company |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

1 Establishment and operations *(continued)*

| Name of the entity | Percentage of beneficial ownership | | Principal business activities |
|--|------------------------------------|------|---|
| | 2021 | 2020 | |
| Noor Energy 1 Holdings LLC | 100 | 100 | Holding Company |
| Data Hub Integrated Solutions LLC (MORO) | 100 | 100 | Established to provide services including IT, and infrastructure, networking and computer system housing services |
| Digital DEWA LLC | 100 | 100 | Investment in commercial, industrial, retail trade and energy enterprises and management |
| Infra X | 100 | 100 | To provide services including IT and computer housing services |
| Dubai Green Fund Investments LLC | 100 | 100 | To invest and manage commercial, industrial, retail trade and energy enterprises |
| Utilities Management Company LLC | 85 | 85 | Holding Company |
| Emirates Central Cooling Systems Corporation (EMPOWER) | 70 | 70 | Provision of district cooling services, management, maintenance of central cooling plants and related distribution networks |
| Empower FM LLC | 70 | 70 | Air conditioning, ventilation and air filtration system, installation and maintenance |
| Empower Engineering & Consultancy LLC | 70 | 70 | Project development consultant services |
| Palm Utilities LLC | 70 | 70 | Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services |
| Palm District Cooling LLC (PDC) | 70 | 70 | Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services. |
| Empower Logstor LLC | 67.9 | 67.9 | Manufacturing of pre-insulated pipes, mainly for district cooling |
| Shuaa Energy 2 P.S.C | 60 | 60 | Establish and provide full range of services for generation of electricity |
| Innogy International Middle East LLC* | 51 | 51 | Energy projects consultancy, desalination and sewage treatment plants operations and maintenance |
| Shuaa Energy 1 P.S.C | 51 | 51 | Establish and provide full range of services for generation of electricity |
| Hassyan Energy Phase 1 P.S.C | 51 | 51 | Establish and provide full range of services for generation of electricity |
| Noor Energy 1 P.S.C | 51 | 51 | Establish and provide full range of services for generation of electricity |
| Digital X LLC | 100 | 100 | Establish and provide full range of services for information technology, data entry, network consultancies |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

1 Establishment and operations (*continued*)

| Name of the entity | Percentage of beneficial ownership | | Principal business activities |
|---------------------------------------|------------------------------------|------|--|
| | 2021 | 2020 | |
| Smart Energy X LLC | 100 | 100 | Establish and provide full range of services for parking management electronic systems installation and maintenance |
| Hassyan by Products | 100 | 100 | Establish for sale of cement products trading, fly ash trading, cement and gypsum trading, repackaging and refilling services |
| Shuaa Energy 3 P.S.C | 60 | 60 | Establish and provide full range of services for generation of electricity |
| Forward Investments Limited | 100 | 100 | Holding Company |
| Dubai Carbon Centre of Excellence | 100 | 100 | Energy projects engineering consultancy and carbon control systems trading |
| Hassyan Water Company 1 Holding LLC** | 100 | - | Investment in commercial enterprises & management and industrial enterprises & management |
| Hassyan Water Company 1 P.S.C** | 60 | - | Water desalination including collecting of water, sterilizing and transporting it in lines and linking it to a water distribution network and operating and maintaining water production projects |
| SecureX*** | 100 | - | Computer systems housing services, communication equipment, software design, data classification & analysis services, IT infrastructure, data center colocation services and information technology network services |
| Space D*** | 100 | - | Managing & operating satellites & provision satellite services, wired & wireless communication systems installation and space situational tracking, monitoring & awareness services |
| Snow LLC**** | 100 | - | Establish and operate district cooling projects and provide air-conditioning, ventilation and refrigeration services |

* refer note 23.

** During the previous year, the Group has incorporated Hassyan Water Company 1 Holding LLC, a 100% owned subsidiary. Hassyan Water Company 1 Holding LLC holds 60% interest in share capital in Hassyan Water Company 1 (P.S.C). The principal business activities of Hassyan Water Company 1 (P.S.C) are to construct stations and refineries to desalinate water by reverse osmosis and produce irrigational water to be commercially and industrially used including the collecting of water, sterilizing and transporting it in lines and linking it to a water distribution network.

*** During the previous year, SecureX LLC and Space D LLC has been incorporated by Digital DEWA LLC which is a single owner Company owned by Dubai Electricity and Water Authority. Digital DEWA LLC owns 100% interest in both new incorporated Companies.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

1 Establishment and operations (*continued*)

**** During the year 2021, EMPOWER acquired 100% interest in Snow LLC, a company providing District Cooling Services for various projects developed and owned by Master Developer M/s. Nakheel PJSC for a purchase consideration of AED 674 million. Also refer note 36.

2 Basis of preparation

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

2.1 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. These consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

2.2 Basis of measurement

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

2.3 Use of estimates and judgements

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

3 Significant accounting policies

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

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

| | Effective date |
|---|-----------------------|
| COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16) | 1 April 2021 |
| Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37) | 1 January 2022 |
| Annual improvements to IFRS Standards 2018-2020 | 1 January 2022 |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.1 New standards, amendments and interpretations issued but not yet effective (*continued*)

| | Effective date |
|--|--------------------------------------|
| Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) | 1 January 2022 |
| Reference to Conceptual Framework (Amendments to IFRS 3) | 1 January 2022 |
| Classification of Liabilities as Current and Non-current (Amendments to IAS 1) | 1 January 2023 |
| IFRS 17 Insurance Contracts and amendments to IFRS 16 Insurance Contracts | 1 January 2023 |
| Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) | 1 January 2023 |
| Definition of Accounting Estimates (Amendments to IAS 8) | 1 January 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) | 1 January 2023 |
| Sale or Contribution of Assets between and Investor its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28) | Effective date deferred indefinitely |

3.2 Other new or amended standards

The following new or amended standards that are required to be adopted in annual periods beginning on 1 January 2021 and are not expected to have a significant impact on the Group's financial statements:

| | Effective date |
|---|-----------------------|
| Covid-19 Related Rent Concessions (Amendment to IFRS 16) | 1 June 2020 |
| Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | 1 January 2021 |

3.3 Basis of consolidation

(a) *Business combinations*

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

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.3 Basis of consolidation *(continued)*

(a) Business combinations *(continued)*

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

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

(b) Subsidiaries

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

(c) Non-controlling interests (NCI)

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

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

(d) Loss of control

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

(e) Interests in equity-accounted investees

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.3 Basis of consolidation (*continued*)

(e) Interests in equity-accounted investees (*continued*)

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

(f) Transactions eliminated on consolidation

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

3.4 Property, plant and equipment

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

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

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

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.4 Property, plant and equipment *(continued)*

Land is stated at a value which is based on valuation received from Land Department of the Government of Dubai, which is considered the deemed cost and is not depreciated.

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

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

| | Years |
|--|--------------|
| Buildings | 10 to 30 |
| Generation and desalination plants | 10 to 38 |
| Transmission and distribution networks | 10 to 30 |
| Other equipment and assets | 2 to 20 |

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

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

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

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

Capital spares are spare parts that are regularly replaced, repaired or overhauled usually as part of a replacement programme and are; i) only expected to be used in connection with an item of property, plant and equipment; ii) expected to be used during more than one period. These are carried under capital work in progress until they are put to use.

3.5 Intangible assets

(a) *Recognition and measurement*

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.5 Intangible assets (*continued*)

(a) *Recognition and measurement* (*continued*)

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

(b) *Subsequent expenditure*

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

(c) *Amortisation*

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

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

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

3.6 Financial instruments

(i) *Recognition and initial measurement*

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

(ii) *Classification and subsequent measurement*

Financial assets

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

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

Financial assets (continued)

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

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

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

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

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

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

Financial assets – Business model assessment

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets – Business model assessment (continued)

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

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

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

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

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

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

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

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

(iii) Derecognition *(continued)*

Financial liabilities

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

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

(iv) Offsetting

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

(v) Derivative financial instruments and hedge accounting

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

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

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

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

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

Hedges directly affected by interest rate benchmark reform (continued)

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Cash flow hedges

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

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

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

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.7 Impairment

(i) *Non-derivative financial assets*

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

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

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

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

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

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

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

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

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

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.7 Impairment *(continued)*

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

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

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

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

Write-off

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.7 Impairment *(continued)*

(ii) Non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

3.8 Leases

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

(i) As a lessee

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.8 Leases (*continued*)

(i) As a lessee (*continued*)

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)

for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.8 Leases (*continued*)

(ii) As a lessor

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

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

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

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

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

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

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

3.9 Inventories

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

3.10 Borrowing costs

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.11 Trade receivables

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

Trade receivables are impaired as per the policy explained in notes 3.7 and 13 to the consolidated financial statements which is in compliance with requirements of IFRS 9.

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

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

3.12 Cash and cash equivalents

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

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

3.13 Advance received for new connections and security deposits

(a) Advances for new connections

The Group receives amounts from customers for construction and installation of equipment. These amounts are classified as advances received for new connections until the construction or installation of the equipment is completed. On completion, these amounts are transferred from advances received for new connections to deferred revenue under liabilities.

Management estimates the current portion of the advances for new connections based on historical experience and anticipated installations. The remaining amounts are classified as non-current liabilities.

(b) Security deposits

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.14 Deferred revenue

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

3.15 Borrowings

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

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

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

3.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

Post-employment obligations

(a) Defined benefit plan

Pension obligations for UAE nationals retired before 1 January 2003

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.16 Employee benefits *(continued)*

Post-employment obligations *(continued)*

(a) Defined benefit plan *(continued)*

Post-employment benefit obligations for eligible expatriates

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

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

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

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

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

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

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.16 Employee benefits (*continued*)

Post-employment obligations (*continued*)

(b) *Defined contribution plan*

Pension obligations for UAE national from 1 January 2003

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

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

3.17 Trade and other payables

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

3.18 Provisions

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

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

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

3.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value measurement recognised directly in equity.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.20 Government of Dubai account

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

On initial recognition the fair value of plots of land transferred as per order of the Ruler of Dubai have been determined by the management based on value derived from valuation certificates obtained from the Land Department of Dubai. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Refer note 8 (b).

3.21 General reserve

General reserve represents surplus distributable profit of the Group. The transfer to general reserve is determined based on the profit for the year after deducting cash and non-cash distributions.

3.22 Statutory reserve

In accordance with Article 103 of the UAE Federal Commercial Companies Law, a minimum of 10% of the net profit of the subsidiaries that fall under the definition of UAE Federal Commercial Companies Law, are allocated each year to a non-distributable legal reserve. Such allocations may cease when the legal reserve equals half of the nominal value of the paid up share capital. This reserve is not available for distribution.

3.23 Revenue from contracts with customers

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*

for the year ended 31 December 2021

3 Significant accounting policies *(continued)*

3.23 Revenue from contracts with customers *(continued)*

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

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

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

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

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

(a) *Supply of electricity and water*

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

(b) *Meter rental*

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

(c) *Interest income*

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

(d) *Dividends*

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

(e) *Amortisation of deferred revenue*

Deferred revenue is amortised and recognised as income on a straight line basis over the estimate useful life of the related equipment. Refer notes 3.13 and 3.14.

(f) *Other services*

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.24 Foreign currency translations

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

3.25 Regulatory deferral account

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

3.26 Fair value measurement

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

3 Significant accounting policies (*continued*)

3.26 Fair value measurement (*continued*)

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

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

4 Financial risk management

4.1 Financial risk factors

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

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

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, other financial assets at amortised cost and investments in debt securities.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(i) Credit risk *(continued)*

The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

| | 2021 AED'000 | 2020 AED'000 |
|--|-----------------|-----------------|
| Impairment loss on trade receivables (refer note 13) | <u>77,870</u> | <u>87,970</u> |

(a) Trade receivables

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

The Group has a wide customer base in the Emirate of Dubai and services commercial, industrial and governmental organisations as well as residential customers including UAE nationals and expatriates. Out of the total trade receivables and accrued revenue of AED 4,311 million (2020: AED 6,289 million), an amount of AED 3,261 million (2020: AED 3,332 million) is due from customers other than government entities and is considered subject to credit risk. Carrying amount of trade receivables best represent the maximum exposure to credit risk at the end of each reporting period presented.

The Group taking into consideration the exposure to the customer, when appropriate, manages credit risk by requesting additional deposits, disconnection of services and implementing payment plans for customers in arrears.

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

Expected credit loss assessment for customers

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(i) *Credit risk (continued)*

(a) *Trade receivables (continued)*

Expected credit loss assessment for customers (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers for 2021 and 2020:

| As at 31 December 2021 | Expected loss rate | Gross carrying amount AED'000 | Loss allowance AED'000 | Credit impaired |
|-----------------------------|-----------------------|-------------------------------------|---------------------------|--------------------|
| Current | 0.87% | 1,751,059 | 15,304 | No |
| More than 30 days past due | 4.12% | 428,758 | 17,656 | No |
| More than 60 days past due | 11.71% | 253,707 | 29,705 | No |
| More than 120 days past due | 31.78% | 277,650 | 88,249 | No |
| More than 360 days past due | 49.43% | 549,475 | 271,630 | Yes |
| | | <u>3,260,649</u> | <u>422,544</u> | |
| As at 31 December 2020 | Expected loss rate | Gross carrying amount AED'000 | Loss allowance AED'000 | Credit impaired |
| Current | 0.47% | 1,953,932 | 9,192 | No |
| More than 30 days past due | 2.10% | 376,905 | 7,930 | No |
| More than 60 days past due | 12.01% | 246,377 | 29,578 | No |
| More than 120 days past due | 22.75% | 333,445 | 75,865 | No |
| More than 360 days past due | 52.73% | 421,243 | 222,109 | Yes |
| | | <u>3,331,902</u> | <u>344,674</u> | |

Total receivables include amount of AED 1,050 million (2020: AED 2,957 million) related to government receivables.

(b) *Other financial assets*

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

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

Other financial assets include investments in UAE National bonds which are unrated and other receivables are held with reputed counter parties which management do not expect any loss from their non-performance. Where non-performance is identified or expected a provision is made.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(b) Other financial assets *(continued)*

Balances due from related parties are held with reputed counter parties and management do not expect any loss from their non-performance. Where non-performance is identified or expected a provision is made.

(c) Cash and cash equivalents

The Group held cash and cash equivalents of AED 4,406 million at 31 December 2021 (2020: AED 3,573 million). The cash and cash equivalents are held with bank and financial institution counterparties and other government agencies having credit rating as detailed below:

As determined by Moody's

| | 2021 AED'000 | 2020 AED'000 |
|----------------------------------|------------------|------------------|
| A | 4,150,066 | 3,035,602 |
| B | 255,661 | 434,696 |
| Unrated (including cash in hand) | 437 | 102,793 |
| | <u>4,406,164</u> | <u>3,573,091</u> |

(d) Derivatives

The derivatives are entered into with bank and financial institution counter parties, which are related to AA- to AA+ based on Fitch ratings.

All other financial assets are unrated.

Also refer note 31.

(ii) Liquidity risk

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

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

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2021

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(ii) Liquidity risk (continued)

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

| | Less than 1 year AED'000 | 1 to 2 years AED'000 | Over 2 years AED'000 | Total AED'000 | Carrying amount AED'000 |
|---|--------------------------------|----------------------------|----------------------------|-------------------|-------------------------------|
| Non-derivative financial liabilities | | | | | |
| 31 December 2021 | | | | | |
| Secured borrowings | 2,571,142 | 1,130,338 | 27,363,348 | 31,064,828 | 23,980,793 |
| Unsecured borrowings | 1,465,147 | 224,660 | 1,145,352 | 2,835,159 | 2,775,077 |
| Trade and other payables** | 11,947,191 | - | - | 11,947,191 | 11,947,191 |
| Other long term liabilities** | - | 443,803 | 452,290 | 896,093 | 876,234 |
| Lease liabilities | 3,013 | 1,645 | 10,294 | 14,952 | 14,952 |
| | <u>15,986,493</u> | <u>1,800,446</u> | <u>28,971,284</u> | <u>46,758,223</u> | <u>39,594,247</u> |

| | Less than 1 year AED'000 | 1 to 2 years AED'000 | Over 2 years AED'000 | Total AED'000 | Carrying amount AED'000 |
|---|--------------------------------|----------------------------|----------------------------|------------------|-------------------------------|
| Derivative financial liabilities | | | | | |
| 31 December 2021 | | | | | |
| Interest rate swaps used for hedging | 220,944 | 357,003 | 1,838,180 | 2,416,127 | 2,416,127 |

| | Less than 1 year AED'000 | 1 to 2 years AED'000 | Over 2 years AED'000 | Total AED'000 | Carrying amount AED'000 |
|---|--------------------------------|----------------------------|-------------------------|-------------------|-------------------------------|
| Non-derivative financial liabilities | | | | | |
| 31 December 2020 | | | | | |
| Secured borrowings | 2,020,962 | 493,875 | 20,759,719 | 23,274,556 | 16,406,995 |
| Unsecured borrowings | 706,072 | 421,579 | 1,373,391 | 2,501,042 | 2,392,387 |
| Trade and other payables** | 12,882,211 | - | - | 12,882,211 | 12,882,211 |
| Other long term liabilities** | - | 271,699 | 413,086 | 684,785 | 664,802 |
| Lease liabilities | 6,438 | 6,864 | 8,023 | 21,325 | 21,325 |
| | <u>15,615,683</u> | <u>1,194,017</u> | <u>22,554,219</u> | <u>39,363,919</u> | <u>32,367,720</u> |

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

| | Less than 1 year AED'000 | 1 to 2 years AED'000 | Over 2 years AED'000 | Total AED'000 | Carrying amount AED'000 |
|---|--------------------------------|----------------------------|-------------------------|------------------|-------------------------------|
| Derivative financial liabilities | | | | | |
| 31 December 2020 | | | | | |
| Interest rate swaps used for hedging | - | 359,667 | 3,477,974 | 3,837,641 | 3,837,641 |

Also refer note 31 and note 32.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(iii) Market risk

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

(a) Foreign exchange risk

Currency risk arises on recognised assets or liabilities that are primarily denominated in a currency that is not the Group's functional currency. The Group has no significant exposure to this risk as the majority of its transactions are denominated in AED, or in currencies AED is pegged with. The Group has certain transactions in foreign currencies, mainly in Euros. However, the foreign currency exposure arising out of foreign currency denominated balances as at 31 December 2021 and 2020 are not material.

(b) Price risk

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

(c) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long term borrowings. The Group is exposed to cash flow interest rate risk on its variable rate borrowings. The Group is not exposed to the fair value interest rate risk as fixed rate borrowings of the Group are carried at amortised cost in these consolidated financial statements.

The variable rate borrowings of the Group are based on LIBOR and EIBOR. The Group has entered into interest rate swaps to mitigate the risk of variable rate borrowings (refer note 32). The table below shows the exposure of Group's variable and fixed rate borrowings:

| | 2021 AED'000 | 2020 AED'000 |
|--------------------------|-------------------|-------------------|
| Variable rate borrowings | 23,643,410 | 16,281,477 |
| Fixed rate borrowings | 3,112,460 | 2,517,905 |
| | <u>26,755,870</u> | <u>18,799,382</u> |

Cashflow sensitivity analysis for variable-rate borrowings

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(iii) Market risk *(continued)*

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

Cashflow sensitivity analysis for variable-rate borrowings (continued)

| | Profit or loss | | Equity | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| | AED'000 | | AED'000 | |
| 31 December 2021 | | | | |
| Variable rate borrowings | 236,434 | (236,434) | - | - |
| Interest rate swaps | - | - | 24,055 | (24,055) |
| Cash flow sensitivity (net) | 236,434 | (236,434) | 24,055 | (24,055) |
| 31 December 2020 | | | | |
| Variable rate borrowings | 162,815 | (162,815) | - | - |
| Interest rate swaps | - | - | 38,330 | (38,330) |
| Cash flow sensitivity (net) | 162,815 | (162,815) | 38,330 | (38,330) |

Fair value sensitivity analysis for fixed-rate borrowings

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

A change of 100 basis points in interest rates would have increased or decreased equity by AED 24 million (2020: AED 38.3 million). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

4.2 Capital risk management

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

4.3 Fair value estimation

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

All financial assets and liabilities are initially measured at transaction price, i.e. the fair value of the consideration given or received. These financial assets and liabilities are subsequently measured at amortised cost except the financial assets at fair value through other comprehensive income and derivative financial instruments.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

4 Financial risk management (*continued*)

4.3 Fair value estimation (*continued*)

The carrying value of financial assets and financial liabilities approximates their fair value except derivatives, which are the only financial instruments which are carried at fair value and fall into level 2 of the fair value hierarchy (refer notes 11 and 32).

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

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

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

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

5 Critical accounting estimates and judgements

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

5.1 Critical accounting estimates

(a) Revenue recognition – unread electricity, water and district cooling meters

Revenue for electricity, water supply and cooling services includes an assessment of electricity, water and cooling services supplied to customers between the date of the last meter reading and the year end (unread). Unread electricity, water and cooling services supplied is estimated by using historical consumption patterns of respective customer categories. Management applies judgement to the measurement of the estimated electricity, water and cooling units supplied to customers and the valuation such units consumed. The application of a 5% increase to management estimate of total units for all customer categories, in isolation would result in the increase in revenue and profit by AED 52 million (2020: AED 40 million). The application of a 5% decrease to management estimate of total units for all customer categories, in isolation would result in the decrease in revenue and profit by AED 52 million (2020: AED 40 million).

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

5 Critical accounting estimates and judgements (*continued*)

5.2 Critical accounting judgements

(a) Component parts of property, plant and equipment

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

(b) Determination of control over certain subsidiaries

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

Management has therefore concluded that the relevant activities of these entities are pre-determined and directed via contractual arrangements in the normal course of business and consequently has consolidated the results of these entities in these consolidated financial statements. The Group will continue to evaluate these circumstances at each reporting date to determine whether this judgement continues to be valid. If the Group determines that it no longer has control over any of these entities, it will be de-consolidate the entities and account for these entities using the equity method from the date that control is deemed to cease.

6 Operating segments

(i) Basis for segmentation

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

6 Operating segments *(continued)*

(i) Basis for segmentation *(continued)*

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

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

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

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

a) Segment wise statement of financial position

| | DEWA | EMPOWER | IPP | Others | Eliminations | Total |
|---|--------------------|------------------|--------------------|------------------|---------------------|--------------------|
| 31 December 2021 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Segment assets | | | | | | |
| Non-current assets | 130,735,584 | 7,774,283 | 25,372,513 | 1,622,590 | (13,785,517) | 151,719,453 |
| Current assets | 10,877,900 | 1,769,433 | 2,299,814 | 3,924,930 | (1,144,096) | 17,727,981 |
| Total assets | 141,613,484 | 9,543,716 | 27,672,327 | 5,547,520 | (14,929,613) | 169,447,434 |
| Segment liabilities | | | | | | |
| Non-current liabilities | 38,378,531 | 1,420,198 | 28,596,536 | 113,128 | (10,402,752) | 58,105,641 |
| Current liabilities | 11,687,707 | 2,692,626 | 1,267,706 | 2,640,113 | (917,091) | 17,371,061 |
| Regulatory deferral account credit balance | 379,024 | - | - | - | - | 379,024 |
| Total liabilities and regulatory deferral account credit balance | 50,445,262 | 4,112,824 | 29,864,242 | 2,753,241 | (11,319,843) | 75,855,726 |
| Net segment assets/(liabilities) | 91,168,222 | 5,430,892 | (2,191,915) | 2,794,279 | (3,609,770) | 93,591,708 |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

6 Operating segments (continued)

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

a) Segment wise statement of financial position (continued)

| | DEWA | EMPOWER | IPP | Others | Eliminations | Total |
|--|-------------|-----------|-------------|-----------|--------------|-------------|
| 31 December 2020 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Segment assets | | | | | | |
| Non-current assets | 127,248,655 | 6,789,744 | 18,577,904 | 858,059 | (10,939,719) | 142,534,643 |
| Current assets | 10,919,904 | 1,442,849 | 1,377,435 | 4,443,664 | (793,529) | 17,390,323 |
| Total assets | 138,168,559 | 8,232,593 | 19,955,339 | 5,301,723 | (11,733,248) | 159,924,966 |
| Segment liabilities | | | | | | |
| Non-current liabilities | 34,795,659 | 1,588,575 | 22,939,144 | 122,905 | (7,424,310) | 52,021,973 |
| Current liabilities | 12,427,078 | 1,849,268 | 952,264 | 2,435,837 | (731,281) | 16,933,166 |
| Regulatory deferral account credit balance | 948,248 | - | - | - | - | 948,248 |
| Total liabilities and regulatory deferral account credit balance | 48,170,985 | 3,437,843 | 23,891,408 | 2,558,742 | (8,155,591) | 69,903,387 |
| Net segment assets/(liabilities) | 89,997,574 | 4,794,750 | (3,936,069) | 2,742,981 | (3,577,657) | 90,021,579 |

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

| | DEWA | EMPOWER | IPP | Others | Eliminations | Total |
|--|--------------|-------------|-----------|-----------|--------------|--------------|
| 31 December 2021 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Revenue | 21,745,193 | 2,463,874 | 1,323,519 | 987,816 | (2,696,434) | 23,823,968 |
| Cost of sales | (14,739,083) | (1,394,449) | (867,285) | (567,905) | 2,028,935 | (15,539,787) |
| Gross profit/(loss) | 7,006,110 | 1,069,425 | 456,234 | 419,911 | (667,499) | 8,284,181 |
| Other income | 815,663 | 48,500 | 453,541 | 10,893 | (406,604) | 921,993 |
| Credit impairment losses | (75,619) | (8,568) | - | (6,097) | 6,462 | (83,822) |
| Adjustment on financial assets | (29,876) | - | - | - | 29,876 | - |
| Administrative expenses | (2,704,471) | (175,881) | (231,906) | (378,979) | 574,792 | (2,916,445) |
| Operating profit/(loss) | 5,011,807 | 933,476 | 677,869 | 45,728 | (462,973) | 6,205,907 |
| Finance income | 172,453 | 11,633 | 233 | 119,257 | (138,111) | 165,465 |
| Finance costs | (252,829) | (9,127) | (358,297) | (30,735) | 268,122 | (382,866) |
| Finance (costs)/income – net | (80,376) | 2,506 | (358,064) | 88,522 | 130,011 | (217,401) |
| Provision for impairment of investment in a joint venture | (4785) | - | - | - | - | (4785) |
| Share of profit in a joint venture | 1,004 | - | - | (502) | - | 502 |
| Net movement in regulatory deferral account credit balance | 569,224 | - | - | - | - | 569,224 |
| Profit/(loss) for the year | 5,496,874 | 935,982 | 319,805 | 133,748 | (332,962) | 6,553,447 |
| Other comprehensive income | 96,851 | 460 | 1,421,534 | - | - | 1,518,845 |
| Total comprehensive income/(loss) for the year | 5,593,725 | 936,442 | 1,741,339 | 133,748 | (332,962) | 8,072,292 |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2021

6 Operating segments (continued)

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

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

| | DEWA | EMPOWER | IPP | Others | Eliminations | Total |
|--|--------------|-------------|-------------|-----------|--------------|--------------|
| 31 December 2020 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Revenue | 20,334,547 | 2,255,115 | 418,340 | 704,794 | (1,250,901) | 22,461,895 |
| Cost of sales | (13,525,921) | (1,216,084) | (231,507) | (454,823) | 1,227,122 | (14,201,213) |
| Gross profit | 6,808,626 | 1,039,031 | 186,833 | 249,971 | (23,779) | 8,260,682 |
| Other income | 675,886 | 58,527 | - | 5,224 | (361,619) | 378,018 |
| Credit impairment losses | (73,834) | (13,823) | - | (313) | - | (87,970) |
| Adjustment on financial assets | 122,601 | - | - | - | (122,601) | - |
| Administrative expenses | (2,414,201) | (175,213) | (116,633) | (312,368) | 6,104 | (3,012,311) |
| Operating profit/(loss) | 5,119,078 | 908,522 | 70,200 | (57,486) | (501,895) | 5,538,419 |
| Finance income | 242,924 | 4,618 | 2,458 | 111,953 | (122,474) | 239,479 |
| Finance costs | (70,191) | (11,878) | (179,283) | (24,153) | 17,539 | (267,966) |
| Finance (costs)/income – net | 172,733 | (7,260) | (176,825) | 87,800 | (104,935) | (28,487) |
| Provision for impairment of investment in a joint venture | - | - | - | - | - | - |
| Share of profit in a joint venture | 318 | - | - | (2,710) | - | (2,392) |
| Net movement in regulatory deferral account credit balance | (201,202) | - | - | - | - | (201,202) |
| Profit/(loss) for the year | 5,090,927 | 901,262 | (106,625) | 27,604 | (606,830) | 5,306,338 |
| Other comprehensive income/(loss) | 19,696 | 2,281 | (2,145,697) | - | - | (2,123,720) |
| Total comprehensive income/(loss) for the year | 5,110,623 | 903,543 | (2,252,322) | 27,604 | (606,830) | 3,182,618 |

c) Other segment information

| | DEWA | EMPOWER | IPP | Others | Eliminations | Total |
|---|------------|---------|-----------|---------|--------------|------------|
| 31 December 2021 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Capital expenditure (property, plant and equipment) | 6,452,461 | 611,616 | 6,508,077 | 170,674 | - | 13,742,828 |
| Depreciation (property, plant and equipment) | 4,637,423 | 304,965 | 187,813 | 106,594 | (5,113) | 5,231,682 |
| 31 December 2020 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| Capital expenditure (property, plant and equipment) | 11,137,754 | 728,085 | 5,922,909 | 136,230 | - | 17,924,978 |
| Depreciation (property, plant and equipment) | 4,182,426 | 284,960 | 163,131 | 107,257 | (5,021) | 4,732,753 |

(iii) Geographic information

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

7 Interests in other entities

7.1 Material subsidiaries

The Group's principal subsidiaries are set out in note 1.

7.2 Non-controlling interests

The Group's material subsidiaries are Jumeirah Energy International Holdings LLC ("JEIHL") and EMPOWER. JEIHL holds investment in Shuaa Energy 1 P.S.C, Shuaa Energy 2 P.S.C, Shuaa Energy 3 P.S.C, Hassyan Energy Phase 1 P.S.C and Noor Energy 1 P.S.C. Proportion of ownership interests held by non-controlling interest is as follows:

| | 2021 | 2020 |
|------------------------------|-----------|-----------|
| | % | % |
| Shuaa Energy 1 P.S.C | <u>49</u> | <u>49</u> |
| Shuaa Energy 2 P.S.C | <u>40</u> | <u>40</u> |
| Hassyan Energy Phase 1 P.S.C | <u>49</u> | <u>49</u> |
| Noor Energy 1 P.S.C | <u>49</u> | <u>49</u> |
| Shuaa Energy 3 P.S.C | <u>40</u> | <u>40</u> |
| EMPOWER | <u>30</u> | <u>30</u> |

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

Summarised statements of financial position

| | JEIHL | | EMPOWER | |
|--|---------------------|---------------------|--------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| Non-current | | | | |
| Assets | 25,372,513 | 18,577,904 | 7,774,283 | 6,772,244 |
| Liabilities | <u>(28,596,536)</u> | <u>(22,939,144)</u> | <u>(1,420,198)</u> | <u>(1,588,575)</u> |
| | <u>(3,224,023)</u> | <u>(4,361,240)</u> | <u>6,354,085</u> | <u>5,183,669</u> |
| Current | | | | |
| Assets | 2,299,814 | 1,377,435 | 1,769,434 | 1,442,849 |
| Liabilities | <u>(1,267,706)</u> | <u>(952,264)</u> | <u>(2,692,628)</u> | <u>(1,849,268)</u> |
| | <u>1,032,108</u> | <u>425,171</u> | <u>(923,194)</u> | <u>(406,419)</u> |
| Net assets (100%) | <u>(2,191,915)</u> | <u>(3,936,069)</u> | <u>5,430,891</u> | <u>4,777,250</u> |
| Net assets / liabilities attributable to NCI | <u>(1,048,884)</u> | <u>(1,873,673)</u> | <u>1,655,049</u> | <u>1,468,691</u> |

Other non-material subsidiary includes negative net assets attributable to NCI amounting to AED 14,254 thousand (2020: AED 12,009 thousand).

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

7 Interests in other entities *(continued)*

7.2 Non-controlling interest *(continued)*

Summarised statements of profit or loss and other comprehensive income

| | JEIHL | | EMPOWER | |
|--|------------------|--------------------|------------------|------------------|
| | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 |
| Revenue | <u>1,323,519</u> | <u>418,340</u> | <u>2,463,874</u> | <u>2,255,115</u> |
| Profit/(loss) for the year | <u>319,805</u> | <u>(106,625)</u> | <u>935,982</u> | <u>901,262</u> |
| Total comprehensive income/(loss) | <u>1,741,339</u> | <u>(2,252,322)</u> | <u>936,442</u> | <u>903,543</u> |
| Total comprehensive (loss)/income allocated to non-controlling interests | <u>831,074</u> | <u>(1,067,563)</u> | <u>276,658</u> | <u>266,784</u> |
| Dividends paid to non-controlling interests | <u>6,285</u> | <u>2,041</u> | <u>90,300</u> | <u>120,000</u> |

Total comprehensive loss allocated to non-controlling interest of other non-material subsidiary amounts to AED 2,245 thousand (2020: AED 6,286 thousand).

Summarised statement of cash flows

| | JEIHL | | EMPOWER | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 |
| Net cash (used in)/generated from operating activities | <u>(126,663)</u> | <u>(100,100)</u> | <u>1,371,812</u> | <u>1,029,634</u> |
| Net cash used in investing activities | <u>(6,862,547)</u> | <u>(6,044,433)</u> | <u>(1,431,730)</u> | <u>(843,727)</u> |
| Net cash generated from financing activities | <u>7,455,756</u> | <u>6,424,632</u> | <u>236,310</u> | <u>552,042</u> |
| Net increase in cash and cash equivalents | 466,546 | 280,099 | 176,392 | 737,949 |
| Cash and cash equivalents, as at 1 January | <u>1,052,540</u> | <u>772,441</u> | <u>1,069,196</u> | <u>331,247</u> |
| Cash and cash equivalents, as at 31 December | <u>1,519,086</u> | <u>1,052,540</u> | <u>1,245,588</u> | <u>1,069,196</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

7 Interests in other entities *(continued)*

7.3 Investments accounted for using the equity method

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

| Name of the entity | Country of incorporation | Effective % of holding | | Carrying value | |
|---|--------------------------|------------------------|------|----------------|--------------|
| | | 2021 | 2020 | 2021 | 2020 |
| | | % | % | AED'000 | AED'000 |
| Utility Management LLC | UAE | 50 | 50 | 490 | 489 |
| Etihad Energy International Company LLC | KSA | - | 50 | - | 1,450 |
| Etihad Smart Energy Solutions LLC | UAE | 50 | - | 150 | - |
| Ducab HV Cable Systems P.S.C | UAE | - | 25 | - | 3,781 |
| | | | | <u>640</u> | <u>5,720</u> |

All joint ventures are accounted for using the equity method of accounting and are immaterial to the Group individually.

Movement of investments in joint ventures

| | 2021 | 2020 |
|--------------------------------------|----------------|--------------|
| | AED'000 | AED'000 |
| At 1 January | 5,720 | 5,083 |
| Addition during the year | 150 | 4,160 |
| Disposal during the year | (947) | (1,131) |
| Share of loss from joint ventures | 502 | (2,392) |
| Less: provision made during the year | <u>(4,785)</u> | <u>-</u> |
| At 31 December | <u>640</u> | <u>5,720</u> |

During the year, the Group recognised its share of profit from joint ventures amounting to AED 502 thousand (2020: loss of AED 2,392 thousand).

The Group has made an assessment of its share of net assets in Ducab HV (DHV). Based on significant financial difficulty faced by Ducab HV (DHV), the carrying amount of investment accounted for using the equity method is unlikely to be recovered in full. Hence, provision of an amount of AED 4.8 million has been recognised during the year 2021. The share capital of joint ventures solely consists of ordinary shares, which are held directly by the Group.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

8 Property, plant and equipment

| | Land and buildings AED'000 | Right-of-use assets AED'000 | Generation and desalination plants AED'000 | Transmission and distribution networks AED'000 | Other equipment and assets AED'000 | Capital work in progress AED'000 | Total AED'000 |
|--|----------------------------------|-----------------------------------|--|---|---|--|--------------------|
| Year ended 31 December 2020 | | | | | | | |
| Opening net book amount | 35,706,725 | 24,368 | 24,480,607 | 43,230,295 | 664,465 | 23,704,844 | 127,811,304 |
| Additions | 1,350,828 | 2,710 | 1,256,638 | 1,574,957 | 235,445 | 13,504,400 | 17,924,978 |
| Reversal of impairment (refer note 8(i)) | - | - | - | - | - | 53,529 | 53,529 |
| Transfers | 657,057 | - | 4,889,506 | 3,433,843 | 200,125 | (9,180,531) | - |
| Transfers to intangible assets (refer note 10) | - | - | - | - | - | (54,347) | (54,347) |
| Disposals, net | - | - | (2,063) | (192) | (1,050) | - | (3,305) |
| Depreciation | (304,459) | (7,974) | (1,871,192) | (2,266,320) | (282,808) | - | (4,732,753) |
| Closing net book amount | 37,410,151 | 19,104 | 28,753,496 | 45,972,583 | 816,177 | 28,027,895 | 140,999,406 |
| At 31 December 2020 | | | | | | | |
| Cost | 40,968,153 | 33,698 | 47,596,689 | 68,535,991 | 2,976,753 | 28,027,895 | 188,139,179 |
| Accumulated depreciation | (3,558,002) | (14,594) | (18,843,193) | (22,563,408) | (2,160,576) | - | (47,139,773) |
| Net book amount | 37,410,151 | 19,104 | 28,753,496 | 45,972,583 | 816,177 | 28,027,895 | 140,999,406 |
| Year ended 31 December 2021 | | | | | | | |
| Opening net book amount | 37,410,151 | 19,104 | 28,753,496 | 45,972,583 | 816,177 | 28,027,895 | 140,999,406 |
| Additions | 693,610 | 1,071 | 263,234 | 666,583 | 70,964 | 12,047,366 | 13,742,828 |
| Transfer to right of use assets | - | 20,069 | (20,069) | - | - | - | - |
| Reversal of impairment (refer note 8(i)) | - | - | - | - | - | 32,328 | 32,328 |
| Transfers | 1,329,622 | - | 6,535,277 | 4,375,930 | 255,685 | (12,496,514) | - |
| Transfers to intangible assets (refer note 10) | - | - | - | - | (453) | (66,631) | (67,084) |
| Disposals, net | (732) | - | (204) | (2,576) | (223) | - | (3,735) |
| Depreciation | (344,534) | (16,388) | (2,094,461) | (2,438,352) | (337,947) | - | (5,231,682) |
| Closing net book amount | 39,088,117 | 23,856 | 33,437,273 | 48,574,168 | 804,203 | 27,544,444 | 149,472,061 |
| At 31 December 2021 | | | | | | | |
| Cost | 42,990,632 | 54,838 | 53,927,448 | 73,573,789 | 3,272,869 | 27,544,444 | 201,364,020 |
| Accumulated depreciation | (3,902,515) | (30,982) | (20,490,175) | (24,999,621) | (2,468,666) | - | (51,891,959) |
| Net book amount | 39,088,117 | 23,856 | 33,437,273 | 48,574,168 | 804,203 | 27,544,444 | 149,472,061 |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

8 Property, plant and equipment *(continued)*

(a) The Group has engaged in a joint operation pertaining to Emirates National Grid Corporation (“ENGC”). The Group’s share in the carrying amount of ENGC’s assets as at 31 December 2021 is AED 116 million (2020: AED 124 million) and is included under transmission and distribution networks.

(b) During 2008, by way of a Decree issued by H.H. The Ruler of Dubai, all existing plots of land held by the Authority were transferred to the Authority. As a result, the Authority has capitalised the plots of land on the basis of valuations (i.e. valuation based on use limitations) obtained from the Land Department of the Government of Dubai, which is considered the deemed cost and has been treated as a capital contribution by the Government of Dubai.

On initial recognition:

- The valuation of land is done based on the valuation of certificate issued by Dubai Land Department and such valuation is considered for the lands issued in the same area/zone in future.
- The valuation of land so adopted (original value) will not be changed even if the area/zone is changed by the Dubai Land Department subsequently.

(c) The carrying value of property, plant and equipment, pledged as collateral on borrowings, amounts to AED 25,255 million (2020: AED 15,349 million) (refer note 18).

(d) Capital work in progress mainly comprises construction of additional electricity generation, water desalination facilities, transmission and distribution networks and district cooling facilities.

(e) The interest rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to general borrowings during the year which amounts to 2.55% per annum (2020: 5.22% per annum) for the Authority. The interest on general borrowings capitalised using this weighted average interest rate is AED 650 million (2020: AED 476 million). (refer note 28).

(f) During the year, the Group received plots of land from the Land Department of the Government of Dubai amounting to AED 707 million (2020: AED 1,419 million).

(g) During the year, right-of-use assets represents generation plant, which have been reclassified to property, plant and equipment in the consolidated financial statements.

(h) Depreciation is allocated as detailed below:

| | 2021 AED’000 | 2020 AED’000 |
|---|------------------|------------------|
| Cost of sales | | |
| - Generation and desalination expenditure (refer note 25.1) | 2,213,432 | 1,977,645 |
| - Transmission and distribution expenditure (refer note 25.2) | 2,682,658 | 2,466,794 |
| Administrative expenses (refer note 26) | 335,592 | 288,314 |
| | <u>5,231,682</u> | <u>4,732,753</u> |

(i) Prior to its acquisition of Palm District Cooling LLC (PDC) by the Group, PDC had impaired costs relating to projects, which did not develop as anticipated. During 2017, the Group commenced services to the Jumeirah Village Project. This resulted in the reduction of the impairment of pipe network cost. Accordingly, as at 31 December 2021, the Group assessed the impairment of assets related to the Jumeirah Village Project and reversed AED 32 million (2020: AED 54 million).

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

9 Short-term deposits

| | 2021 AED'000 | 2020 AED'000 |
|--------------------------|------------------|------------------|
| Term deposits with banks | <u>4,798,864</u> | <u>3,309,927</u> |

Term deposits amounting to AED 4,799 million (2020: AED 3,010 million) carries an interest ranging from 0.5% to 1.75% per annum.

10 Intangible assets

| | Computer software AED'000 |
|--|------------------------------|
| Year ended 31 December 2020 | |
| Opening net book amount | 132,591 |
| Additions | 32,543 |
| Transfer from property, plant and equipment (refer note 8) | 54,347 |
| Amortisation (refer note 26) | <u>(57,619)</u> |
| Closing net book amount | <u>161,862</u> |

| | Computer software AED'000 |
|----------------------------|------------------------------|
| At 31 December 2020 | |
| Cost | 438,951 |
| Accumulated amortisation | <u>(277,089)</u> |
| Net book amount | <u>161,862</u> |

| | Computer software AED'000 | Others AED'000 | Total AED'000 |
|---|---------------------------------|-------------------|------------------|
| Year ended 31 December 2021 | | | |
| Opening net book amount | 161,862 | - | 161,862 |
| Additions | 17,056 | 364,696 | 381,752 |
| Transfer from property, plant and equipment (refer note 8) | 67,084 | - | 67,084 |
| Amortisation (refer note 26) | <u>(80,721)</u> | <u>(400)</u> | <u>(81,121)</u> |
| Closing net book amount | <u>165,281</u> | <u>364,296</u> | <u>529,577</u> |
| At 31 December 2021 | | | |
| Cost | 523,091 | 364,696 | 887,787 |
| Accumulated amortisation | <u>(357,810)</u> | <u>(400)</u> | <u>(358,210)</u> |
| Net book amount | <u>165,281</u> | <u>364,296</u> | <u>529,577</u> |

Additions under others relates to a contract entered into by a subsidiary wherein a part was recorded under intangible assets and the balance under other financial assets. Refer notes 15 and 36.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

11 Financial assets at fair value through other comprehensive income

| | 2021 AED'000 | 2020 AED'000 |
|---------------------------------------|-----------------|-----------------|
| At the beginning of the year | 57,653 | - |
| Addition during the year | - | 55,372 |
| Fair value adjustment during the year | 460 | 2,281 |
| At the end of the year | <u>58,113</u> | <u>57,653</u> |

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

During the year, gains recognised in other comprehensive income amounted to AED 460 thousand (2020: AED 2,281 thousand).

12 Other assets

| | 2021 AED'000 | 2020 AED'000 |
|---------------------------|------------------|------------------|
| Advances to suppliers | 1,346,191 | 1,616,444 |
| Prepayments | 112,306 | 127,420 |
| | <u>1,458,497</u> | <u>1,743,864</u> |
| Less: non-current portion | (456,773) | (606,888) |
| Current portion | <u>1,001,724</u> | <u>1,136,976</u> |

13 Trade receivables

| | 2021 AED'000 | 2020 AED'000 |
|---|------------------|------------------|
| Trade receivables | 3,271,063 | 5,482,717 |
| Accrued revenue | 1,040,108 | 805,896 |
| Less: provision for impairment of receivables | (422,544) | (344,674) |
| Trade receivables and accrued revenue – net | <u>3,888,627</u> | <u>5,943,939</u> |
| Less: non-current portion | - | (698,459) |
| Current portion | <u>3,888,627</u> | <u>5,245,480</u> |

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

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

13 Trade receivables *(continued)*

The Group considers the credit risk on the outstanding balances from government customers to be low at the reporting date, as these financial assets have low risk of default, the counterparties have strong capacity to meet their contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparties to fulfil its contractual cash flow obligations. Further, during the current year, the Group has entered into a settlement agreement with Department of Finance (DoF), whereby DoF has settled the trade receivables amounting to AED 2,373 million owed by some entities of the Government of Dubai.

Total trade receivables and accrued revenue balances excluding government customers as at 31 December 2021 amounts to AED 3,261 million (2020: AED 3,332 million).

Impairment of trade receivables:

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

| | 2021 AED'000 | 2020 AED'000 |
|---------------------|-----------------|-----------------|
| At 1 January | 344,674 | 256,704 |
| Charge for the year | 77,870 | 87,970 |
| 31 December | <u>422,544</u> | <u>344,674</u> |

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

The Authority supplies electricity and water to a diversified customer base and the standard credit period applied to all customers is 14 days from the date of the invoice.

14 Inventories

| | 2021 AED'000 | 2020 AED'000 |
|--|------------------|------------------|
| Consumables and others | 642,947 | 563,629 |
| Less: provision for slow moving and obsolete inventories | <u>(205,653)</u> | <u>(177,032)</u> |
| | 437,294 | 386,597 |
| Fuel | <u>1,013,855</u> | <u>1,028,806</u> |
| | <u>1,451,149</u> | <u>1,415,403</u> |

Movements in the provision for slow moving and obsolete inventories were as follows:

| | 2021 AED'000 | 2020 AED'000 |
|---------------------|-----------------|-----------------|
| At 1 January | 177,032 | 157,524 |
| Charge for the year | <u>28,621</u> | <u>19,508</u> |
| At 31 December | <u>205,653</u> | <u>177,032</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

15 Other financial assets

| | 2021 AED'000 | 2020 AED'000 |
|---|--------------------|------------------|
| National bonds | 397,099 | 387,061 |
| Other receivables | 3,023,911 | 2,370,298 |
| Less: provision for impairment on other receivables | <u>(47,913)</u> | <u>(47,913)</u> |
| | 3,373,097 | 2,709,446 |
| Less: non-current portion | <u>(1,191,644)</u> | <u>-</u> |
| Current portion | <u>2,181,453</u> | <u>2,709,446</u> |

Other financial assets include investments in UAE National Bonds amounting to AED 397 million (2020: AED 387 million), which have a maturity of 12 months from the date of purchase. UAE National Bonds carry an interest rate of 2.25% per annum (2020: 2.45% to 4% per annum). During the current year, AED Nil (2020: AED 107 million) of investments were matured. The Authority made an additional investment of AED 10 million (2020: AED 11 million).

Other receivables mainly includes housing and sewerage fee receivable on behalf of a related party and interest receivable on bank deposits. As at 31 December 2021, other receivables amounting to AED 2,976 million (2020: AED 2,380 million) are not impaired and amounts of AED 48 million (2020: AED 48 million) are impaired and fully provided for. The carrying amount of the Group's other receivables is primarily denominated in AED and approximates its fair value.

Further, during the current year, the Group has entered into a settlement agreement with Department of Finance (DoF), whereby, DoF has settled the other receivables amounting to AED 335 million owed by some entities of the Government of Dubai.

Other financial asset amounting to AED 57.6 million has been reclassified to financial assets at fair value through other comprehensive income in order to conform to the current year presentation. The reclassification does not affect the previously reported net assets, total equity and profit or loss and other comprehensive income. Refer note 11.

Also refer notes 10 and 36.

16 Cash and cash equivalents

| | 2021 AED'000 | 2020 AED'000 |
|---|------------------|------------------|
| Current and call accounts with banks and other institutions | 4,403,945 | 3,569,781 |
| Cash on hand | <u>2,219</u> | <u>3,310</u> |
| | <u>4,406,164</u> | <u>3,573,091</u> |

Cash and cash equivalents include AED 1,906 million (2020: AED 110 million) in foreign currencies. The majority of these balances are denominated in USD. These balances are held for settlement of existing and anticipated liabilities denominated in foreign currencies.

Cash and cash equivalents also include AED 716 million (2020: AED 590 million) of cash collected by local banks and government collection agencies on behalf of the Group.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

16 Cash and cash equivalents *(continued)*

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

| | 2021 AED'000 | 2020 AED'000 |
|---|------------------|------------------|
| Cash and cash equivalents | 4,406,164 | 3,573,091 |
| Add: term deposits (maturity less than 3 months) | 1,008,223 | 2,207,052 |
| Bank overdrafts (refer note 18) | <u>(442,339)</u> | <u>(477,629)</u> |
| Cash and cash equivalents for the purpose of cashflow | <u>4,972,048</u> | <u>5,302,514</u> |

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

17 Equity

a) *Government of Dubai account*

The Government of Dubai account represents cash and non cash contributions made by the Government of Dubai as an Owner of the Group since the incorporation of the Group.

b) *General reserve*

The general reserve represents surplus distributable profits earned by the Group.

c) *Statutory reserve*

As required by applicable law and articles of association of certain subsidiaries, 10% of the net profit for each period in those subsidiaries is transferred to a statutory reserve. Such transfers to reserves may cease when this reserve equals the issued capital. The reserve is not available for distribution except as stipulated by the law.

d) *Hedging reserve*

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

e) *Non-cash distributions*

Non-cash distributions represent amounts transferred to the Government of Dubai, as an appropriation of retained earnings, which is equivalent to the amount owed by the Government of Dubai to the Group based on amounts owed by third parties assumed by the Government of Dubai.

f) *Share capital*

An amount of AED 500 million has been transferred to share capital account from Government of Dubai account. Subsequent to the year end, the Board of Directors of the Authority have authorised the breakup of the share capital into 50 billion shares of AED 0.01 each. All the shares of the Authority shall rank equally with one another in all aspects. The Authority is in the process of updating its Articles of Association to reflect this share capital and its breakup thereof.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

18 Borrowings

| | 2021 AED'000 | 2020 AED'000 |
|---------------------------------|--------------------------|--------------------------|
| Non-current | | |
| Others (refer (i) below) | <u>23,325,798</u> | <u>16,534,142</u> |
| | 23,325,798 | 16,534,142 |
| Current | | |
| Bank overdrafts (refer note 16) | 442,339 | 477,629 |
| Others (refer (i) below) | <u>2,987,733</u> | <u>1,787,611</u> |
| | 3,430,072 | 2,265,240 |
| | <u>26,755,870</u> | <u>18,799,382</u> |

Borrowings are denominated in the following currencies:

| | 2021 AED'000 | 2020 AED'000 |
|------------|-------------------|-------------------|
| US Dollars | 24,626,044 | 16,700,950 |
| UAE Dirham | <u>2,129,826</u> | <u>2,098,432</u> |
| | 26,755,870 | 18,799,382 |

The Group has secured borrowings amounting to AED 23,981 million (2020: AED 16,407 million) and unsecured borrowings amounting to AED 2,775 million (2020: AED 2,392 million).

Borrowings are secured by pledge of assets (refer note 8), corporate guarantees, government guarantees and letter of undertakings.

(i) Others

Shuaa Energy 1 P.S.C had an equity bridge loan carrying an interest rate of one-month LIBOR+0.70% per annum. The entire loan was repayable on 1 April 2018. The equity bridge loan amounting AED 73 million was converted to subordinated loan by the shareholder, ACWA Power Solar Limited on 29 March 2018 and an amount of AED 47 million is outstanding (2020: AED 53 million).

Shuaa Energy 1 P.S.C has a commercial facility from a syndicate of banks amounting to AED 512 million (2020: AED 525 million) carrying an interest rate of LIBOR+1.35% per annum (which is set to increase up to 2.5% until 2040 revisable once in 5 years). The loan is repayable in bi-annual instalments beginning from September 2017 up to 31 March 2040.

Shuaa Energy 1 P.S.C has an Istisna-Ijara facility amounting to AED 413 million (2020: AED 423 million) carrying an interest rate of LIBOR+1.35% per annum. The facility is repayable in bi-annual instalments beginning from September 2017 up to 31 March 2040.

Shuaa Energy 2 P.S.C has an equity bridge loan of AED 213 million (2020: AED 213 million) carrying a fixed interest rate of 2.965% per annum. The loan is repayable in quarterly instalments beginning from 1 April 2022 up to 31 March 2047.

Shuaa Energy 2 P.S.C has an equity bridge loan of AED 142 million (2020: AED 142 million) carrying an interest rate of one-month LIBOR+1.08% per annum. The loan is repayable on 31 March 2022.

Shuaa Energy 2 P.S.C has a commercial facility from a syndicate of banks amounting to AED 1,423 million (2020: AED 1,491 million) carrying an interest rate of one-month LIBOR+1.75% per annum. The loan is repayable on quarterly instalments beginning from 30 September 2020.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

18 Borrowings *(continued)*

(i) Others *(continued)*

Shuaa Energy 2 P.S.C has an Islamic facility from a syndicate of banks amounting to AED 815 million *(2020: AED 889 million)* carrying an interest rate of one-month LIBOR+1.75% per annum. The loan is repayable on quarterly instalments beginning from 30 September 2020.

Mai Dubai LLC has a bank overdraft amounting to AED 442 million *(2020: AED 478 million)* carrying an interest rate of 0.5%.

Hassyan Energy Phase 1 P.S.C has a commercial facility of AED 7,775 million *(2020: AED 7,098 million)* from a syndicate of banks carrying an interest rate of LIBOR+2.1% per annum. The loan is repayable beginning from 31 August 2021 up to 28 February 2041.

Hassyan Energy Phase 1 P.S.C has a mezzanine facility of AED 430 million *(2020: AED 370 million)* carrying a fixed rate interest of 6.5% per annum. The loan is repayable beginning from 31 May 2041 up to 29 February 2048.

Hassyan Energy Phase 1 P.S.C has equity bridge loans of AED 298 million *(2020: AED 108 million)*. The loans are interest free.

EMPOWER has a loan amounting to AED 1,988 million *(2020: AED 1,322 million)* carrying an interest rate of 1 month LIBOR+1.5% per annum. The loan is repayable in six months instalments commenced from June 2019 with the maturity date of June 2026.

Dubai Green Fund Investments LLC has a loan amounting to AED 1,647 million *(2020: AED 1,495 million)* carrying an interest rate of 1.2% per annum. The loan is repayable over tenor of 1 year.

Al Etihad Energy Services Company LLC has a loan amounting to AED 41 million *(2020: AED 126 million)* carrying an interest rate of 6.95% per annum. The loan is repayable over period of five years commenced from August 2019.

Shuaa Energy 3 P.S.C has a loan amounting to AED 907 million *(2020: 143 million)* carrying an interest rate of LIBOR+1.40% per annum. The loan repayment is scheduled from September 2023 until March 2047.

Shuaa Energy 3 P.S.C has equity bridge loans of AED 147 million *(2020: 147 million)* carrying an interest rate of LIBOR+0.75% per annum. The final maturity date is the date falling one hundred and twenty (120) months after the date of Financial Close.

Noor Energy 1 P.S.C has an equity bridge loan amounting to AED 2,742 million *(2020: AED 2,796 million)* carrying an interest rate of LIBOR+1% per annum. The final maturity date is the earlier of the date falling on the second anniversary of the Commercial Operation Date and 10 February 2025.

Noor Energy 1 P.S.C has a loan amounting to AED 6,774 million *(2020: AED 1,897 million)* carrying an interest rate of LIBOR+1% per annum. The loan is repayable beginning from 01 July 2023 up to 22 December 2043.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

18 Borrowings *(continued)*

(i) Others *(continued)*

At 31 December 2021, the Group had available AED 5,055 million (2020: AED 12,360 million) of undrawn borrowing facilities from various lenders. The Group has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods.

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

19 Retirement benefits obligations

| | 2021 AED'000 | 2020 AED'000 |
|--|--------------------|--------------------|
| Provision for employees' end of service benefits (refer note 19.1) | 937,561 | 962,091 |
| Provision for pension (refer note 19.2) | 83,017 | 86,706 |
| | <u>1,020,578</u> | <u>1,048,797</u> |
| Less: non-current portion | <u>(1,008,904)</u> | <u>(1,036,398)</u> |
| Current portion (refer note 22) | <u>11,674</u> | <u>12,399</u> |

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

19.1 Provision for employees' end of service benefits

In 2021 and 2020, an actuarial valuation was performed using the projected unit credit method to ascertain the present value of the obligation relating to the end of service benefits payable to expatriate employees in accordance with the Dubai Government Human Resources Management Law No. 27 of 2006. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving service. The obligation for end of service benefits is not funded. The principal actuarial assumptions used were as follows:

- Expected salary increase of 2.35% per annum (2020: 2.35% per annum);
- Discount rate used to determine the present value of the obligation was 3.12% per annum (2020: 2.45% per annum); and
- The average rate of mortality and withdrawal is not significantly different from the trends noted at the valuation date. The mortality rates are based on Employers Groups reinsurance rates. Withdrawal rates assumed the age wise withdrawal rates that incorporates the experience of DEWA in terms of the overall withdrawals during the last three years.

The rate used for discounting the employees' end of service benefits should be based on market yields on high quality corporate bonds. In countries where there is no deep market for such bonds, the market yields on government bonds should be used. In the UAE, there is no deep market for corporate bonds and no market for government bonds and, therefore, the discount rate has been estimated using the US AA-rated corporate bond market as a proxy.

As a result, the Group has recognised an actuarial gain of AED 97 million (2020: AED 20 million) in other comprehensive income.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

19 Retirement benefits obligations *(continued)*

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

Sensitivity analysis

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

| | 2021 | | 2020 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | AED'000 Increase | AED'000 Decrease | AED'000 Increase | AED'000 Decrease |
| Salary growth (+/- 0.5%) | <u>926,811</u> | <u>822,623</u> | <u>967,645</u> | <u>847,247</u> |
| Discount rate (+/- 0.5%) | <u>826,932</u> | <u>923,683</u> | <u>826,351</u> | <u>941,803</u> |
| Life expectancy (increase/ decrease by 1 year) | <u>873,235</u> | <u>873,060</u> | <u>906,772</u> | <u>906,590</u> |

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

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

The expected gratuity expense for the next one year commencing 1st January 2022 works out to AED 93.5 million (2021: AED 104 million). These amounts are the sum of current service cost and net interest cost/(income).

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

| | 2021 AED'000 | 2020 AED'000 |
|---|-----------------|-----------------|
| At 1 January | 962,091 | 892,679 |
| Addition on acquisition of a subsidiary | - | 716 |
| Charge for the year (refer note 27) | 124,204 | 124,973 |
| Re-measurements | (96,851) | (19,696) |
| Payments made during the year | <u>(51,883)</u> | <u>(36,581)</u> |
| At 31 December | <u>937,561</u> | <u>962,091</u> |

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

| | 2021 AED'000 | 2020 AED'000 |
|----------------------|-----------------|-----------------|
| Current service cost | 98,415 | 97,383 |
| Interest cost | <u>25,789</u> | <u>27,590</u> |
| | <u>124,204</u> | <u>124,973</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

19 Retirement benefits obligations *(continued)*

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

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

| | 2021 AED'000 | 2020 AED'000 |
|--|-----------------|-----------------|
| Re-measurements: Actuarial (gain)/loss on obligation | | |
| (Gain)/loss due to change in financial assumptions | (66,380) | 64,984 |
| (Gain) due to change in experience adjustments | (30,471) | (84,680) |
| | <u>(96,851)</u> | <u>(19,696)</u> |

Maturity profile

| | 2021 AED'000 | 2020 AED'000 |
|-------------------|------------------|------------------|
| 0 to 1 year | 92,614 | 33,409 |
| 1 to 2 year | 44,826 | 41,233 |
| 2 to 5 year | 126,840 | 134,655 |
| 5 years and above | 1,315,524 | 1,239,819 |
| | <u>1,579,804</u> | <u>1,449,116</u> |

The employee profile of the Group is as detailed below:

| | 2021 | 2020 |
|------------------------------|--------------|--------------|
| Average age (years) | <u>43.02</u> | <u>42.31</u> |
| Average past service (years) | <u>12.00</u> | <u>11.00</u> |
| Average entry age (years) | <u>30.77</u> | <u>30.81</u> |

19.2 Provision for pension

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

In 2020 and 2019, an actuarial valuation was performed using assumptions based on market expectations, at the reporting date, for the period over which the obligations are to be settled for eligible UAE national employees who retired before 1 January 2003. The obligation for end of service benefits is not funded. The principal actuarial assumptions used were as follows:

- Discount rate used to determine the present value of the obligation was 2.83% per annum (2020: 2.45% per annum);
- The average rate of mortality and withdrawal is not significantly different from the trends noted at the valuation date. The mortality rates are based on Employers Groups reinsurance rates.
- Administrative expenses would be borne by the Authority and accordingly no allowance for these have been considered for the valuation.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

19 Retirement benefits obligations *(continued)*

19.2 Provision for pension *(continued)*

19.2.1 Provision for pensions (for eligible UAE national employees who retired before 1 January 2003) *(continued)*

The rate used to discount post employment benefit obligations should be determined by reference to market yields at the balance sheet date on high quality corporate bonds. The discount rate reflects the estimated timing of the benefit payments. A single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

The movements in the provision for pensions are analysed below:

| | 2021 AED'000 | 2020 AED'000 |
|-------------------------------------|-----------------|-----------------|
| At 1 January | 74,307 | 74,438 |
| Charge for the year (refer note 27) | - | 5,386 |
| Payments made during the year | (2,964) | (5,517) |
| At 31 December | <u>71,343</u> | <u>74,307</u> |

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

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

| | 2021 AED'000 | 2020 AED'000 |
|-------------------------------------|-----------------|-----------------|
| At 1 January | 12,399 | 11,357 |
| Charge for the year (refer note 27) | 112,810 | 107,309 |
| Payments made during the year | (113,535) | (106,267) |
| At 31 December | <u>11,674</u> | <u>12,399</u> |

Total provision for pension has been presented as follows:

| | 2021 AED'000 | 2020 AED'000 |
|-------------------------------|-----------------|-----------------|
| At the beginning of the year | 86,706 | 85,795 |
| Charge for the year | 112,810 | 112,695 |
| Payments made during the year | (116,499) | (111,784) |
| At the end of the year | <u>83,017</u> | <u>86,706</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

20 Lease liabilities

| | 2021 AED'000 | 2020 AED'000 |
|---------------------------|-----------------|-----------------|
| At 1 January | 21,325 | 27,012 |
| Additions during the year | 1,070 | 2,710 |
| Payments during the year | <u>(7,443)</u> | <u>(8,397)</u> |
| At 31 December | 14,952 | 21,325 |
| Less: current portion | <u>(3,013)</u> | <u>(6,438)</u> |
| Non-current portion | <u>11,939</u> | <u>14,887</u> |

Lease liabilities related to right-of-use assets recognised as per IFRS 16 (refer note 8).

Maturity analysis of lease liabilities:

| | 2021 AED'000 | 2020 AED'000 |
|--------------------|-----------------|-----------------|
| Less than one year | 3,013 | 6,438 |
| More than one year | 11,939 | 14,887 |
| At 31 December | <u>14,952</u> | <u>21,325</u> |

21 Other long term liabilities

| | 2021 AED'000 | 2020 AED'000 |
|------------------------------|-------------------|-------------------|
| Deferred revenue | 23,585,317 | 21,851,900 |
| Advances for new connections | 7,037,619 | 8,094,457 |
| Retentions payable | <u>876,234</u> | <u>664,802</u> |
| | <u>31,499,170</u> | <u>30,611,159</u> |

22 Trade and other payables

| | 2021 AED'000 | 2020 AED'000 |
|--|-------------------|-------------------|
| Consumers' security deposits | 3,797,877 | 3,437,285 |
| Capital projects payables | 2,120,104 | 3,218,986 |
| Trade payables | 1,599,340 | 2,309,294 |
| Retentions payable | 1,569,971 | 1,696,034 |
| Deferred revenue | 1,040,856 | 855,240 |
| Advances for new connections | 781,958 | 899,384 |
| Accrual for staff benefits | 269,969 | 260,044 |
| Retirement benefit obligations (refer note 19) | 11,674 | 12,399 |
| Other payables | <u>2,589,930</u> | <u>1,960,568</u> |
| | <u>13,781,679</u> | <u>14,649,234</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2021

23 Related party transactions and balances

The Group transacts with its Owner, joint ventures and entities controlled, jointly controlled or significantly influenced by the Owner within the scope of its ordinary business activities. Since the Group is wholly owned by the Government of Dubai, these entities are jointly referred to as 'government related entities'.

The Group applies the exemption relating to government related entities under IAS 24 'Related Parties' and only discloses transactions and balances with government related entities which are individually or collectively significant.

To determine significance, the Group considers various qualitative and quantitative factors including whether transactions with related parties are conducted in the ordinary course of business.

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

Related party transactions

The material transactions and balances with related parties are disclosed below, except as disclosed in notes 8, 13, 15, 20, 24, 25, 26, 27, 28, 33 and 34 in these consolidated financial statements:

(a) *Sale of electricity and water*

In common with many other entities, the Group deals in the normal course of business with various government entities in Dubai. The rates applied for these sales are at par with other customers of a similar nature.

For certain quantities of electricity and water sold to UAE nationals, the Group calculates the value of these quantities supplied at base rate and these amounts are settled by the Government of Dubai.

(b) *Purchase of goods and services*

In the normal course of business, the Group purchased fuel from entities owned by the Government of Dubai. During the year, the Group consumed fuel amounting to AED 6,500 million (2020: AED 6,454 million) from various entities.

During the year, the Group purchased water amounting to AED 24 million (2020: AED 39 million) from an entity under common control.

During the year, the Group contributed an amount of AED 30 million (2020: AED 35 million) to an organisation managed by the Group for purposes of promotion of clean energy and water conservation.

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

DEWA transacts with various banks and financial institutions which are wholly or partially controlled by the Government of Dubai. All of the Group's transactions with such banks are on normal commercial terms. A portion of the cash and cash equivalents as disclosed in note 16 are on deposit with such banks.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

23 Related party transactions and balances *(continued)*

Related party transactions *(continued)*

(d) Compensation to key management personnel

| | 2021 AED'000 | 2020 AED'000 |
|---|-----------------|-----------------|
| Salaries and short term employee benefits | 74,152 | 65,854 |
| Post-employment benefits | 3,139 | 5,889 |
| | <u>77,291</u> | <u>71,743</u> |

(e) Board members' interests

Other than remuneration paid to key management personnel, the Board members of the Authority had no beneficial interest in DEWA or its subsidiaries during 2021 and 2020.

Related party balances

| | 2021 AED'000 | 2020 AED'000 |
|--|-----------------|-----------------|
| <i>Due from related parties</i> | | |
| Joint ventures | <u>-</u> | <u>592</u> |

The amounts outstanding at year end are unsecured, interest free, payable on demand and will be settled in cash. No impairment charge has been recognised during 2021 and 2020 in respect of amounts owed by related parties. These balances are included in trade receivables (refer note 13).

Impairment of a joint venture

During the year, provision of an amount of AED 4.8 million has been recognised (refer note 7.3).

Impairment of a subsidiary

During the year, assets of AED 5.95 million are unlikely to be recovered from Innogy International Middle East LLC as the company is in process of liquidation. Hence, provision for AED 6 million has been recognised during the year ended 31 December 2021.

24 Revenue

| | 2021 AED'000 | 2020 AED'000 |
|---------------------|-------------------|-------------------|
| Sale of electricity | 15,099,572 | 13,920,862 |
| Sale of water | 4,341,902 | 4,329,372 |
| District cooling | 2,456,586 | 2,247,170 |
| Others | 1,925,908 | 1,964,491 |
| | <u>23,823,968</u> | <u>22,461,895</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2021

24 Revenue (continued)

Others include:

- Handling fees amounting to AED 52 million (2020: AED 53 million) represent amounts paid by government related entities to the Group for providing collection services.
- Amortisation of deferred revenue amounting to AED 933 million (2020: AED 865 million).

Revenue is net of fair value adjustment of AED 7 million (2020: AED 31 million).

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

24.1 Disaggregation of revenue

| | Electricity | | Water | | District cooling charges | | Others | | Total | |
|-----------------------------------|-------------------|-------------------|------------------|------------------|--------------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 |
| Timing of revenue recognition | | | | | | | | | | |
| Products and services transferred | | | | | | | | | | |
| -at a point in time | 15,099,572 | 13,920,862 | 4,341,902 | 4,329,372 | 2,456,586 | 2,247,170 | 992,741 | 1,099,334 | 22,890,801 | 21,596,738 |
| -over time | - | - | - | - | - | - | 933,167 | 865,157 | 933,167 | 865,157 |
| | 15,099,572 | 13,920,862 | 4,341,902 | 4,329,372 | 2,456,586 | 2,247,170 | 1,925,908 | 1,964,491 | 23,823,968 | 22,461,895 |

25 Cost of sales

| | 2021 AED'000 | 2020 AED'000 |
|--|-------------------|-------------------|
| Generation and desalination expenditures (refer note 25.1) | 9,780,699 | 9,437,934 |
| Transmission and distribution expenditures (refer note 25.2) | 4,418,456 | 4,110,149 |
| Purchase of power and water | 97,936 | 102,074 |
| Others | 1,242,696 | 551,056 |
| | 15,539,787 | 14,201,213 |

25.1 Generation and desalination expenditures

| | 2021 AED'000 | 2020 AED'000 |
|---|------------------|------------------|
| Fuel costs | 6,500,052 | 6,454,173 |
| Depreciation (refer note 8) | 2,213,432 | 1,977,645 |
| Amortisation (refer note 10) | 400 | - |
| Employee benefit expenses (refer note 27) | 548,894 | 536,299 |
| Repairs and maintenance | 475,705 | 416,846 |
| Others | 42,216 | 52,971 |
| | 9,780,699 | 9,437,934 |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

25 Cost of sales *(continued)*

25.2 Transmission and distribution expenditures

| | 2021 AED'000 | 2020 AED'000 |
|---|------------------|------------------|
| Depreciation (refer note 8) | 2,682,658 | 2,466,794 |
| Employee benefit expenses (refer note 27) | 1,461,095 | 1,437,882 |
| Repairs and maintenance | 230,780 | 151,433 |
| Others | 43,923 | 54,040 |
| | <u>4,418,456</u> | <u>4,110,149</u> |

26 Administrative expenses

| | 2021 AED'000 | 2020 AED'000 |
|---|------------------|------------------|
| Employee benefit expenses (refer note 27) | 1,504,018 | 1,574,649 |
| Repairs and maintenance | 240,762 | 399,005 |
| Depreciation (refer note 8) | 335,592 | 288,314 |
| Amortisation (refer note 10) | 80,721 | 57,619 |
| Insurance | 65,618 | 61,531 |
| Others | 689,734 | 631,193 |
| | <u>2,916,445</u> | <u>3,012,311</u> |

Provision for slow moving and obsolete inventories amounting to AED 19.5 million has been reclassified to cost of sales in order to conform to the current year presentation. The reclassification does not affect the previously reported net assets, total equity and profit or loss and other comprehensive income.

27 Employee benefit expenses

| | 2021 AED'000 | 2020 AED'000 |
|--|------------------|------------------|
| Salaries | 2,457,931 | 2,588,505 |
| Retirement benefit obligations (refer note 19) | 237,014 | 237,668 |
| Bonus | 240,923 | 230,948 |
| Other benefits | 578,139 | 491,709 |
| | <u>3,514,007</u> | <u>3,548,830</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

27 Employee benefit expenses *(continued)*

Employee benefit expenses are allocated as detailed below:

| | 2021 AED'000 | 2020 AED'000 |
|--|------------------|------------------|
| Cost of sales | | |
| - Generation and desalination expenditure (refer note 25.1) | 548,894 | 536,299 |
| - Transmission and distribution expenditure (refer note 25.2) | 1,461,095 | 1,437,882 |
| Administrative expenses (refer note 26) | 1,504,018 | 1,574,649 |
| | <u>3,514,007</u> | <u>3,548,830</u> |

28 Finance (costs)/income - net

| | 2021 AED'000 | 2020 AED'000 |
|---|--------------------|------------------|
| <i>Finance costs</i> | | |
| Interest on bank and other borrowings | (1,030,630) | (739,291) |
| Discounting of cheques | (1,963) | - |
| Interest on lease liabilities | (718) | (1,146) |
| Amortisation of borrowing costs | - | (3,224) |
| | <u>(1,033,311)</u> | <u>(743,661)</u> |
| Amounts capitalised (refer note 8) | 650,445 | 475,695 |
| | <u>(382,866)</u> | <u>(267,966)</u> |
| <i>Finance income</i> | | |
| Amortisation of financial liabilities | - | (28,283) |
| Interest income on short term bank deposits | 135,413 | 209,335 |
| Interest earned on financial assets | 610 | - |
| Reversal of fair value adjustment for trade receivables | 29,442 | 58,427 |
| | <u>165,465</u> | <u>239,479</u> |
| Finance costs - net | <u>(217,401)</u> | <u>(28,487)</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

29 Net cash inflow from operating activities

| | <i>Notes</i> | 2021 AED'000 | 2020 AED'000 |
|--|--------------|--------------------|-----------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 6,553,447 | 5,306,338 |
| Adjustments for: | | | |
| Depreciation | 8 | 5,231,682 | 4,732,753 |
| Amortisation – intangible assets | 10 | 81,121 | 57,619 |
| Provision for slow moving and obsolete inventories | 14 | 28,621 | 19,508 |
| Reversal of impairment of property, plant and equipment | 8 | (32,328) | (53,529) |
| Fair value adjustments of receivables | | (48,832) | - |
| Reversal of fair value adjustment for trade receivables | 24 | 7,204 | 31,399 |
| Charge for impairment of trade receivables | 13 & 23 | 83,822 | 87,969 |
| Deferred income | 24.1 | (933,167) | (865,157) |
| Retirement benefit obligations – gratuity | 19 | 124,204 | 124,973 |
| Retirement benefit obligations – pensions | 19 | 112,810 | 112,695 |
| Provision for impairment from investment in joint venture | 7 | 4,785 | - |
| Share of loss from investment in joint ventures | 7 | (502) | 2,392 |
| Ineffective portion of gain on derivative financial instrument | | (5,969) | 20,306 |
| Loss on sale of property, plant and equipment | | (181) | 1,428 |
| Finance cost expenses | 28 | 382,866 | 267,966 |
| Finance income | 28 | (165,465) | (239,479) |
| <i>Operating cash flows before changes in operating assets and liabilities</i> | | 11,424,118 | 9,607,181 |
| Changes in operating assets and liabilities: | | | |
| Inventories | 14 | (64,368) | (147,991) |
| Other assets | | 285,367 | 240,841 |
| Trade receivables | | (1,064,227) | (1,402,379) |
| Other financial assets | | (661,766) | (1,107,391) |
| Trade and other payables | | 838,477 | 1,174,483 |
| Regulatory deferral account credit balance | 34 | (569,225) | 201,202 |
| <i>Net operating cash flows</i> | | 10,188,376 | 8,565,946 |
| Payment for retirement benefit obligations – gratuity | 19 | (51,883) | (36,581) |
| Payment for retirement benefit obligations – pensions | 19 | (116,499) | (111,784) |
| Net cash inflow from operating activities | | 10,019,994 | 8,417,581 |

30 Commitments

| | 2021 AED'000 | 2020 AED'000 |
|--|-------------------|-----------------|
| Future commitments including capital expenditure | 16,802,580 | 24,204,812 |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2021

31 Financial instruments by category

Financial assets

| | 2021 AED'000 | 2020 AED'000 |
|---|--------------------------|--------------------------|
| At fair value through profit or loss | | |
| Derivative financial instruments (refer note 32) | <u>10,645</u> | <u>4,655</u> |
| At amortised cost | | |
| Trade receivables (refer note 13) | 3,888,627 | 5,943,939 |
| Other financial assets (refer note 15) | 3,373,097 | 2,709,446 |
| Financial assets at fair value through other comprehensive income (refer note 11) | 58,113 | 57,653 |
| Short-term deposits (refer note 9) | 4,798,864 | 3,309,927 |
| Cash and cash equivalents (refer note 16) | <u>4,406,164</u> | <u>3,573,091</u> |
| | <u>16,524,865</u> | <u>15,594,056</u> |

Financial liabilities

| | 2021 AED'000 | 2020 AED'000 |
|--|--------------------------|--------------------------|
| At fair value through profit or loss | | |
| Derivative financial instruments (refer note 32) | <u>2,416,127</u> | <u>3,837,641</u> |
| At amortised cost | | |
| Trade and other payables* (refer note 22) | 11,947,191 | 12,882,211 |
| Other long term liabilities* (refer note 21) | 876,234 | 664,802 |
| Borrowings (refer note 18) | <u>26,755,870</u> | <u>18,799,382</u> |
| | <u>39,579,295</u> | <u>32,346,395</u> |

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

32 Derivative financial instruments

The Group is exposed to interest rate movements on various borrowings maturing between 2017 and 2042. Certain subsidiaries have entered into a series of interest rate swaps for the duration of the borrowings to mitigate the risk of variation in future interest rates. These interest rate swaps were designated as cash flow hedges and were assessed to be highly effective. Net unrealised gains of AED 1,033 million (2020: losses of AED 2,356 million) relating to these hedging instruments is included in other comprehensive income.

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

| Description of the hedged item | Hedging instrument | Notional amount AED'000 | Positive fair value AED'000 | Negative fair value AED'000 |
|--|--------------------|----------------------------|--------------------------------|--------------------------------|
| 2021: | | | | |
| Interest payments on floating rate loans | Interest rate swap | <u>32,083,278</u> | <u>10,645</u> | <u>2,416,127</u> |
| 2020 | | | | |
| Interest payments on floating rate loans | Interest rate swap | <u>13,533,670</u> | <u>4,655</u> | <u>3,837,641</u> |

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

32 Derivative financial instruments *(continued)*

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

| | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|--|--------------------|--------------------|--------------------|------------------|
| 31 December 2021 | | | | |
| Assets measured at fair value | | | | |
| Derivative financial instruments | - | 10,645 | - | 10,645 |
| Liabilities measured at fair value | | | | |
| Derivative financial instruments (non-current portion) | - | 2,259,830 | - | 2,259,830 |
| Derivative financial instruments (current portion) | - | 156,297 | - | 156,297 |
| 31 December 2020 | | | | |
| Assets measured at fair value | | | | |
| Derivative financial instruments | - | 4,655 | - | 4,655 |
| Liabilities measured at fair value | | | | |
| Derivative financial instruments (non-current portion) | - | 3,825,387 | - | 3,825,387 |
| Derivative financial instruments (current portion) | - | 12,254 | - | 12,254 |

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

33 Dividends

During the year, the Authority declared and paid a dividend amounting to AED 1,000 million in respect of the year ended 31 December 2020 (2020: AED 1,500 million in respect of the year ended 31 December 2019) and AED 1,000 million as interim dividend during the year ended 31 December 2021.

During the year, EMPOWER declared a dividend of AED 300 million in respect of year ended 31 December 2020 (2020: AED 400 million in respect of the year ended 31 December 2019) which was approved by the Board of Directors of EMPOWER. An amount of AED 90 million (2020: AED 120 million) was paid to the non-controlling interest as dividend.

34 Regulatory deferral account credit balance

The prices that can be charged to customers for electricity and water by the Group are subject to oversight and/or approval by the Supreme Council of Energy; hence the Group is subject to rate regulation. The Supreme Council of Energy through its notification issued in 2010 has allowed the Group to recover the additional costs it incurs due to the escalation in fuel prices considering 2010 as the base year from its customers.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

34 Regulatory deferral account credit balance *(continued)*

The Supreme Council of Energy is also controlled by the Government of Dubai and it is a related party of the Group.

The Group has recorded AED 379 million as at 31 December 2021 *(2020: AED 948 million)* in excess of the actual increase in fuel costs incurred since 2010 till date as regulatory deferral account credit balance.

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

The movement in regulatory deferral account credit balance is detailed below:

| | 2021 AED'000 | 2020 AED'000 |
|---|------------------|-----------------|
| At 1 January | 948,248 | 747,046 |
| (Short)/excess collection during the year | <u>(569,224)</u> | <u>201,202</u> |
| At 31 December | <u>379,024</u> | <u>948,248</u> |

35 Earnings per share/diluted share

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

| | 2021 AED'000 | 2020 AED'000 |
|---|-------------------|-------------------|
| Earnings | | |
| Profit for the year, attributable to the Owner of the Authority | <u>6,123,112</u> | <u>5,094,728</u> |
| | 2021 | 2020 |
| Number of shares in thousands | | |
| Number of ordinary shares for basic earnings per share at 31 December | <u>50,000,000</u> | <u>50,000,000</u> |
| | 2021 | 2020 |
| Earnings per share | | |
| Basic and diluted earnings per share (AED) | <u>0.12</u> | <u>0.10</u> |

During the year, the Authority issued shares of 50,000 million amounting to AED 500 million by conversion of Government of Dubai account into share capital (refer note 17(f)). As the issued shares did not have a corresponding change in resources, the number of shares as of 31 December 2020 have been adjusted for the purpose of calculating the weighted average number of ordinary shares.

36 Acquisition of Snow LLC

On 18 August 2021 later amended on 16 December 2021, EMPOWER entered into a sale and purchase agreement with Nakheel PJSC (Nakheel) to acquire 100% share capital of Snow LLC, a subsidiary of Nakheel, for a period of 30 years for a net consideration of AED 668 million.

Dubai Electricity and Water Authority (PJSC)

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2021

36 Acquisition of Snow LLC *(continued)*

Snow LLC (entity) is a company incorporated in Dubai, UAE (registration no. 1569318), whose registered office is at Emirate of Dubai. The company is a special purpose vehicle that entered into a master concession agreement with Nakheel, whereby Nakheel granted rights to Snow LLC to operate and maintain the cooling systems and to provide district cooling services to its developments, in accordance with the terms and conditions set out in the agreement. Furthermore, on 16 December 2021, Nakheel signed an asset transfer agreement with Snow LLC transferring the rights, title, and interest in 16 District cooling assets.

Management performed a detailed analysis on Snow transaction with Nakheel and concluded this as a failed sale transaction and accounted for it as a finance arrangement at the net present value of the consideration paid amounting to AED 305 million (given the minimum guaranteed amount guaranteed by the seller under the contract). The excess consideration paid of AED 364 million represents an intangible for the right to use the district cooling assets under the transaction for a period of 30 years. Refer notes 10 and 15.

The acquisition of Snow LLC did not qualify as a transaction to be accounted for under IFRS 3 (Business Combinations) given the lack of business processes available in Snow LLC.

37 COVID-19 impact

On 11 March 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. The business outlook for 2020 and 2021 has been impacted by associated risks and uncertainties. There has been a significant reduction in movement and discretionary spending, impacting businesses and economy.

During the previous year, in line with H.H. The Ruler of Dubai directives in promoting and supporting the economy of Dubai, the Authority had provided 10% discount on electricity and water consumption bills for all consumer groups starting 12 March 2020 for a period of three months. As a result, the Authority had experienced reductions in income associated with consumption of electricity and water to these businesses. No such discounts were provided by the Authority in the current year.

The Group is closely monitoring the developing situation of the pandemic at country, regional and global level and will continue to evaluate and assess the effects of pandemic. The Group will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue its operations in the best and safest way possible without jeopardising the health of its employees.

38 Comparative figures

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

39 Subsequent events

- (a) Subsequent to the year end, on 31 January 2022, the Authority declared and paid a dividend amounting to AED 10,000 million in respect of the year ended 31 December 2021.
- (b) Subsequent to the year end, the Authority has obtained a long-term loan of AED 10,000 million from a commercial bank. The loan carries interest at 1-month EIBOR + margin. The term of the loan is five years and repayable in full upon its maturity.

Dubai Electricity and Water Authority

Consolidated financial statements
for the year ended 31 December 2020

Dubai Electricity and Water Authority

Consolidated financial statements *for the year ended 31 December 2020*

| <i>Content</i> | <i>Page(s)</i> |
|--|-----------------------|
| Independent auditors' report | 1 – 3 |
| Consolidated statement of financial position | 4 |
| Consolidated statements of profit or loss and other comprehensive income | 5 |
| Consolidated statement of changes in equity | 6 – 7 |
| Consolidated statement of cash flows | 8 |
| Notes to the consolidated financial statements | 9 – 66 |



KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent Auditors' Report

To the Owner of Dubai Electricity and Water Authority

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dubai Electricity and Water Authority ("the Authority") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 2 February 2020.



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 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1015
Dubai, United Arab Emirates

Date: **31 JAN 2021**

Dubai Electricity and Water Authority

Consolidated statement of financial position

| | Note | At 31 December | |
|---|------|--------------------|--------------------|
| | | 2020 AED'000 | 2019 AED'000 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 137,876,386 | 127,786,936 |
| Right-of-use assets | 8 | 3,123,020 | 24,368 |
| Intangible assets | 9 | 161,862 | 132,591 |
| Investments accounted for using the equity method | 6.3 | 5,720 | 5,083 |
| Derivative financial instruments | 30 | 4,655 | 88,770 |
| Other assets | 10 | 606,888 | 585,522 |
| Trade receivables | 11 | 698,459 | 843,142 |
| | | <u>142,476,990</u> | <u>129,466,412</u> |
| Current assets | | | |
| Inventories | 12 | 1,415,403 | 1,286,920 |
| Other assets | 10 | 1,136,976 | 1,399,184 |
| Trade receivables | 11 | 5,245,480 | 4,586,932 |
| Other financial assets at amortised cost | 13 | 2,767,099 | 1,805,084 |
| Cash and bank balances | 14 | 6,883,018 | 11,778,208 |
| | | <u>17,447,976</u> | <u>20,856,328</u> |
| Total assets | | <u>159,924,966</u> | <u>150,322,740</u> |
| Equity and liabilities | | | |
| Equity | | | |
| Government of Dubai account | 15 | 39,829,878 | 38,410,937 |
| General reserve | 15 | 52,239,576 | 49,452,877 |
| Statutory reserve | 15 | 352,103 | 351,953 |
| Hedging reserve | 15 | (1,982,987) | (857,543) |
| | | <u>90,438,570</u> | <u>87,358,224</u> |
| Non-controlling interests | | (416,991) | 516,125 |
| Total equity | | <u>90,021,579</u> | <u>87,874,349</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 16 | 16,534,142 | 10,655,686 |
| Retirement benefit obligations | 17 | 1,036,398 | 967,117 |
| Derivative financial instruments | 30 | 3,825,387 | 1,723,128 |
| Lease liabilities | 18 | 14,887 | 19,860 |
| Other long term liabilities | 19 | 30,611,159 | 28,361,679 |
| | | <u>52,021,973</u> | <u>41,727,470</u> |
| Current liabilities | | | |
| Trade and other payables | 20 | 14,649,234 | 13,678,108 |
| Borrowings | 16 | 2,265,240 | 6,255,989 |
| Derivative financial instruments | 30 | 12,254 | 32,626 |
| Lease liabilities | 18 | 6,438 | 7,152 |
| | | <u>16,933,166</u> | <u>19,973,875</u> |
| Total liabilities | | <u>68,955,139</u> | <u>61,701,345</u> |
| Total equity and liabilities | | <u>158,976,718</u> | <u>149,575,694</u> |
| Regulatory deferral account credit balance | 32 | 948,248 | 747,046 |
| Total equity, liabilities and regulatory deferral account credit balance | | <u>159,924,966</u> | <u>150,322,740</u> |

To the best of our knowledge, these consolidated financial statements fairly represents in all material respects, the consolidated financial position, results of operation and cash flows for the Group as of and for, the year ended 31 December 2020

These consolidated financial statements were approved by the Board of Directors on 31 January 2021 and signed on its behalf by:

.....
 Managing Director &
 Chief Executive Officer

.....
 Chief Financial Officer

.....
 Chairman

.....
 Director

The independent auditors' report is set out on pages 1 and 3.

The notes on pages 9 to 66 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority

Consolidated statements of profit or loss and other comprehensive income

for the year ended 31 December 2020

| | Note | For the year ended 31 December | |
|--|------|--------------------------------|------------------|
| | | 2020 AED'000 | 2019 AED'000 |
| Revenue | 22 | 22,260,693 | 22,886,986 |
| Cost of sales | 23 | (14,181,722) | (14,119,335) |
| Gross profit | | 8,078,971 | 8,767,651 |
| Administrative expenses | 24 | (3,031,802) | (2,696,870) |
| Credit impairment losses | 11 | (87,970) | (21,212) |
| Other income | | 378,018 | 331,890 |
| Operating profit | | 5,337,217 | 6,381,459 |
| Finance costs | 26 | (267,966) | (243,778) |
| Finance income | 26 | 239,479 | 501,869 |
| Finance income/cost – net | 26 | (28,487) | 258,091 |
| Share of loss from investments in joint ventures | 6.3 | (2,392) | (2,467) |
| Profit for the year | | 5,306,338 | 6,637,083 |
| Other comprehensive income: | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Remeasurements of retirement benefit obligations | 17.1 | 19,696 | 83,133 |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Hedging losses reclassified to profit or loss | | 210,323 | 19,384 |
| Cash flow hedges | 30 | (2,353,739) | (1,883,023) |
| Other comprehensive loss for the year | | (2,123,720) | (1,780,506) |
| Total comprehensive income for the year | | 3,182,618 | 4,856,577 |
| Profit for the year attributable to | | | |
| - Government of Dubai | | 5,094,728 | 6,414,663 |
| - Non-controlling interests | | 211,610 | 222,420 |
| | | 5,306,338 | 6,637,083 |
| Total comprehensive income for the year attributable to | | | |
| - Government of Dubai | | 3,988,980 | 5,531,767 |
| - Non-controlling interests | | (806,362) | (675,190) |
| | | 3,182,618 | 4,856,577 |

The independent auditors' report is set out on pages 1 and 3.

The notes on pages 9 to 66 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority

Consolidated statement of changes in equity

| | Attributable to the owner | | | | | | Non-controlling interests AED'000 | Total equity AED'000 |
|--|--|----------------------------|------------------------------|----------------------------|------------------------------|-------------------|--------------------------------------|-------------------------|
| | Government of Dubai account AED'000 | General reserve AED'000 | Statutory reserve AED'000 | Hedging reserve AED'000 | Retained earnings AED'000 | Total AED'000 | | |
| At 1 January 2019 | 38,092,123 | 48,433,035 | 309,131 | 108,486 | (2,012) | 86,940,763 | 1,276,999 | 88,217,762 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the year | - | - | - | - | 6,414,663 | 6,414,663 | 222,420 | 6,637,083 |
| Other comprehensive income | - | - | - | (966,029) | 83,133 | (882,896) | (897,610) | (1,780,506) |
| Total comprehensive income for the year | - | - | - | (966,029) | 6,497,796 | 5,531,767 | (675,190) | 4,856,577 |
| Transfer to reserve | - | 5,519,842 | 42,822 | - | (5,562,664) | - | - | - |
| Transactions with the Owner | | | | | | | | |
| Non-cash distribution (refer note 15) | - | - | - | - | (933,120) | (933,120) | - | (933,120) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | 6,710 | 6,710 |
| Capital contribution by Government of Dubai – value of lands (net) | 318,814 | - | - | - | - | 318,814 | - | 318,814 |
| Dividend paid (refer note 31) | - | (4,500,000) | - | - | - | (4,500,000) | (92,394) | (4,592,394) |
| At 31 December 2019 | 38,410,937 | 49,452,877 | 351,953 | (857,543) | - | 87,358,224 | 516,125 | 87,874,349 |

The independent auditors' report is set out on pages 1 and 3.

The notes on pages 9 to 66 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority

Consolidated statement of changes in equity (continued)

| | Attributable to the owner | | | | | Total AED'000 | Non- controlling interests AED'000 | Total equity AED'000 |
|---|--|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------|---|----------------------------|
| | Government of Dubai account AED'000 | General reserve AED'000 | Statutory reserve AED'000 | Hedging reserve AED'000 | Retained earnings AED'000 | | | |
| At 1 January 2020 | 38,410,937 | 49,452,877 | 351,953 | (857,543) | - | 87,358,224 | 516,125 | 87,874,349 |
| Total comprehensive income for the year | | | | | | | | |
| Profit for the year | - | - | - | - | 5,094,728 | 5,094,728 | 211,610 | 5,306,338 |
| Other comprehensive income | - | - | - | (1,125,444) | 19,696 | (1,105,748) | (1,017,972) | (2,123,720) |
| Total comprehensive income for the year | - | - | - | (1,125,444) | 5,114,424 | 3,988,980 | (806,362) | 3,182,618 |
| Transfer to reserve | - | 4,286,699 | 150 | - | (4,286,849) | - | - | - |
| Transactions with the owner | | | | | | | | |
| Non-cash distribution (Note 15) | - | - | - | - | (827,575) | (827,575) | - | (827,575) |
| Reclassification of capital contribution by non-controlling interest to borrowings* | - | - | - | - | - | - | (6,713) | (6,713) |
| Capital contribution by non-controlling interests | - | - | - | - | - | - | 2,000 | 2,000 |
| Capital contribution by Government of Dubai – value of lands (net) | 1,418,941 | - | - | - | - | 1,418,941 | - | 1,418,941 |
| Dividend paid (refer note 31) | - | (1,500,000) | - | - | - | (1,500,000) | (122,041) | (1,622,041) |
| At 31 December 2020 | 39,829,878 | 52,239,576 | 352,103 | (1,982,987) | - | 90,438,570 | (416,991) | 90,021,579 |

* The amount of loan amounting to AED 6.7 million treated as capital contribution by non-controlling interest in 2019 has been reclassified to borrowings during the year ended 31 December 2020.

The independent auditors' report is set out on pages 1 and 3.

The notes on pages 9 to 66 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority

Consolidated statement of cash flows

| | Note | For the year ended 31 December | |
|--|------|--------------------------------|---------------------|
| | | 2020 AED | 2019 AED |
| Net cash inflows from generated operating activities | 27 | 8,285,974 | 10,303,423 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment net of movements in trade payables and other long term liabilities | | (13,172,696) | (11,864,079) |
| Movement in term deposits with original maturity of greater than three months | 14 | 7,670,692 | 554,192 |
| Purchase of intangible assets | 9 | (32,543) | (18,794) |
| Interest received | | 256,675 | 443,992 |
| Movement in other financial assets at amortised cost | | 96,156 | (16,628) |
| Proceeds from disposal of property, plant and equipment | | 1,877 | 5,334 |
| Net cash outflow from investing activities | | (5,179,839) | (10,895,983) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | | (5,605,224) | (630,408) |
| Proceeds from borrowings | | 7,717,351 | 6,013,610 |
| Interest paid | | (1,024,347) | (1,108,101) |
| Payment of lease liabilities | 18 | (8,397) | (6,850) |
| Capital contribution by the non-controlling interest | | 2,000 | - |
| Dividends paid to owner | 31 | (1,500,000) | (4,500,000) |
| Dividends paid to non-controlling interests in subsidiaries | | (92,041) | (92,394) |
| Net cash outflow from financing activities | | (510,658) | (324,143) |
| Movement in regulatory deferral account credit balance | 32 | 201,202 | 219,426 |
| Net increase /(decrease) in cash and cash equivalents | | 2,796,679 | (697,277) |
| Cash and cash equivalents at the beginning of the year | 14 | 2,505,835 | 3,203,112 |
| Cash and cash equivalents at the end of the year | 14 | 5,302,514 | 2,505,835 |

Material non-cash transactions:

- Transfer of land to the Group by the Land Department of the Government of Dubai recorded through equity amounting to AED 1,419 million (2019: AED 319 million) (Note 7).
- During the year, non-cash distributions to the Government of Dubai amounted to AED 828 million (2019: AED 933 million).

The independent auditors' report is set out on pages 1 and 3.

The notes on pages 9 to 66 form an integral part of these consolidated financial statements.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements for the year ended 31 December 2020

1 Establishment and operations

Dubai Electricity and Water Authority (“DEWA” or the “Authority”) was incorporated on 1 January 1992 in the Emirate of Dubai by a Decree (the “Original Decree”) issued by H.H The Ruler of Dubai, effective 1 January 1992, as an independent public authority having the status of a body corporate, financially and administratively independent from the Government of Dubai.

In accordance with the Original Decree, all rights, property and assets of Dubai Electricity Company (the “DEC”) and Dubai Water Department (the “Department”) belonging to the Government of Dubai, were vested in the Authority, and the Authority was held responsible for all liabilities and debts of the DEC and the Department, of any kind whatsoever. Together, the DEC and the Department formed DEWA from the effective date of the Original Decree.

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

DEWA and its subsidiaries are collectively referred to as “the Group”

The Group is domiciled in UAE and is not subject to tax other than Value Added Tax (“VAT”).

The Group has either directly or indirectly the following subsidiaries domiciled in UAE:

| Name of the entity | Percentage of beneficial ownership % | | Principal business activities |
|---|--------------------------------------|------|---|
| | 2020 | 2019 | |
| Al Etihad Energy Services Company LLC | 100 | 100 | Implement energy efficiency measures in buildings |
| Jumeriah Energy International Holdings LLC | 100 | 100 | Holding Company |
| Jumeirah Energy International LLC (JEIH) | 100 | 100 | Holding Company |
| Mai Dubai LLC | 100 | 100 | Purification of potable water |
| Hassyan Energy 1 Holdings LLC | 100 | 100 | Holding Company |
| Shuaa Energy 2 Holdings LLC | 100 | 100 | Holding Company |
| Shuaa Energy 3 Holdings LLC | 100 | - | Holding Company |
| Jumeirah Energy International Capital Holding LLC | 100 | 100 | Holding Company |
| Jumeirah Energy International Silicon Valley LLC | 100 | 100 | Holding Company |
| Noor Energy 1 Holdings LLC | 100 | 100 | Holding Company |
| Data Hub Integrated Solutions LLC (MORO) | 100 | 100 | Established to provide services including IT, and infrastructure, networking and computer system housing services |
| Digital DEWA LLC | 100 | 100 | Investment in commercial, industrial, retail trade and energy enterprises and management |
| Infra X | 100 | 100 | To provide services including IT and computer housing services |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2020

1 Establishment and operations (*continued*)

| Name of the entity | Percentage of beneficial ownership % | | Principal business activities |
|--|--------------------------------------|------|---|
| | 2020 | 2019 | |
| Dubai Green Fund Investments LLC | 100 | 100 | To invest and manage commercial, industrial, retail trade and energy enterprises |
| Utilities Management Company | 85 | 85 | Holding Company |
| Emirates Central Cooling Systems Corporation (EMPOWER) | 70 | 70 | Provision of district cooling services, management, maintenance of central cooling plants and related distribution networks |
| Palm Utilities LLC | 70 | 70 | Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services |
| Palm District Cooling LLC (PDC) | 70 | 70 | Establish and operate district cooling projects and provide air conditioning, ventilator and refrigeration services. |
| Empower Logstor LLC | 67.9 | 67.9 | Manufacturing of pre-insulated pipes, mainly for district cooling |
| Shuaa Energy 2 P.S.C | 60 | 60 | Establish and provide full range of services for generation of electricity |
| Innogy International Middle East LLC | 51 | 51 | Energy projects consultancy, desalination and sewage treatment plants operations and maintenance |
| Shuaa Energy 1 P.S.C. | 51 | 51 | Establish and provide full range of services for generation of electricity |
| Hassyan Energy Phase 1 P.S.C | 51 | 51 | Establish and provide full range of services for generation of electricity |
| Noor Energy 1 P.S.C | 51 | 51 | Establish and provide full range of services for generation of electricity |
| Digital X LLC | 100 | - | Establish and provide full range of services for information technology, data entry, network consultancies |
| Smart Energy X LLC | 100 | - | Establish and provide full range of services for parking management electronic systems installation and maintenance |
| Hassyan by Products | 100 | - | Establish for sale of cement products trading, fly ash trading, cement and gypsum trading, repackaging and refilling services |
| Shuaa Energy 3 P.S.C.* | 60 | - | Establish and provide full range of services for generation of electricity |
| Forward Investments Limited** | 100 | - | Holding Company |
| Dubai Carbon Centre of Excellence*** | 100 | - | Energy projects engineering consultancy and carbon control systems trading |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

1 Establishment and operations *(continued)*

* During the year the ownership Data Hub Integrated Solutions LLC (MORO) has been transferred to Digital DEWA LLC.

** During the period the Group has established Shuaa Energy 3 Holdings LLC with 100% ownership, with the purpose to establish Shuaa Energy 3 P.S.C. a private joint stock company for the purposes of generation of electricity and associated activities. Shuaa Energy 3 Holdings LLC holds 60% shareholding in Shuaa Energy 3 P.S.C.

*** During the period the Group has invested in Forward Investments Limited a Holding Company through Jumeirah Energy International Capital Holding LLC, with 100% ownership. The purpose of this Holding Company is to make Investment in Commercial Enterprises & Management.

**** During the year the Authority sold its interest of 25% in Dubai Carbon Centre of Excellence being the joint venture, to Al Etihad Energy Services Company LLC, a 100% subsidiary of the Authority. The purpose was to acquire 100% interest in Dubai Carbon Centre of Excellence through investing into Al Etihad Energy Services Company LLC.

2 Basis of preparation

2.1 Statement of compliance

These financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. These financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

These Group's consolidated financial statements are presented in UAE Dirhams (AED), which is also the Authority's functional currency. Subsidiaries and joint ventures determine their own functional currency and items included in the financial statements of these companies are measured using that functional currency.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities measured at fair value.

2.3 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Authority's financial statements are disclosed in Note 5.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2020

3 Significant accounting policies

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

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

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

| | Effective date |
|--|--------------------------------------|
| Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) | 1 January 2020 |
| Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37) | 1 January 2022 |
| Annual improvements to IFRS Standards 2018-2020 | 1 January 2022 |
| Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) | 1 January 2022 |
| Classification of Liabilities as Current and Non-current (Amendments to IAS 1) | 1 January 2023 |
| IFRS 17 Insurance Contracts and amendments to IFRS 16 Insurance Contracts | 1 January 2023 |
| Sale or Contribution of Assets between and Investor its Associates or Joint Venture (Amendments to IFRS 10 and 28) | Effective date deferred indefinitely |

3.2 Other new or amended standards

The following new or amended standards that are required to be adopted in annual periods beginning on 1 January 2020 and are not expected to have a significant impact on the Group's financial statements:

| | Effective date |
|---|-----------------------|
| Covid-19 Related Rent Concessions (Amendment to IFRS 16) | 1 June 2020 |
| Amendments to References to Conceptual Framework in IFRS Standards | 1 January 2020 |
| Definition to Material (<i>Amendments to IAS 1 and IAS 8</i>) | 1 January 2020 |
| Definition of Business (<i>Amendments to IFRS 3</i>) | 1 January 2020 |
| Interest Rate Benchmark Reform (<i>Amendments to IFRS 9, IAS 39 and IFRS 7</i>) | 1 January 2020 |

3.3 Basis of consolidation

(a) Business combinations

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.3 Basis of consolidation *(continued)*

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

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

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

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

(b) Subsidiaries

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

(c) Non-controlling interests

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

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

(d) Loss of control

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

(e) Interests in equity-accounted investees

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.3 Basis of consolidation *(continued)*

*(e) Interests in equity-accounted investees *(continued)**

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

(f) Transactions eliminated on consolidation

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

3.4 Property, plant and equipment

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

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

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

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

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.4 Property, plant and equipment *(continued)*

Land is stated at cost and is not depreciated. Depreciation on other assets is calculated using the straight line method at rates calculated to reduce the cost of assets to their estimated residual values over their estimated useful lives or in case of leased assets, the shorter term.

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

| | Years |
|--|--------------|
| Buildings | 10 to 30 |
| Generation and desalination plants | 10 to 38 |
| Transmission and distribution networks | 10 to 30 |
| Other equipment and assets | 2 to 20 |

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

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

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

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

Capital spares are spare parts that are regularly replaced, repaired or overhauled usually as part of a replacement programme and are; i) only expected to be used in connection with an item of property, plant and equipment; ii) expected to be used during more than one period. These are carried under capital work in progress until they are put to use.

3.5 Intangible assets

(a) *Recognition and measurement*

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2020

3 Significant accounting policies (*continued*)

3.5 Intangible assets (*continued*)

(b) Subsequent expenditure

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

(c) Amortisation

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

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

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

3.6 Financial instruments

(i) Recognition and initial measurement

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

(ii) Classification and subsequent measurement

Financial assets

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

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

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

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

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

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

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

Financial assets – Business model assessment

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

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

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

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

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

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

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

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

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

Financial liabilities

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

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

(iv) Offsetting

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

(v) Derivative financial instruments and hedge accounting

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

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

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

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Cash flow hedges

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.6 Financial instruments *(continued)*

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

Cash flow hedges (continued)

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

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

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

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

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

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of a derivative or foreign exchange gains and losses for a non-derivative is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the nonderivative is recognised immediately in profit or loss. The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (*continued*)
for the year ended 31 December 2020

3 Significant accounting policies (*continued*)

3.7 Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

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

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

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

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

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

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

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

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

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

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.7 Impairment *(continued)*

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the debtor;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.7 Impairment *(continued)*

(ii) Non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

3.8 Leases

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

(i) As a lessee

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.8 Leases *(continued)*

(i) As a lessee *(continued)*

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.8 Leases *(continued)*

(ii) As a lessor

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

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

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

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

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

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

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

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

3.9 Inventories

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.10 Borrowing costs

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

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

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

3.11 Trade receivables

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

Trade receivables are impaired as per the policy explained in Notes 3.7 and 11 to this consolidated financial statements which is in compliance with requirements of IFRS 9.

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

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

3.12 Cash and bank balances

Cash and bank balances comprise of cash in hand, current and call accounts with the banks and other institutions and term deposits held with banks. Term deposits with banks with remaining maturities greater than twelve months are disclosed as non-current assets. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

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

3.13 Advance received for new connections and security deposits

(a) Advances for new connections

The Group receives amounts from customers for construction and installation of equipment. These amounts are classified as advances received for new connections until the construction or installation of the equipment is completed. On completion, these amounts are transferred from advances received for new connections to deferred revenue under liabilities.

Management estimates the current portion of the advances for new connections based on historical experience and anticipated installations. The remaining amounts are classified as non-current liabilities.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

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

(b) Security deposits

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

3.14 Deferred revenue

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

3.15 Borrowings

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

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

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

3.16 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.16 Employee benefits *(continued)*

Post-employment obligations

(a) Pension obligations for eligible UAE nationals

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

Effective 1 January 2003, the Group joined the pension scheme operated by the Federal Pension General and Social Security Group which is a defined contribution plan. The Group's contributions for eligible active UAE National employees are calculated as a percentage of the employees' salaries and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 on Pension and Social Security.

The Group has no legal or constructive obligation to pay any further contributions.

(b) Post-employment benefit obligations for eligible expatriates

The Group operates a defined benefit payment plan for eligible expatriates and specific UAE national employees in accordance with the Dubai Government Human Resource Management Law No.27 of 2006. The liability recognised in the consolidated balance sheet in respect of this defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market for such bonds, the market rates on government bonds are used.

The net interest and current service cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

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

3.17 Trade and other payables

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.18 Provisions

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

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

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

3.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Non-cash distributions are measured at the fair value of the assets to be distributed with fair value measurement recognised directly in equity.

3.20 Government of Dubai account

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

3.21 General reserves

General reserve represents surplus distributable profit of the Group. The transfer to general reserve is determined based on the profit for the year after deducting cash and non-cash distributions.

3.22 Statutory reserve

In accordance with Article 103 of the UAE Federal Commercial Companies Law, a minimum of 10% of the net profit of the subsidiaries that fall under the definition of UAE Federal Commercial Companies Law, are allocated each year to a non-distributable legal reserve. Such allocations may cease when the legal reserve equals half of the nominal value of the paid up share capital. This reserve is not available for distribution.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.23 Revenue from contracts with customers

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

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

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

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

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

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

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

(a) *Supply of electricity and water*

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.23 Revenue from contracts with customers *(continued)*

(b) Meter rental

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

(c) Interest income

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

(d) Dividends

Dividends are recognised as other income when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

(e) Amortisation of deferred revenue

Deferred revenue is amortised and recognised as income on a straight line basis over the estimate useful life of the related equipment. Refer Note 3.13 and 3.14.

(f) Other services

Revenue from other services is recognised in the accounting period in which the services are rendered.

3.24 Foreign currency translations

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

3 Significant accounting policies *(continued)*

3.25 Regulatory deferral account credit balance

Regulatory deferral account credit balance arises on account of amounts billed to and collected from customers as fuel surcharge in excess of amounts to be billed to customers. The Group has been allowed by the Supreme Council of Energy (the “regulator”) to bill the increase in fuel prices considering 2010 as the base year. This balance is initially measured and subsequently carried at an amount billed to the customer. The deferral account credit balance is deferred and adjusted against the next increase in tariff approved by the regulator. Regulatory deferral account credit balance is not described as a liability for the purposes of the Group’s consolidated financial statements and is disclosed as a separate line item in the consolidated balance sheet.

4 Financial risk management

4.1 Financial risk factors

Risk management framework

The Groups’s board of directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the board of directors on its activities.

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

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

(i) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and investments in debt securities.

The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

| <i>In thousands of AED</i> | 2020 AED’000 | 2019 AED’000 |
|--------------------------------------|-----------------|-----------------|
| Impairment loss on trade receivables | <u>87,970</u> | <u>21,212</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(a) Trade receivables

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

The Group has a wide customer base in the Emirate of Dubai and services commercial, industrial and governmental organisations as well as residential customers including UAE nationals and expatriates. Out of the total trade receivables and accrued revenue of AED 6,289 million (2019: AED 5,687 million), an amount of AED 4,403 million (2019: AED 2,377 million) is due from customers other than government entities and is considered subject to credit risk. Carrying amount of trade receivables best represent the maximum exposure to credit risk at the end of each reporting period presented.

The Group taking into consideration the exposure to the customer, when appropriate, manages credit risk by requesting additional deposits, and implementing payment plans for customers in arrears.

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

Expected credit loss assessment for customers

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

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers for 2020 and 2019:

| As at 31 December 2020 | Expected loss rate | Gross carrying amount AED'000 | Loss allowance AED'000 | Credit impaired |
|-----------------------------|--------------------|----------------------------------|---------------------------|-----------------|
| Current | 0.47% | 1,953,932 | 9,192 | No |
| More than 30 days past due | 2.10% | 376,905 | 7,930 | No |
| More than 60 days past due | 12.01% | 246,377 | 29,578 | No |
| More than 120 days past due | 22.75% | 333,445 | 75,865 | No |
| More than 360 days past due | 52.73% | 421,243 | 222,109 | No |
| | | <u>3,331,902</u> | <u>344,674</u> | |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(a) Trade receivables *(continued)*

| As at 31 December 2019 | Expected loss rate | Gross carrying amount AED'000 | Loss allowance AED'000 | Credit impaired |
|-----------------------------|-----------------------|-------------------------------------|---------------------------|-----------------|
| Current | 2.71% | 1,741,260 | 47,188 | No |
| More than 30 days past due | 3.77% | 217,424 | 8,197 | No |
| More than 60 days past due | 14.08% | 117,003 | 16,474 | No |
| More than 120 days past due | 38.19% | 114,852 | 43,862 | No |
| More than 360 days past due | 75.74% | 186,142 | 140,983 | No |
| | | <u>2,376,681</u> | <u>256,704</u> | |

Total receivables include amount of AED 2,957 million (2019: AED 3,310 million) related to government receivables.

Movements in the allowance for impairment in respect of trade receivables

| | 2020 AED'000 | 2019 AED'000 |
|--------------------------|-----------------|-----------------|
| At 1 January | 256,704 | 235,492 |
| Add: charge for the year | 87,970 | 21,212 |
| Less: specific provision | (172,467) | (142,391) |
| At 31 December | <u>172,207</u> | <u>114,313</u> |

(b) Other financial assets

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

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

Other financial assets at amortised cost include investments in UAE National bonds which are unrated and other receivables are held with reputed counter parties which management do not expect any loss from their non-performance. Where non-performance is identified a provision is made.

Balances due from related parties are held with reputed counter parties which management do not expect any loss from their non-performance. A provision is made, where non-performance is identified.

(c) Cash and cash equivalents

The Group held cash and cash equivalents of AED 6,883 million at 31 December 2020 (2019: AED 11,778 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated below:

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(i) Credit risk (continued)

(c) Cash and cash equivalents (continued)

As determined by Moody's

| | 2020 AED'000 | 2019 AED'000 |
|----------------------------------|------------------|-------------------|
| A | 6,345,529 | 11,199,452 |
| B | 434,696 | 550,269 |
| Unrated (including cash in hand) | 102,793 | 28,487 |
| | <u>6,883,018</u> | <u>11,778,208</u> |

All other financial assets are unrated.

(ii) Liquidity risk

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

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

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

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

| | Less than 1 year AED'000 | 1 to 2 years AED'000 | Over 2 years AED'000 | Total AED'000 | Carrying amount AED'000 |
|---|--------------------------------|----------------------------|----------------------------|-------------------|-------------------------------|
| 31 December 2020 | | | | | |
| Borrowings* | 2,727,034 | 915,454 | 22,133,110 | 25,775,598 | 18,799,382 |
| Trade and other payables** | 12,882,211 | - | - | 12,882,211 | 12,882,211 |
| Other long term liabilities ** | - | 271,699 | 413,086 | 684,785 | 664,803 |
| Lease liabilities | 6,438 | 6,864 | 8,023 | 21,325 | 21,325 |
| | <u>15,615,683</u> | <u>1,194,017</u> | <u>22,554,219</u> | <u>39,363,919</u> | <u>32,367,721</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(ii) Liquidity risk *(continued)*

| | Less than 1 year AED'000 | 1 to 2 years AED'000 | Over 2 years AED'000 | Total AED'000 | Carrying amount AED'000 |
|-----------------------------------|--------------------------------|----------------------------|----------------------------|-------------------|-------------------------------|
| 31 December 2019 | | | | | |
| Borrowings* | 7,054,527 | 579,805 | 16,204,411 | 23,838,743 | 16,911,675 |
| Trade and other payables** | 11,770,574 | - | - | 11,770,574 | 11,770,574 |
| Other long term liabilities ** | - | 286,500 | 440,084 | 726,584 | 678,363 |
| Lease liabilities | 7,152 | 11,521 | 8339 | 27,012 | 27,012 |
| | <u>18,832,253</u> | <u>877,826</u> | <u>16,652,834</u> | <u>36,362,913</u> | <u>29,387,624</u> |

* These do not include deferred borrowing costs.

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

(iii) Market risk

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

(a) Foreign exchange risk

Currency risk arises on recognised assets or liabilities that are primarily denominated in a currency that is not entity's functional currency. The Group has no significant exposure to this risk as the majority of its transactions are denominated in AED, or in currencies AED is pegged with. The Group has certain transactions in foreign currencies, mainly in Euros. However, the foreign currency exposure arising out of foreign currency denominated balances as at 31 December 2020 and 2019 are not material.

(b) Price risk

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

(c) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long term borrowings. The Group is exposed to cash flow interest rate risk on its variable rate borrowings. The Group is not exposed to the fair value interest rate risk as fixed rate borrowings of the Group are carried at amortised cost in these consolidated financial statements.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

4 Financial risk management *(continued)*

4.1 Financial risk factors *(continued)*

(iii) Market risk *(continued)*

The variable rate borrowings of the Group are based on LIBOR and EIBOR. The Group has entered into interest rate swaps to mitigate the risk of variable rate borrowings (refer Note 30). The table below shows the exposure of Group's variable and fixed rate borrowings:

| | 2020 AED'000 | 2019 AED'000 |
|--------------------------|-------------------|-------------------|
| Variable rate borrowings | 16,281,477 | 10,224,633 |
| Fixed rate borrowings | 2,517,905 | 6,687,042 |
| | <u>18,799,382</u> | <u>16,911,675</u> |

4.2 Capital risk management

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

4.3 Fair value estimation

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

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at amortised cost except for loans to related parties which are measured at fair value through profit or loss.

The carrying value of financial assets and financial liabilities approximates their fair value except derivatives, which are the only financial instruments which are carried at fair value and fall into level 2 of the fair value hierarchy (Note 30).

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

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

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

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

5 Critical accounting estimates and judgements

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

5.1 Critical accounting estimates

(a) *Revenue recognition – unread electricity, water and district cooling meters*

Revenue for electricity, water supply and cooling services includes an assessment of electricity, water and cooling services supplied to customers between the date of the last meter reading and the year end (unread). Unread electricity, water and cooling services supplied is estimated by using historical consumption patterns of respective customer categories. Management applies judgement to the measurement of the estimated electricity, water and cooling units supplied to customers and the valuation such units consumed. The application of a 5% increase to management estimate of total units for all customer categories, in isolation would result in the increase in revenue and profit by AED 40 million (*AED 2019: AED 41 million*). The application of a 5% decrease to management estimate of total units for all customer categories, in isolation would result in the decrease in revenue and profit by AED 40 million (*2019: AED 41 million*).

5.2 Critical accounting judgements

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

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

(b) *Useful life and residual values of property, plant and equipment*

The Group determines the estimated useful lives and residual values of its property, plant and equipment. This review is performed by engineers of various divisions with reference to the estimated period over which the assets are expected to be available for use. The estimated useful lives and residual values of property, plant and equipment are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

(c) *Determination of control over certain subsidiaries*

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

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

5 Critical accounting estimates and judgements (continued)

(c) Determination of control over certain subsidiaries

Management has therefore concluded that the relevant activities of these entities are pre-determined and directed via contractual arrangements in the normal course of business and consequently has consolidated the results of these entities in these consolidated financial statements. The Group will continue to evaluate these circumstances at each balance sheet date to determine whether this judgement continues to be valid. If the Group determines that it no longer has control over any of these entities, it will be de-consolidate the entities and account for these entities using the equity method from the date that control is deemed to cease.

6 Interests in other entities

6.1 Material subsidiaries

The Group's principal subsidiaries are set out in Note 1.

6.2 Non-controlling interest

The group's material subsidiaries are Jumeirah Energy International Holdings LLC ("JEIHL) and EMPOWER. JEIHL holds investment in Shuaa Energy 1 P.S.C, Shuaa Energy 2 P.S.C, Hassyan Energy Phase 1 P.S.C and Noor Energy 1 P.S.C. Proportion of ownership interests held by non-controlling interest is as follows:

| | 2020 | 2019 |
|--------------------------------------|------|------|
| | % | % |
| Shuaa Energy 1 P.S.C | 49 | 49 |
| Shuaa Energy 2 P.S.C | 40 | 40 |
| Hassyan Energy Phase 1 P.S.C | 49 | 49 |
| Noor Energy 1 P.S.C. | 49 | 49 |
| Shuaa Energy 3 P.S.C | 40 | - |
| EMPOWER | 30 | 30 |
| Innogy International Middle East LLC | 49 | 49 |

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

Summarised statements of financial position

| | JEIH | | EMPOWER | |
|--------------------------------|--------------|--------------|-------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| Non-current | | | | |
| Assets | 18,577,904 | 12,878,301 | 6,772,244 | 6,223,776 |
| Liabilities | (22,939,144) | (14,391,328) | (1,588,575) | (786,023) |
| | (4,361,240) | (1,513,027) | 5,183,669 | 5,437,753 |
| Current | | | | |
| Assets | 1,377,435 | 937,191 | 1,442,849 | 646,595 |
| Liabilities | (952,264) | (1,022,198) | (1,849,268) | (1,810,641) |
| | 425,171 | (85,007) | (406,419) | (1,164,046) |
| Net assets (100%) | (3,936,069) | (1,598,034) | 4,777,250 | 4,273,707 |
| Net assets attributable to NCI | (1,873,673) | (806,068) | 1,468,691 | 1,321,221 |

Other non-material subsidiary includes negative net assets attributable to NCI amounting to AED 12,009 thousand (2019: positive net assets of AED 972 thousand).

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

6 Interests in other entities (continued)

6.2 Non-controlling interest (continued)

Summarised statements of profit or loss and other comprehensive income

| | JEIH | | EMPOWER | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2020 AED'000 | 2019 AED'000 | 2020 AED'000 | 2019 AED'000 |
| Revenue | 418,340 | 192,216 | 2,255,115 | 2,189,340 |
| Profit for the year | (106,625) | 17,364 | 901,262 | 871,135 |
| Total comprehensive income | (2,252,322) | (1,654,427) | 903,543 | 871,135 |
| Total comprehensive (loss)/ income allocated to non- controlling interests | (1,067,563) | (795,399) | 266,784 | 257,216 |
| Dividends paid to non- controlling interests | 2,041 | (2,394) | 120,000 | 90,000 |

Total comprehensive loss allocated to non-controlling interest of other non-material subsidiary amounts to AED 6,286 thousand (2019: AED 2,034 thousand).

Summarised statement of cash flows

| | JEIH | | EMPOWER | |
|---|------------------|-----------------|------------------|-----------------|
| | 2020 AED'000 | 2019 AED'000 | 2020 AED'000 | 2019 AED'000 |
| Net cash generated from operations | (100,100) | 232,084 | 1,029,634 | 1,014,613 |
| Net cash used in investing activities | (6,044,433) | (5,856,210) | (843,727) | (669,435) |
| Net cash used in financing activities | 6,424,632 | 6,243,392 | 552,042 | (67,879) |
| Net increase in cash and cash equivalents | 280,099 | 619,266 | 737,949 | 277,299 |
| Cash and cash equivalents, as at 1 January | 772,441 | 153,176 | 331,247 | 53,948 |
| Cash and cash equivalents, as at 31 December | 1,052,040 | 772,441 | 1,069,196 | 331,247 |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

6 Interests in other entities *(continued)*

6.3 Investments accounted for using the equity method

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

| Name of the entity | Country of incorporation | Effective % of holding | | Carrying value | |
|-----------------------------------|--------------------------|------------------------|--------|----------------|--------------|
| | | 2020 % | 2019 % | 2020 AED'000 | 2019 AED'000 |
| Utility Management I.I.C | UAE | 50 | - | 489 | 489 |
| Etihad Energy Solutions | KSA | 50 | - | 1,450 | - |
| Dubai Carbon Centre of Excellence | UAE | - | 25 | - | 1,131 |
| Ducab HV Cable Systems P.S.C | UAE | 25 | 25 | 3,781 | 3,463 |
| | | | | <u>5,720</u> | <u>5,083</u> |

All joint ventures are accounted for using the equity method of accounting and are immaterial to the Group individually.

Movement of investments in joint ventures

| | 2020 AED'000 | 2019 AED'000 |
|-----------------------------------|-----------------|-----------------|
| At 1 January | 5,083 | 7,550 |
| Addition during the year | 4,160 | - |
| Disposal during the year | (1,131) | - |
| Share of loss from joint ventures | (2,392) | (2,467) |
| At 31 December | <u>5,720</u> | <u>5,083</u> |

During the year, the Group recognised its share of loss from joint ventures amounting to AED 2.4 million (2019: AED 2.5 million).

No investments in joint ventures were impaired during 2020 and 2019.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

7 Property, plant and equipment

| | Land and buildings AED'000 | Generation and desalination plants AED'000 | Transmission and distribution networks AED'000 | Other equipment and assets AED'000 | Capital work in progress AED'000 | Total AED'000 |
|--|----------------------------------|--|---|---|--|--------------------|
| Year ended 31 December 2019 | | | | | | |
| Opening net book amount | 34,804,639 | 23,498,737 | 41,337,276 | 487,869 | 17,891,856 | 118,020,377 |
| Additions | 318,814 | 17,454 | 877,140 | 74,270 | 12,899,029 | 14,186,707 |
| Reversal of impairment (Note 7(h)) | - | - | - | - | 80,294 | 80,294 |
| Transfers | 876,087 | 2,718,791 | 3,107,328 | 366,920 | (7,069,126) | - |
| Transfers to intangible assets (Note 9) | - | - | - | - | (97,209) | (97,209) |
| Disposals, net | (408) | (1,587) | (3,528) | (324) | - | (5,847) |
| Depreciation | (292,407) | (1,752,788) | (2,087,921) | (264,270) | - | (4,397,386) |
| Closing net book amount | 35,706,725 | 24,480,607 | 43,230,295 | 664,465 | 23,704,844 | 127,786,936 |
| At 31 December 2019 | | | | | | |
| Cost | 38,960,267 | 41,884,523 | 63,527,693 | 2,559,574 | 23,704,844 | 170,636,901 |
| Accumulated depreciation | (3,253,542) | (17,403,916) | (20,297,398) | (1,895,109) | - | (42,849,965) |
| Net book amount | 35,706,725 | 24,480,607 | 43,230,295 | 664,465 | 23,704,844 | 127,786,936 |
| Year ended 31 December 2020 | | | | | | |
| Opening net book amount | 35,706,725 | 24,480,607 | 43,230,295 | 664,465 | 23,704,844 | 127,786,936 |
| Additions | 1,350,828 | 1,256,638 | 1,574,957 | 235,445 | 13,504,400 | 17,922,268 |
| Transfer to right of use assets (refer note 8) | - | - | - | - | (3,103,916) | (3,103,916) |
| Reversal of impairment (Note 7(h)) | - | - | - | - | 53,529 | 53,529 |
| Transfers | 657,057 | 1,785,590 | 3,433,843 | 200,125 | (6,076,615) | - |
| Transfers to intangible assets (Note 9) | - | - | - | - | (54,347) | (54,347) |
| Disposals, net | - | (2,063) | (192) | (1,050) | - | (3,305) |
| Depreciation | (304,459) | (1,871,192) | (2,266,320) | (282,808) | - | (4,724,779) |
| Closing net book amount | 37,410,151 | 25,649,580 | 45,972,583 | 816,177 | 28,027,895 | 137,876,386 |
| At 31 December 2020 | | | | | | |
| Cost | 40,968,153 | 44,492,773 | 68,535,991 | 2,976,753 | 28,027,895 | 185,001,565 |
| Accumulated depreciation | (3,558,002) | (18,843,193) | (22,563,408) | (2,160,576) | - | (47,125,179) |
| Net book amount | 37,410,151 | 25,649,580 | 45,972,583 | 816,177 | 28,027,895 | 137,876,386 |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

7 Property, plant and equipment *(continued)*

- (a) The Group has engaged in a joint operation pertaining to the Emirates National Grid Corporation (“ENGC”). The Group’s share in the carrying amount of ENGC’s assets as at 31 December 2020 is AED 124 million (2019: AED 132 million) and is included under transmission and distribution networks.
- (b) During 2008, by way of a Decree issued by H.H. The Ruler of Dubai, all existing plots of land held by the Authority were transferred to the Authority. As a result, the Authority has capitalised this land on the basis of valuations obtained from the Land Department of Dubai which has been treated as a capital contribution by the Government of Dubai.
- (c) The carrying value of property, plant and equipment, pledged as collateral on borrowings, amounts to AED 15,349 million (2019: AED 8,310 million) (Note 16).
- (d) Capital work in progress mainly comprises construction of additional electricity generation, water desalination facilities, transmission and distribution networks and district cooling facilities.
- (e) The interest rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to general borrowings during the year which amounts to 5.22% per annum (2019: 5.89% per annum) for the Authority. The interest on general borrowings capitalised using this weighted average interest rate is AED 265 million (2019: AED 298 million). The amount of interest on specific borrowings capitalised is AED 211 million (2019: AED 278 million) (Note 26).
- (f) During the year, the Group received plots of land from the Land Department of the Government of Dubai amounting to AED 1,419 million (2019: AED 319 million).
- (g) Depreciation is allocated as detailed below:

| | 2020 AED’000 | 2019 AED’000 |
|--|------------------|------------------|
| Cost of sales | | |
| -Generation and desalination expenditure (Note 23.1) | 1,972,666 | 1,860,815 |
| -Transmission and distribution expenditure (Note 23.2) | 2,466,794 | 2,269,244 |
| Administrative expenses (Note 24) | 285,319 | 267,327 |
| | <u>4,724,779</u> | <u>4,397,386</u> |

- (h) Prior to its acquisition of Palm District Cooling LLC (PDC) by the Group, PDC had impaired costs relating to projects, which did not develop as anticipated. During 2017, the Group commenced services to the Jumeirah Village Project. This resulted in the reduction of the impairment of pipe network cost. Accordingly, as at 31 December 2020, The Group assessed the impairment of assets related to the Jumeirah Village Project and reversed AED 54 million (2019: reversal of AED 80 million).

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

8 Right-of-use-assets

| | Plant AED'000 | Buildings AED'000 | Total AED'000 |
|--|------------------|----------------------|------------------|
| Year ended 31 December 2019 | | | |
| Cost | | | |
| At 1 January 2019 | 24,259 | 4,924 | 29,183 |
| Additions | 1,805 | - | 1,805 |
| At 31 December 2019 | <u>26,064</u> | <u>4,924</u> | <u>30,988</u> |
| Accumulated Depreciation | | | |
| At 1 January 2019 | - | - | - |
| Charge for the year | 4,582 | 2,038 | 6,620 |
| At 31 December 2019 | <u>4,582</u> | <u>2,038</u> | <u>6,620</u> |
| Net book amount | | | |
| 31 December 2019 | <u>21,482</u> | <u>2,886</u> | <u>24,368</u> |
| Year ended 31 December 2020 | | | |
| Cost | | | |
| At 1 January 2020 | 26,064 | 4,924 | 30,988 |
| Additions | 1,178 | 1,532 | 2,710 |
| Transfer from property, plant and equipment (Note 7) | 3,103,916 | - | 3,103,916 |
| At 31 December 2020 | <u>3,131,158</u> | <u>6,456</u> | <u>3,137,614</u> |
| Accumulated Depreciation | | | |
| At 1 January 2020 | 4,582 | 2,038 | 6,620 |
| Charge for the year | 4,979 | 2,995 | 7,974 |
| At 31 December 2020 | <u>9,561</u> | <u>5,033</u> | <u>14,594</u> |
| Net book amount | | | |
| 31 December 2020 | <u>3,121,597</u> | <u>1,423</u> | <u>3,123,020</u> |

Depreciation charge of AED 5 million (2019: AED 5 million) and AED 3 million (2019: AED 2 million) is included in cost of sales (Note 23.1) and administrative (Note 24) expenses respectively.

9 Intangible assets

| | Computer software AED'000 |
|--|---------------------------------|
| Year ended 31 December 2019 | |
| Opening net book amount | 83,148 |
| Additions | 18,794 |
| Transfer from property, plant and equipment (Note 7) | 97,209 |
| Amortisation (Note 24) | <u>(66,560)</u> |
| Closing net book amount | <u>132,591</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

9 Intangible assets *(continued)*

| | Computer software AED'000 |
|--|---------------------------------|
| At 31 December 2019 | |
| Cost | 352,061 |
| Accumulated amortisation | (219,470) |
| Net book amount | <u>132,591</u> |
| Year ended 31 December 2020 | |
| Opening net book amount | 132,591 |
| Additions | 32,543 |
| Transfer from property, plant and equipment (Note 7) | 54,347 |
| Amortisation (Note 24) | (57,619) |
| Closing net book amount | <u>161,862</u> |
| At 31 December 2020 | |
| Cost | 438,951 |
| Accumulated amortisation | (277,089) |
| Net book amount | <u>161,862</u> |

10 Other assets

| | 2020 AED'000 | 2019 AED'000 |
|---------------------------|------------------|------------------|
| Advances to suppliers | 1,616,444 | 1,936,478 |
| Prepayments | 127,420 | 48,228 |
| | <u>1,743,864</u> | <u>1,984,706</u> |
| Less: Non-current portion | (606,888) | (585,522) |
| Current portion | <u>1,136,976</u> | <u>1,399,184</u> |

11 Trade receivables

| | 2020 AED'000 | 2019 AED'000 |
|---|------------------|------------------|
| Trade receivables | 5,482,717 | 4,872,054 |
| Accrued revenue | 805,896 | 814,724 |
| Less: provision for impairment of receivables | (344,674) | (256,704) |
| Trade receivables and accrued revenue – net | <u>5,943,939</u> | <u>5,430,074</u> |
| Less: non-current portion | (698,459) | (843,142) |
| Current portion | <u>5,245,480</u> | <u>4,586,932</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

11 Trade receivables *(continued)*

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

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

Total trade receivables and accrued revenue balances excluding Government customers as at 31 December 2020 amounts to AED 3,332 million (2019: AED 2,377 million).

Impairment of trade receivables:

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

| | 2020 AED'000 | 2019 AED'000 |
|--------------------------|------------------|------------------|
| At 1 January | 256,704 | 235,492 |
| Charge for the year | 87,970 | 21,212 |
| 31 December | <u>344,674</u> | <u>256,704</u> |
| Less: specific provision | <u>(172,467)</u> | <u>(142,391)</u> |
| Collective provision | <u>172,207</u> | <u>114,313</u> |

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

The Authority supplies electricity and water to a diversified customer base and the standard credit period applied to all customers is 14 days from the date of the invoice. The Authority entered into an agreement in 2011 with certain government related entities allowing them to settle their outstanding balances in fixed instalments on a monthly basis irrespective of their monthly consumption. Accordingly, certain affiliates settle their invoices in arrears of more than 12 months. Therefore, the Authority applies discounting based on the one-year Emirates Interbank Offered Rate (EIBOR) while recognising trade receivables from these customers. At each balance sheet date, the trade receivables which are expected to be collected after twelve months from the reporting date are classified as non-current receivables.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

12 Inventories

| | 2020 AED'000 | 2019 AED'000 |
|--|------------------|------------------|
| Consumables and others | 563,629 | 407,655 |
| Less: provision for slow moving and obsolete inventories | <u>(177,032)</u> | <u>(157,524)</u> |
| | 386,597 | 250,131 |
| Fuel | 1,028,806 | 1,036,789 |
| | <u>1,415,403</u> | <u>1,286,920</u> |

Movements in the provision for slow moving and obsolete inventories were as follows:

| | 2020 AED'000 | 2019 AED'000 |
|-------------------------------|-----------------|-----------------|
| At 1 January | 157,524 | 149,655 |
| Charge for the year (Note 24) | <u>19,508</u> | <u>7,869</u> |
| At 31 December | <u>177,032</u> | <u>157,524</u> |

13 Other financial assets at amortised cost

| | 2020 AED'000 | 2019 AED'000 |
|---|------------------|------------------|
| National bonds | 387,061 | 483,217 |
| Other receivables | 2,427,951 | 1,369,780 |
| Less: provision for impairment on other receivables | <u>(47,913)</u> | <u>(47,913)</u> |
| | <u>2,767,099</u> | <u>1,805,084</u> |

Other financial assets at amortised cost include investments in National Bonds amounting to AED 387 million (2019: AED 483 million), which have a maturity of 12 months from the date of purchase. National Bonds carry an interest rate ranging from 2.45% to 4% per annum. During the year, AED 107 million (2019: AED 100 million) of investments matured. The Authority made an additional investment of AED 11 million (2019: AED 116 million).

Other receivables mainly includes housing and sewerage fee receivable on behalf of a related party and interest receivable on bank deposits. As at 31 December 2020, other receivables amounting to AED 2,380 million (2019: AED 1,322 million) are not impaired and amounts of AED 48 million (2019: AED 48 million) are impaired and fully provided for. The carrying amount of the Group's other receivables is primarily denominated in AED and approximates its fair value.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

14 Cash and bank balances

| | 2020 AED'000 | 2019 AED'000 |
|---|------------------|-------------------|
| Term deposits with banks | 3,309,927 | 8,948,567 |
| Current and call accounts with banks and other institutions | 3,569,781 | 2,827,654 |
| Cash on hand | 3,310 | 1,987 |
| | <u>6,883,018</u> | <u>11,778,208</u> |

Term deposits with original maturity greater than three months, but not more than twelve months, amounting to AED 1,103 million (2019: AED 8,774 million) are classified in cash and bank balances but excluded from cash and cash equivalents for the purpose of the statement of cash flows.

Cash and bank balances include AED 110 million (2019: AED 3,024 million) in foreign currencies. The majority of these balances are denominated in USD. These balances are held for settlement of existing and anticipated liabilities denominated in foreign currencies.

Cash and cash equivalents also includes AED 590 million (2019: AED 454 million) of cash collected by local banks and government collection agencies on behalf of the Group.

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

| | 2020 AED'000 | 2019 AED'000 |
|--|------------------|------------------|
| Cash and bank balances | 6,883,018 | 11,778,208 |
| Less: term deposits (maturity greater than 3 months but less than 12 months) | (1,102,875) | (8,773,567) |
| Bank overdrafts (Note 16) | (477,629) | (498,806) |
| Cash and cash equivalents | <u>5,302,514</u> | <u>2,505,835</u> |

Cash and bank balances are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

15 Equity

a) Government of Dubai account

The Government of Dubai account represents cash and non cash contributions made by the Government of Dubai as an owner of the Group since the incorporation of the Group.

b) General reserve

The general reserve represents surplus distributable profits earned by the Group.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

15 Equity (continued)

c) Statutory reserve

As required by applicable law and articles of association of certain subsidiaries, 10% of the net profit for each period in those subsidiaries is transferred to a statutory reserve. Such transfers to reserves may cease when this reserve equals the issued capital. The reserve is not available for distribution except as stipulated by the law.

d) Hedging reserve

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

e) Non-cash distributions

Non-cash distributions represents amounts transferred to the Government of Dubai, as an appropriation of retained earnings, which is equivalent to the amount owed by the Government of Dubai to the Group based on amounts owed by third parties assumed by the Government of Dubai.

16 Borrowings

| | 2020 AED'000 | 2019 AED'000 |
|-----------------------------|-------------------|-------------------|
| Non-current | | |
| Others (refer (ii) below) | 16,534,142 | 10,655,686 |
| | <u>16,534,142</u> | <u>10,655,686</u> |
| Current | | |
| Bank overdrafts (Note 14) | 477,629 | 498,806 |
| GMTN Loan (refer (i) below) | - | 5,506,276 |
| Others (refer (ii) below) | 1,787,611 | 250,907 |
| | <u>2,265,240</u> | <u>6,255,989</u> |
| | <u>18,799,382</u> | <u>16,911,675</u> |

Borrowings are denominated in the following currencies:

| | 2020 AED'000 | 2019 AED'000 |
|------------|-------------------|-------------------|
| US Dollars | 16,700,950 | 16,220,995 |
| UAE Dirham | 2,098,432 | 690,680 |
| | <u>18,799,382</u> | <u>16,911,675</u> |

The Group has secured borrowings amounting to AED 16,407 million (2019: AED 8,266 million) and unsecured borrowings amounting to AED 2,392 million (2019: AED 8,646 million).

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

16 Borrowings *(continued)*

Borrowings are secured by pledge of assets (refer Note 7), corporate guarantees, government guarantees and letter of undertakings.

(i) GMTN

In 2010, DEWA set up a Global Medium Term Note programme for an amount of USD 3 billion (AED 11.02 billion). On 22 April 2010, DEWA issued notes amounting to USD 1 billion (AED 3.673 billion) which was repaid in 2015. On 21 October 2010, DEWA issued notes amounting to USD 0.5 billion (AED 1.836 billion) which was repaid in 2016 and USD 1.5 billion (AED 5.51 billion). The notes carried a fixed interest rate of 7.375% per annum and are listed on the London Stock Exchange.

During the year the Authority has repaid all its remaining balance of GMTN in the month of October 2020. No new borrowings have been made during the year ended 31 December 2020.

The fair value of the GMTN as at 31 December 2020 was AED Nil (2019: AED 5,746 million). Fair value was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy).

(ii) Others

Shuaa Energy 1 P.S.C had an equity bridge loan carrying an interest rate of one-month LIBOR+0.70% per annum. The entire of the loan was repayable on 1 April 2018. The equity bridge loan amounting AED 73 million was subordinated by the shareholder, ACWA power solar limited on 29 March 2018 and an amount of AED 53 million is outstanding (2019: AED 55 million).

Shuaa Energy 1 P.S.C has a commercial facility from a syndicate of banks amounting to AED 525 million (2019: AED 522 million) carrying an interest rate of LIBOR+1.35% per annum (which is set to increase up to 2.5% until 2040 revisable once in 5 years). The loan insrepayable in bi-annual instalments beginning from September 2017 up to 31 March 2040.

Shuaa Energy 1 P.S.C has an Istisna-Ijara facility amounting to AED 423million (2019: AED 403 million) carrying an interest rate of LIBOR+1.35% per annum. The facility is repayable in bi-annual instalments beginning from September 2017 up to 31 march 2040.

Shuaa Energy 1 P.S.C has a working capital loan of AED Nil (2019: AED 4 million) carrying an interest rate of LIBOR+1.25% per annum.

Shuaa Energy 2 P.S.C has an equity bridge loan of AED 213 million (2019: AED 213 million) carrying a fixed interest rate of 2.965% per annum. The loan is repayable in quarterly instalments beginning from 1 April 2022 up to 31 March 2047.

Shuaa Energy 2 P.S.C has an equity bridge loan of AED 142 million (2019: AED 142 million) carrying an interest rate of one-month LIBOR+1.08% per annum. The loan is repayable on 31 March 2022.

Shuaa Energy 2 P.S.C has a commercial facility from a syndicate of banks amounting to AED 1,491 million (2019: AED 1,259 million) carrying an interest rate of one-month LIBOR+1.75% per annum. The loan is repayable on quarterly instalments beginning from 30 September 2020.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

16 Borrowings *(continued)*

(ii) Other loans *(continued)*

Shuaa Energy 2 P.S.C has an Islamic facility from a syndicate of banks amounting to AED 889 million *(2019: AED 705 million)* carrying an interest rate of one-month LIBOR+1.75% per annum. The loan is repayable on quarterly instalments beginning from 30 September 2020.

Mai Dubai LLC has a bank overdraft amounting to AED 478 million *(2019: AED 499 million)* carrying an interest rate of 0.5%.

Hassyan Energy Phase 1 P.S.C has a commercial facility of AED 7,098 million *(2019: AED 5,297 million)* from a syndicate of banks carrying an interest rate of LIBOR+2.1% per annum. The loan is repayable beginning from 31 August 2021 up to 28 February 2041.

Hassyan Energy Phase 1 P.S.C has a mezzanine facility of AED 370 million *(2019: AED 279 million)* carrying a fixed rate interest of 6.5% per annum. The loan is repayable beginning from 31 May 2041 up to 29 February 2048.

Hassyan Energy Phase 1 P.S.C has equity bridge loans of AED 108 million *(2019: AED 108 million)*. The loans are interest free.

EMPOWER has a loan amounting to AED 1,322 million carrying an interest rate of 1 month LIBOR+1.5% per annum. The loan is repayable in six months instalments commenced from June 2019 with the maturity date of June 2026.

Dubai Green Fund Investments LLC has a loan amounting to AED 1,495 million *(2019: AED 92 million)* carrying an interest rate of 1.2% per annum. The loan is repayable over tenor of 1 year.

Al Etihad Energy Services Company LLC has a loan amounting to AED 126 million *(2019: AED 100 million)* carrying an interest rate of 6.95% per annum. The loan is repayable over period of five years commenced from August 2019.

Shuaa Energy 3 P.S.C has a loan amounting to AED 143 million *(2019: Nil)* carrying an interest rate of LIBOR+1.40% per annum. The loan repayment is scheduled from September 2023 until March 2047.

Shuaa Energy 3 P.S.C has equity bridge loans of AED 147 million *(2019: Nil)* carrying an interest rate of LIBOR+0.75% per annum. The final maturity date is the date falling One hundred and twenty (120) months after the date of Financial Close.

Noor Energy 1 P.S.C has an equity bridge loan amounting to AED 2,796 million *(2019: AED 1,077 million)* carrying an interest rate of LIBOR+1% per annum. The final maturity date is the earlier of the date falling on the second anniversary of the Commercial Operation Date and 10 February 2025.

Noor Energy 1 P.S.C has a loan amounting to AED 1,897 million *(2019: AED 100 million)* million carrying an interest rate of LIBOR+1% per annum. The loan is repayable beginning from 01 July 2023 up to 22 December 2043.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

16 Borrowings *(continued)*

(ii) Other loans *(continued)*

At 31 December 2020, the Group had available AED 12,360 million (2019: AED 17,120 million) of undrawn borrowing facilities from various lenders. The Group has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 reporting periods.

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

17 Retirement benefits obligations

| | 2020 AED'000 | 2019 AED'000 |
|--|------------------|-----------------|
| Provision for employees' end of service benefits (Note 17.1) | 962,091 | 892,679 |
| Provision for pension (Note 17.2) | 86,706 | 85,795 |
| | <u>1,048,797</u> | <u>978,474</u> |
| Less: non-current portion | (1,036,398) | (967,117) |
| Current portion (Note 20) | <u>12,399</u> | <u>11,357</u> |

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

17.1 Provision for employees' end of service benefits

In 2020 and 2019, an actuarial valuation was performed using the projected unit credit method to ascertain the present value of the obligation relating to the end of service benefits payable to expatriate employees in accordance with the Dubai Government Human Resources Management Law No. 27 of 2006. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving service. The obligation for end of service benefits is not funded. The principal actuarial assumptions used were as follows:

- Expected salary increase of 2.35% per annum (2019: 2.35% per annum);
- Discount rate used to determine the present value of the obligation was 2.45% per annum (2019: 3.10% per annum); and
- The average rate of mortality and withdrawal is not significantly different from the trends noted at the valuation date. The mortality rates are based on Employers Groups reinsurance rates. Withdrawal rates assumed the age wise withdrawal rates that incorporates the experience of DEWA in terms of the overall withdrawals during the last three years.

The rate used for discounting the employees' end of service benefits should be based on market yields on high quality corporate bonds. In countries where there is no deep market for such bonds, the market yields on government bonds should be used. In the UAE, there is no deep market for corporate bonds and no market for government bonds and, therefore, the discount rate has been estimated using the US AA-rated corporate bond market as a proxy.

As a result, the Group has recognised an actuarial gain of AED 20 million (2019: AED 83 million) in other comprehensive income.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

17 Retirement benefits obligations (continued)

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

Sensitivity analysis

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

| | 2020 | | 2019 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | AED'000 Increase | AED'000 Decrease | AED'000 Increase | AED'000 Decrease |
| Salary growth (+/- 0.5%) | <u>967,645</u> | <u>847,247</u> | <u>905,248</u> | <u>792,614</u> |
| Discount rate (+/- 0.5%) | <u>826,351</u> | <u>941,803</u> | <u>773,065</u> | <u>881,072</u> |
| Life expectancy (increase/ decrease by 1 year) | <u>906,772</u> | <u>906,590</u> | <u>848,300</u> | <u>848,131</u> |

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

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

The expected gratuity expense for the next one year commencing 1st January 2021 works out to AED 104 million (2020: AED 102 million). These amounts are the sum of current service cost and Net interest cost/(income).

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

| | 2020 AED'000 | 2019 AED'000 |
|---|-----------------|-----------------|
| At 1 January | 892,679 | 882,356 |
| Addition on acquisition of a subsidiary | 716 | - |
| Charge for the year (Note 25) | 124,973 | 124,267 |
| Re-measurements | (19,696) | (83,133) |
| Payments made during the year | <u>(36,581)</u> | <u>(30,811)</u> |
| At 31 December | <u>962,091</u> | <u>892,679</u> |

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

| | 2020 AED'000 | 2019 AED'000 |
|----------------------|-----------------|-----------------|
| Current service cost | 97,383 | 98,556 |
| Interest cost | <u>27,590</u> | <u>25,711</u> |
| | <u>124,973</u> | <u>124,267</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

17 Retirement benefits obligations *(continued)*

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

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

| | 2020 AED'000 | 2019 AED'000 |
|--|-----------------|-----------------|
| Re-measurements: Actuarial (gain) / loss on obligation | | |
| Gain) / loss due to change in financial assumption | 64,984 | (24,853) |
| Gain) / loss due to change in demographic assumption | | 3,210 |
| (Gain) / loss due to change in experience adjustments | (84,680) | (61,490) |
| | <u>(19,696)</u> | <u>(83,133)</u> |

Maturity Profile

| | 2020 AED'000 | 2019 AED'000 |
|-------------------|------------------|------------------|
| 0 to 1 year | 33,409 | 49,352 |
| 1 to 2 year | 41,233 | 44,553 |
| 2 to 5 year | 134,655 | 109,597 |
| 5 years and above | 1,239,819 | 955,072 |
| | <u>1,449,116</u> | <u>1,158,574</u> |

The employee profile of the Group is as detailed below:

| | 2020 | 2019 |
|------------------------------|--------------|--------------|
| Average age (years) | <u>42.31</u> | <u>41.56</u> |
| Average past service (years) | <u>11.00</u> | <u>11.00</u> |
| Average entry age (years) | <u>30.81</u> | <u>30.82</u> |

17.2 Provision for pension

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

The movements in the provision for pensions are analysed below:

| | 2020 AED'000 | 2019 AED'000 |
|-------------------------------|-----------------|-----------------|
| At 1 January | 74,438 | 76,715 |
| Charge for the year (Note 25) | 5,386 | 3,124 |
| Payments made during the year | (5,517) | (5,401) |
| At 31 December | <u>74,307</u> | <u>74,438</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

17 Retirement benefits obligations *(continued)*

17.2 Provision for pension *(continued)*

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

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

| | 2020 AED'000 | 2019 AED'000 |
|-------------------------------|------------------|-----------------|
| At 1 January | 11,357 | 10,520 |
| Charge for the year (Note 25) | 107,309 | 99,645 |
| Payments made during the year | <u>(106,267)</u> | <u>(98,808)</u> |
| At 31 December | <u>12,399</u> | <u>11,357</u> |

Total provision for pension has been presented as follows:

| | 2020 AED'000 | 2019 AED'000 |
|-------------------------------|------------------|------------------|
| At the beginning of the year | 85,795 | 87,235 |
| Charge for the year | 112,695 | 102,769 |
| Payments made during the year | <u>(111,784)</u> | <u>(104,209)</u> |
| At the end of the year | <u>86,706</u> | <u>85,795</u> |

18 Lease liabilities

| | 2020 AED'000 | 2019 AED'000 |
|---------------------------|-----------------|-----------------|
| At 1 January | 27,012 | 32,057 |
| Additions during the year | 2,710 | 1,805 |
| Payments during the year | <u>(8,397)</u> | <u>(6,850)</u> |
| At 31 December | 21,325 | 27,012 |
| Less: current portion | <u>(6,438)</u> | <u>(7,152)</u> |
| Non-current portion | <u>14,887</u> | <u>19,860</u> |

Lease liabilities related to right-of-use assets recognised as per IFRS 16 as per Note 8.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

18 Lease liabilities *(continued)*

Maturity analysis of lease liabilities;

| | 2020 AED'000 | 2019 AED'000 |
|----------------------------------|-----------------|-----------------|
| Less than one year | 6,438 | 7,152 |
| More than one year | 14,887 | 19,860 |
| Lease liabilities at 31 December | <u>21,325</u> | <u>27,012</u> |

19 Other long term liabilities

| | 2020 AED'000 | 2019 AED'000 |
|------------------------------|-------------------|-------------------|
| Deferred revenue | 21,851,900 | 19,500,563 |
| Advances for new connections | 8,094,457 | 8,182,753 |
| Retentions payable | 664,802 | 678,363 |
| | <u>30,611,159</u> | <u>28,361,679</u> |

20 Trade and other payables

| | 2020 AED'000 | 2019 AED'000 |
|--|-------------------|-------------------|
| Consumers' security deposits | 3,437,285 | 3,267,084 |
| Capital projects payables | 3,218,986 | 3,019,769 |
| Trade payables | 2,309,294 | 2,035,913 |
| Retentions payable | 1,696,034 | 1,297,659 |
| Deferred revenue | 855,240 | 986,983 |
| Advances for new connections | 899,384 | 909,194 |
| Accrual for staff benefits | 260,044 | 138,207 |
| Retirement benefit obligations (Note 17) | 12,399 | 11,357 |
| Other payables | 1,960,568 | 2,011,942 |
| | <u>14,649,234</u> | <u>13,678,108</u> |

21 Related party transactions and balances

The Group transacts with its owner, joint ventures and entities controlled, jointly controlled or significantly influenced by the owner within the scope of its ordinary business activities. Since the Group is wholly owned by the Government of Dubai, these entities are jointly referred to as 'government related entities'.

The Group applies the exemption relating to government related entities under IAS 24 'Related Parties' and only discloses transactions and balances with government related entities which are individually or collectively significant.

To determine significance, the Group considers various qualitative and quantitative factors including whether transactions with related parties are conducted in the ordinary course of business.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

21 Related party transactions and balances *(continued)*

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

Related party transactions

The material transactions and balances with related parties are disclosed below, except as disclosed in Note 7, 8, 11, 22, 23, 24, 25, 26, 31 and Note 32 in these consolidated financial statements:

(a) Sale of electricity and water

In common with many other entities, the Group deals in the normal course of business with various Government entities in Dubai. The rates applied for these sales are at par with other customers of a similar nature.

Certain quantities of electricity and water sold to UAE nationals. The Group calculates the value of these quantities supplied at base rate and these amounts are settled by the Government of Dubai.

(b) Purchase of goods and services

In the normal course of business, the Group purchased fuel from entities owned by the Government of Dubai. During the year, the Group consumed fuel costs amounting to AED 6,454 million (2019: AED 6,822 million) from various entities.

During the year, the Group purchased water amounting to AED 39 million (2019: AED 29 million) from an entity under common control.

During the year, the Group contributed an amount of AED 35 million (2019: AED 35 million) to an organisation managed by the Group for purposes of promotion of clean energy and water conservation.

(c) Transactions with banks owned by Government of Dubai

DEWA transacts with various banks and financial institutions which are wholly or partially controlled by the Government of Dubai. All of the Group's transactions with such banks are on normal commercial terms. A portion of the cash and bank balances as disclosed in note 14 are on deposit with such banks.

(d) Compensation to key management personnel

| | 2020 AED'000 | 2019 AED'000 |
|---|-----------------|-----------------|
| Salaries and short term employee benefits | 65,854 | 70,729 |
| Post-employment benefits | 5,889 | 3,351 |
| | <u>71,743</u> | <u>74,080</u> |

(e) Board members' interests

Other than remuneration paid to key management personnel, the Board members of the Authority had no beneficial interest in DEWA or its subsidiaries during 2020 and 2019.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

21 Related party transactions and balances (continued)

Related party balances

| | 2020 AED'000 | 2019 AED'000 |
|---------------------------------|-----------------|-----------------|
| <i>Due from related parties</i> | | |
| Joint ventures | <u>592</u> | <u>542</u> |

The amounts outstanding at year end are unsecured, interest free, payable on demand and will be settled in cash. No impairment charge has been recognised during 2020 and 2019 in respect of amounts owed by related parties. These balances are included in trade receivables (Note 11).

22 Revenue

| | 2020 AED'000 | 2019 AED'000 |
|---------------------|-------------------|-------------------|
| Sale of electricity | 13,754,438 | 14,443,482 |
| Sale of water | 4,294,594 | 4,498,142 |
| District cooling | 2,247,170 | 2,182,770 |
| Others | 1,964,491 | 1,762,592 |
| | <u>22,260,693</u> | <u>22,886,986</u> |

Others include:

- Handling fees amounting to AED 53 million (2019: AED 53 million) includes AED 50 million ss paid by government related entities to the Group for providing collection services.
- Amortisation of deferred revenue amounted to AED 865 million (2019: AED 762 million).

Revenue is net of fair value adjustment of AED 31 million (2019: AED 76 million).

During the year the Group has collected AED 2,744 million (2019: AED 2,942 million) on account of fuel surcharge, of which excess collection of AED 201 million (2019: AED 219 million) have been reversed from revenue and recorded as liability in regulatory deferral account credit balance (refer note 32).

22.1 Disaggregation of revenue

| | Electricity | | Water | | District cooling charges | | Others | | Total | |
|-----------------------------------|-------------------|-------------------|------------------|------------------|--------------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 2020 AED'000 | 2019 AED'000 | 2020 AED'000 | 2019 AED'000 | 2020 AED'000 | 2019 AED'000 | 2020 AED'000 | 2019 AED'000 | 2020 AED'000 | 2019 AED'000 |
| Timing of revenue recognition | | | | | | | | | | |
| Products and services transferred | | | | | | | | | | |
| - at a point in time | 13,754,438 | 14,443,482 | 4,294,594 | 4,498,142 | 2,247,170 | 2,182,770 | 1,099,334 | 1,000,157 | 21,395,536 | 22,124,551 |
| - over time | - | - | - | - | - | - | 865,157 | 762,435 | 865,157 | 762,435 |
| | <u>13,754,438</u> | <u>14,443,482</u> | <u>4,294,594</u> | <u>4,498,142</u> | <u>2,247,170</u> | <u>2,182,770</u> | <u>1,964,491</u> | <u>1,762,592</u> | <u>22,260,693</u> | <u>22,886,986</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

23 Cost of sales

| | 2020 AED'000 | 2019 AED'000 |
|--|-------------------|-------------------|
| Generation and desalination expenditures (Note 23.1) | 9,430,548 | 9,716,755 |
| Transmission and distribution expenditures (Note 23.2) | 4,098,044 | 3,820,359 |
| Purchase of power and water | 102,074 | 46,744 |
| Others | 551,056 | 535,477 |
| | <u>14,181,722</u> | <u>14,119,335</u> |

23.1 Generation and desalination expenditures

| | 2020 AED'000 | 2019 AED'000 |
|--|------------------|------------------|
| Fuel costs | 6,454,173 | 6,821,748 |
| Depreciation (Note 7) | 1,972,666 | 1,860,815 |
| Depreciation – Right-of-use asset (Note 8) | 4,979 | 4,582 |
| Employee benefit expenses (Note 25) | 536,299 | 517,047 |
| Repairs and maintenance | 416,846 | 472,556 |
| Others | 45,585 | 40,007 |
| | <u>9,430,548</u> | <u>9,716,755</u> |

23.2 Transmission and distribution expenditures

| | 2020 AED'000 | 2019 AED'000 |
|-------------------------------------|------------------|------------------|
| Depreciation (Note 7) | 2,466,794 | 2,269,244 |
| Employee benefit expenses (Note 25) | 1,437,882 | 1,358,172 |
| Repairs and maintenance | 151,433 | 138,483 |
| Others | 41,935 | 54,460 |
| | <u>4,098,044</u> | <u>3,820,359</u> |

24 Administrative expenses

| | 2020 AED'000 | 2019 AED'000 |
|--|------------------|------------------|
| Employee benefit expenses (Note 25) | 1,574,649 | 1,478,032 |
| Repairs and maintenance | 399,005 | 403,260 |
| Depreciation (Note 7) | 285,319 | 267,327 |
| Depreciation – Right-of-use asset (Note 8) | 2,995 | 2,038 |
| Amortisation (Note 9) | 57,619 | 66,560 |
| Insurance | 61,531 | 44,419 |
| Provision for slow moving and obsolete inventory (Note 12) | 19,508 | 7,869 |
| Others | 631,176 | 427,365 |
| | <u>3,031,802</u> | <u>2,696,870</u> |

Others include the reversal of an impairment of property, plant and equipment amounting to AED 54 million (2019: AED 80 million) relating to a subsidiary.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

25 Employee benefit expenses

| | 2020 AED'000 | 2019 AED'000 |
|--|------------------|------------------|
| Salaries | 2,588,505 | 2,332,545 |
| Retirement benefit obligations (Note 17) | 238,384 | 227,036 |
| Bonus | 230,948 | 215,979 |
| Other benefits | 490,993 | 577,691 |
| | <u>3,548,830</u> | <u>3,353,251</u> |

Employee benefit expenses are allocated as detailed below:

| | 2020 AED'000 | 2019 AED'000 |
|---|------------------|------------------|
| Cost of sales | | |
| - Generation and desalination expenditure (Note 23.1) | 536,299 | 517,047 |
| - Transmission and distribution expenditure (Note 23.2) | 1,437,882 | 1,358,172 |
| Administrative expenses (Note 24) | 1,574,649 | 1,478,032 |
| | <u>3,548,830</u> | <u>3,353,251</u> |

26 Finance income - net

| | 2020 AED'000 | 2019 AED'000 |
|---|------------------|------------------|
| <i>Finance costs</i> | | |
| Interest on bank and other borrowings | (739,291) | (813,403) |
| Interest on lease liabilities | (1,146) | (1,213) |
| Amortisation of borrowing costs | (3,224) | (5,582) |
| | <u>(743,661)</u> | <u>(820,198)</u> |
| Amounts capitalised (Note 7) | 475,695 | 576,420 |
| | <u>(267,966)</u> | <u>(243,778)</u> |
| <i>Finance income</i> | | |
| Amortisation of financial liabilities | (28,283) | 8,464 |
| Interest income on short term bank deposits | 209,335 | 430,773 |
| Reversal of fair value adjustment for trade receivables | 58,427 | 62,632 |
| | <u>239,479</u> | <u>501,869</u> |
| Finance (Cost)/income - net | <u>(28,487)</u> | <u>258,091</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

27 Net cash generated from operating activities

| | <i>Notes</i> | 2020 AED'000 | 2019 AED'000 |
|---|--------------|-------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Profit for the year | | 5,306,338 | 6,637,083 |
| Adjustments for: | | | |
| Depreciation | 7, 8 | 4,732,753 | 4,404,006 |
| Amortisation | 9 | 57,619 | 66,560 |
| Provision for slow moving and obsolete inventories | 12 | 19,508 | 7,869 |
| Reversal of impairment of property, plant and equipment | 24 | (53,529) | (80,294) |
| Impairment of trade receivables | 11 | 87,969 | 21,212 |
| Deferred income | 22.1 | (865,157) | (762,435) |
| Retirement benefit obligations – gratuity | 17 | 124,973 | 124,267 |
| Retirement benefit obligations – pensions | 17 | 112,695 | 102,769 |
| Fair value adjustment | | 31,399 | 75,690 |
| Share of loss from investment in joint ventures | 6 | 2,392 | 2,467 |
| Loss on sale of property, plant and equipment | | 1,428 | 513 |
| Fair value adjustment to derivatives | | 20,306 | 3,801 |
| Finance cost/income - net | 26 | 28,487 | (258,091) |
| | | <u>9,607,181</u> | <u>10,345,417</u> |
| Payment for retirement benefit obligations – gratuity | 17 | (36,581) | (30,811) |
| Payment for retirement benefit obligations – pensions | 17 | (111,784) | (104,209) |
| Working capital adjustments: | | | |
| Inventories before movement in provision for slow moving and obsolete inventories | | (147,991) | (45,260) |
| Other assets | | 310,436 | (160,967) |
| Trade receivables before provision for impairment | | (1,402,379) | (1,429,105) |
| Other financial assets at amortised cost | | (1,107,391) | (344,730) |
| Trade and other payables | | 1,174,483 | 2,073,088 |
| Net cash inflows generated from operating activities | | <u><u>8,285,974</u></u> | <u><u>10,303,423</u></u> |

28 Commitments

| | 2020 AED'000 | 2019 AED'000 |
|--|-------------------|-------------------|
| Future commitments including capital expenditure | <u>24,204,812</u> | <u>30,723,521</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

29 Financial instruments by category

Financial assets

| | 2020 AED'000 | 2019 AED'000 |
|--|-------------------|-------------------|
| At fair value through profit or loss | | |
| Derivative financial instruments (Note 30) | <u>4,655</u> | <u>88,770</u> |
| At amortised cost | | |
| Trade receivables (Note 11) | 5,943,939 | 5,430,074 |
| Other financial assets at amortised cost (Note 13) | 2,767,099 | 1,805,084 |
| Cash and bank balances (Note 14) | 6,883,018 | 11,778,208 |
| | <u>15,594,056</u> | <u>19,013,366</u> |

Financial liabilities

| | 2020 AED'000 | 2019 AED'000 |
|---|-------------------|-------------------|
| At fair value through profit or loss | | |
| Derivative financial instruments (Note 30) | <u>3,837,641</u> | <u>1,755,754</u> |
| At amortised cost | | |
| Trade and other payables * (Note 20) | 12,882,211 | 11,770,574 |
| Other long term liabilities* (Note 19) | 664,802 | 678,363 |
| Borrowings (Note 16) | 18,799,382 | 16,911,675 |
| | <u>32,346,395</u> | <u>29,360,612</u> |

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

30 Derivative financial instruments

The Group is exposed to interest rate movements on various borrowings maturing between 2017 and 2042. Certain Group's subsidiaries have entered into a series of interest rate swaps for the duration of the borrowings to mitigate the risk of variation in future interest rates. These interest rate swaps were designated as cash flow hedges and were assessed to be highly effective. Net unrealised losses of AED 2,354 million (2019: losses of AED 1,883 million) relating to these hedging instruments is included in other comprehensive income.

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

| Description of the hedged item | Hedging instrument | Notional amount AED'000 | Positive fair value AED'000 | Negative fair value AED'000 |
|--|--------------------|----------------------------|--------------------------------|--------------------------------|
| 2020: | | | | |
| Interest payments on floating rate loans | Interest rate swap | <u>13,533,670</u> | <u>4,655</u> | <u>3,837,641</u> |
| 2019: | | | | |
| Interest payments on floating rate loans | Interest rate swap | <u>10,520,691</u> | <u>88,770</u> | <u>1,755,754</u> |

Dubai Electricity and Water Authority

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2020

30 Derivative financial instruments (continued)

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

| | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|--|--------------------|--------------------|--------------------|------------------|
| 31 December 2020 | | | | |
| Assets measured at fair value | | | | |
| Derivative financial instruments | - | 4,655 | - | 4,655 |
| Liabilities measured at fair value | | | | |
| Derivative financial instruments (non-current portion) | - | 3,825,387 | - | 3,825,387 |
| Derivative financial instruments (current portion) | - | 12,254 | - | 12,254 |
| 31 December 2019 | | | | |
| Assets measured at fair value | | | | |
| Derivative financial instruments | - | 88,770 | - | 88,770 |
| Liabilities measured at fair value | | | | |
| Derivative financial instruments (non-current portion) | - | 1,723,128 | - | 1,723,128 |
| Derivative financial instruments (current portion) | - | 32,626 | - | 32,626 |

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

31 Dividends

The Authority declared a dividend amounting to AED 1.5 billion in respect of the year ended 31 December 2019 (2018: AED 3 billion) and was approved by the Board of Directors at their annual meeting held on 2 February 2020. The dividend was paid during the period ended 31 December 2020.

During the period, EMPOWER declared a dividend of AED 400 million (31 December 2018: AED 600 million) in respect of year ended 31 December 2019 which was approved by the Board of Directors of EMPOWER. An amount of AED 120 million (31 December 2018: AED 60 million) was paid to the non-controlling interest as dividend.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

32 Regulatory deferral account credit balance

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

The Supreme Council of Energy is also controlled by Government of Dubai and it is a related party of the Group.

The Group has recognised AED 948 million as at 31 December 2020 (2019: AED 747 million) in excess of the actual increase in fuel costs incurred since 2010 till date.

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

The movement in regulatory deferral account credit balance is detailed below:

| | 2020 AED'000 | 2019 AED'000 |
|----------------------------------|-----------------|-----------------|
| At 1 January | 747,046 | 527,620 |
| Excess collected during the year | 201,202 | 219,426 |
| At 31 December | <u>948,248</u> | <u>747,046</u> |

33 COVID-19 Impact

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus, or COVID-19, a global pandemic and recommended containment and mitigation measures worldwide. The business outlook for 2020 is significantly impacted by associated risks and uncertainties. There has been a significant reduction in movement and discretionary spending, impacting businesses and economy.

During the reporting period, the impact of the pandemic has evolved rapidly and to contain the virus, the governments and other authorities across the world, including the geographies where the Authority operates, imposed strict measures. These included restrictions on movement, group gatherings, travel bans, border closings, business closures, quarantines, stay-at-home, shelter-in-place orders, density limitations and social distancing measures. The shopping malls, hospitality, cinemas and leisure and entertainment have been impacted by the mandated closures to affect social distancing. Further, in line with H.H. The Ruler of Dubai directives in promoting and supporting the economy of Dubai, the Authority have provided 10% discount on electricity and water consumption bill for all consumer groups starting 12 March 2020 for a period of three months. As a result, the Authority has experienced reductions in income associated with consumption of electricity and water to these businesses. The majority of the Authority's business is consumer driven and the current situation has impacted the consumer confidence and purchasing power. Consequently, the Authority is experiencing reduction in income and revenues.

Dubai Electricity and Water Authority

Notes to the consolidated financial statements *(continued)*
for the year ended 31 December 2020

33 COVID-19 Impact *(continued)*

The full impact of COVID-19 remains uncertain and will be determined by factors that continue to evolve, including but not limited to: the success of support measures introduced by governments; the volume and velocity of the tourism trade; customer and tenant behavior and sentiment; the ability of the wider economy to recover; and the timing and manner of the easing of restrictions (such as lockdowns and social distancing).

34 Comparative figures

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

Annex 2 - Articles of Association

قرار المجلس التنفيذي رقم (١١) لسنة ٢٠٢٢
باعتتماد
النظام الأساسي لهيئة كهرباء ومياه دبي (ش.م.ع)

نحن حمدان بن محمد آل مكتوم ولي عهد دبي رئيس المجلس التنفيذي

بعد الاطلاع على القانون الاتحادي رقم (٤) لسنة ٢٠٠٠ بشأن هيئة وسوق الإمارات للأوراق المالية والسلع وتعديلاته،
وعلى المرسوم بقانون اتحادي رقم (٣٢) لسنة ٢٠٢١ بشأن الشركات التجارية،
وعلى قرار مجلس الوزراء رقم (٤١/م/١) الصادر في الجلسة رقم (١) المنعقدة بتاريخ ١٤ يناير ٢٠٢٢، المتضمن موافقته على استثناء هيئة كهرباء ومياه دبي (ش.م.ع) من بعض أحكام المرسوم بقانون اتحادي رقم (٣٢) لسنة ٢٠٢١ بشأن الشركات التجارية،
وعلى القانون رقم (٣) لسنة ٢٠٠٣ بشأن إنشاء مجلس تنفيذي لإمارة دبي،
وعلى القانون رقم (٢٧) لسنة ٢٠٢١ بشأن هيئة كهرباء ومياه دبي،
وعلى المرسوم رقم (٣) لسنة ٢٠٢١ بشأن إدراج أسهم الشركات المساهمة بأسواق الأوراق المالية في إمارة دبي،
وعلى المرسوم رقم (٥٥) لسنة ٢٠٢١ بتشكيل مجلس إدارة هيئة كهرباء ومياه دبي (ش.م.ع)،
وعلى المرسوم رقم (٥٦) لسنة ٢٠٢١ بتعيين العضو المنتدب والرئيس التنفيذي لهيئة كهرباء ومياه دبي (ش.م.ع)،
وعلى القرار رقم (٣) لسنة ٢٠٢٢ بشأن تمثيل حكومة دبي في الشركات المملوكة لها،
وعلى الموافقة الصادرة عن مجلس إدارة هيئة الأوراق المالية والسلع بتاريخ ٢٦ يناير ٢٠٢٢، باستثناء هيئة كهرباء ومياه دبي (ش.م.ع) من بعض أحكام قرار مجلس إدارة الهيئة رقم (١١/ر.م) لسنة ٢٠١٦ بشأن النظام الخاص بطرح وإصدار أسهم الشركات المساهمة العامة، وبعض أحكام قرار مجلس إدارة الهيئة رقم (٤٠) لسنة ٢٠١٥ بشأن الضوابط والإجراءات المتعلقة بشراء الشركة لأسهمها،
وبناءً على التوصية الصادرة عن مجلس إدارة هيئة كهرباء ومياه دبي (ش.م.ع) بتاريخ ٠٤ مارس ٢٠٢٢ بالموافقة على النظام الأساسي لهيئة كهرباء ومياه دبي (ش.م.ع)،

قررنا ما يلي:

اعتماد النظام الأساسي

المادة (١)

يُعتمد بموجب هذا القرار "النظام الأساسي لهيئة كهرباء ومياه دبي (ش.م.ع)" الملحق، بما يتضمّنه من قواعد وأحكام.

السريان والنشر
المادة (٢)

يُعمل بهذا القرار من تاريخ صدوره، ويُنشر في الجريدة الرسمية.

حمدان بن محمد بن راشد آل مكتوم
ولي عهد دبي
رئيس المجلس التنفيذي

صدر في دبي بتاريخ: ١٠ مارس ٢٠٢٢
الموافق: ٧ شعبان ١٤٤٣ هـ

النظام الأساسي لهيئة كهرباء ومياه دبي (ش.م.ع)

المقدمة:

بعد الاطلاع على القانون رقم (٢٧) لسنة ٢٠٢١ بشأن هيئة كهرباء ومياه دبي، باعتبارها شركة مساهمة عامة مملوكة لحكومة دبي، تتمتع بالشخصية الاعتبارية، والاستقلال المالي والإداري، والأهلية القانونية الكاملة لممارسة أنشطتها وتحقيق أغراضها، وفقاً لأحكام القانون رقم (٢٧) لسنة ٢٠٢١ المشار إليه وهذا النظام، وعلى القانون الاتحادي رقم (٤) لسنة ٢٠٠٠ بشأن هيئة وسوق الإمارات للأوراق المالية والسلع وتعديلاته،

وعلى المرسوم بقانون اتحادي رقم (٣٢) لسنة ٢٠٢١ بشأن الشركات التجارية، وعلى قرار مجلس الوزراء المؤقر، رقم (٤١/م/١) الصادر في الجلسة رقم (١) المنعقدة بتاريخ ١٤ يناير ٢٠٢٢، المتضمن موافقته على استثناء هيئة كهرباء ومياه دبي (ش.م.ع) من بعض أحكام المرسوم بقانون اتحادي رقم (٣٢) لسنة ٢٠٢١ بشأن الشركات التجارية، وعلى القانون رقم (٦) لسنة ٢٠١١ بشأن تنظيم مشاركة القطاع الخاص في إنتاج الكهرباء والمياه في إمارة دبي،

وعلى المرسوم رقم (٥٥) لسنة ٢٠٢١ بتشكيل مجلس إدارة هيئة كهرباء ومياه دبي (ش.م.ع)، وعلى المرسوم رقم (٥٦) لسنة ٢٠٢١ بتعيين العضو المنتدب والرئيس التنفيذي لهيئة كهرباء ومياه دبي (ش.م.ع)،

وعلى قرار المجلس التنفيذي رقم (٤٦) لسنة ٢٠١٤ بشأن تنظيم ربط وحدات إنتاج الطاقة الكهربائية من الطاقة الشمسية بنظام توزيع الطاقة في إمارة دبي، وعلى قرار رئيس مجلس إدارة هيئة الأوراق المالية والسلع رقم (٣/ر.م) لسنة ٢٠٢٠ بشأن اعتماد دليل حوكمة الشركات المساهمة العامة،

وعلى الموافقة الصادرة عن مجلس إدارة هيئة الأوراق المالية والسلع بتاريخ ٢٦ يناير ٢٠٢٢، باستثناء هيئة كهرباء ومياه دبي (ش.م.ع) من بعض أحكام قرار مجلس إدارة الهيئة رقم (١١/ر.م) لسنة ٢٠١٦ بشأن النظام الخاص بطرح وإصدار أسهم الشركات المساهمة العامة، وبعض أحكام قرار مجلس إدارة الهيئة رقم (٤٠) لسنة ٢٠١٥ بشأن الضوابط والإجراءات المتعلقة بشراء الشركة لأسهمها؛

تُصدر النظام الأساسي لهيئة كهرباء ومياه دبي (ش.م.ع)، وذلك على النحو التالي:

التعريفات

يُقصد بالكلمات والعبارات التالية، حيثما وردت في هذا النظام، المعاني المبينة إزاء كلٍ منها، ما لم يدل سياق النص على غير ذلك:

| | |
|-----------------|--|
| الدولة | : دولة الإمارات العربية المتحدة. |
| الإمارة | : إمارة دبي. |
| الحكومة | : حكومة دبي. |
| الهيئة | : هيئة الأوراق المالية والسلع. |
| المجلس التنفيذي | : المجلس التنفيذي للإمارة. |
| السُلطة المختصة | : السُلطة المعنية بترخيص الأنشطة الاقتصادية في الإمارة. |
| المؤسس | : الحكومة، بوصفها المالك الوحيد للشركة، قبل طرح أسهمها للاكتتاب العام. |
| السوق المالي | : أي من الأسواق المالية التي يتم إدراج أسهم الشركة فيها. |

| | |
|-------------------|--|
| قانون الشركات | : المرسوم بقانون اتحادي رقم (٣٢) لسنة ٢٠٢١ بشأن الشركات التجارية. |
| القانون | : القانون رقم (٢٧) لسنة ٢٠٢١ بشأن هيئة كهرباء ومياه دبي. |
| المُساهم الحكومي | : دائرة الماليّة، بوصفها الجهة الحكوميّة التي تُمثّل ملكيّة الحكومة في الشركة. |
| المُساهم | : الشّخص الطبيعي أو الاعتباري المالك لأي من أسهم الشركة. |
| الشركة | : هيئة كهرباء ومياه دبي (ش.م.ع). |
| الشركة الحليفة | : أي شركة ينطبق عليها وصف الحليف، وفقاً للمعنى المنصوص عليه في قواعد الحوكمة. |
| الشركة التابعة | : أي مؤسسة أو شركة تمتلك الشركة أغلبية أسهمها بشكل مباشر أو غير مباشر. |
| الجمعية العموميّة | : اجتماع يعقده المُساهمون في الشركة، يتم تحديد مكانه وموعده وكيفية الدّعوة إليه وفقاً لما هو منصوص عليه في هذا النّظام وقانون الشركات والقرارات الصّادرة بموجبه. |
| القرار الخاص | : القرار الصّادر بأغلبية أصوات المُساهمين الذين يملكون ثلاثة أرباع الأسهم المُمثّلة في الجمعية العموميّة على الأقل. |
| مجلس الإدارة | : مجلس إدارة الشركة. |
| الرئيس | : رئيس مجلس الإدارة. |
| العضو | : عضو مجلس الإدارة. |
| الرئيس التنفيذي | : الرئيس التنفيذي للشركة. |
| الإدارة | : الإدارة التنفيذيّة للشركة، التي تتكوّن من الرئيس التنفيذي ومُساعدوه والإداريين والماليين والفنيين العاملين في الشركة. |
| المقرّر | : مُقرّر مجلس الإدارة أو أي من اللجان التابعة له. |
| مُدقّق الحسابات | : مُدقّق حسابات الشركة المُعيّن من الجمعية العموميّة. |
| قواعد الحوكمة | : مجموعة الصّوابط والإجراءات الصّادرة عن الهيئة، التي تُحقّق الانضباط المؤسّسي في جميع شؤون الشركة، بما في ذلك مسؤوليّات وواجبات الرئيس والأعضاء والإدارة، وحقوق المُساهمين. |
| التصويت التّراكمي | : عمليّة التصويت التي يكون فيها لكل مُساهم عدد من الأصوات يُساوي عدد الأسهم التي يملكها، بحيث يقوم بالتصويت بها لمُرشح واحد لعضويّة مجلس الإدارة أو توزيعها بين من يختارهم من المُرشحين، على ألا يتجاوز عدد الأصوات التي يمنحها للمُرشحين الذين اختارهم عدد الأصوات التي بحوزته. |
| قواعد الإدراج | : قواعد ومُتطلّبات الإدراج الواردة في قانون الشركات والقرارات الصّادرة بموجبه، وكذلك القرارات الصّادرة عن الهيئة وما هو معمول به لدى السّوق المالي. |
| الطرف ذي العلاقة | : أي شخص أو جهة أو كيان يتم تحديده من الهيئة كطرف ذو علاقة، وفقاً للقرارات الصّادرة عنها في هذا الشّأن. |

الباب الأول تأسيس الشركة

اسم الشركة المادة (١)

يكون اسم الشركة هو "هيئة كهرباء ومياه دبي (ش.م.ع)".

مقر الشركة المادة (٢)

- أ- يكون مقر الشركة في الإمارة، ويجوز لمجلس الإدارة أن يُنشئ فروعاً ومكاتب لها داخل الإمارة وخارجها.
- ب- يجوز لمجلس الإدارة عقد وكالات تجارية مع أي كيان، وكذلك تأسيس الشركات التابعة أو الشركات الحليفة داخل الإمارة وخارجها.

مدة الشركة المادة (٣)

مدة الشركة (٩٩) تسع وتسعون سنة ميلادية، قابلة للتديد تلقائياً لمُدَّة مُماثلة، ما لم تُقرَّر الجمعية العمومية بموجب القرار الخاص حلَّ الشركة قبل انتهاء تلك المدة أو تعديلها.

أغراض الشركة واختصاصاتها المادة (٤)

- أ- تُعتبر الشركة، دون غيرها، الجهة المُختصة في الإمارة بتحقيق الأغراض التالية:
- ١- إنشاء وإدارة وتشغيل وصيانة وامتلاك الشبكة العامة، بما فيها محطات توليد الكهرباء وتحلية المياه، وحُقُول المياه، وشبكات وأنظمة نقل وتوزيع الطاقة والمياه في الإمارة.
 - ٢- إنشاء وإدارة وتشغيل وصيانة وامتلاك شبكات الكهرباء والمياه، ومحطات توليد الكهرباء وتحلية المياه، وشبكات وأنظمة نقل وتوزيع الطاقة والمياه خارج الإمارة.
 - ٣- تطوير كافة مصادر المياه، بما في ذلك مُعالجة مياه الحُقُول لتكون صالحة للشرب، وكذلك تخزين المياه ونقلها وتوزيعها على المُستهلكين في الإمارة.
 - ٤- إنشاء وإدارة المشروعات المُتعلقة بإنتاج الكهرباء وتوفير المياه؛ لغايات سد حاجات الجمهور، واستيفاء مُتطلبات التنمية في الإمارة.
- ب- لغايات تحقيق الأغراض المشار إليها في الفقرة (أ) من هذه المادة، يكون للشركة القيام بما يلي:

- ١- شراء الكهرباء والمياه من أي جهة كانت، بالأسعار والشروط التي تراها الشركة مُناسبة، ووفقاً للقواعد والإجراءات المُعتمدة لديها في هذا الشأن.
- ٢- التعاقد مع الغير لبناء وإنشاء وإدارة وتشغيل محطات إنتاج الكهرباء وتحلية المياه، وتأسيس وتشغيل وحل الشركات التابعة، وفقاً للقانون رقم (٦) لسنة ٢٠١١ المُشار إليه والتشريعات السارية في الإمارة.
- ٣- تأسيس شركات مملوكة لها بالكامل أو بشكل جزئي، أو المُساهمة بشكل مُباشر أو غير مُباشر في الشركات المُرتبطة بقطاع المياه والكهرباء داخل الإمارة أو خارجها.
- ٤- شراء وبيع وتوريد الوقود للجهات المُصرَّح لها بإنتاج الكهرباء والمياه، وفقاً للتشريعات السارية في الإمارة.

- ٥- امتلاك وحيازة واستئجار وتأجير الأراضي والعقارات اللازمة لتحقيق أغراضها.
- ٦- استثمار وتوظيف أموالها في أي مجالات تجارية، أو مالية، أو خدمية أو صناعية بالطريقة التي تراها مناسبة، سواءً بشكل مباشر أو غير مباشر أو من خلال الشركات التابعة.
- ٧- اقتراض الأموال بضمان أو بدون ضمان بما يتفق مع التشريعات السارية في الإمارة، وكذلك إقراض الشركات التابعة.
- ٨- منح حقوق الانتفاع وأي حقوق عينية أخرى على الأراضي المملوكة لها لأي جهة أو شركة تساهم في إنتاج الكهرباء والمياه في الإمارة.
- ٩- تنفيذ المشاريع والإشراف عليها وفقاً لقرار المجلس التنفيذي رقم (٤٦) لسنة ٢٠١٤ المشار إليه ووفقاً لما يحدده مجلس الإدارة في هذا الشأن.
- ١٠- جميع الأعمال الصناعية والتجارية ذات العلاقة بتحقيق أغراضها، ولا تتعارض مع هذا النظام والتشريعات السارية في الإمارة.

الباب الثاني رأس المال الشركة

تحديد رأس المال والأسهم المادة (٥)

- أ- يتحدد رأس مال الشركة المصدر بمبلغ (٥٠٠,٠٠٠,٠٠٠) خمسمئة مليون درهم، مقسم إلى (٥٠,٠٠٠,٠٠٠,٠٠٠) خمسين مليار سهم، وتكون القيمة الاسمية لكل سهم (١,٠٠) واحد فلس.
- ب- تكون جميع أسهم الشركة اسمية ومتساوية في الفئة والحقوق التي تمنحها من كافة الجوانب.

ملكية الحكومة المادة (٦)

يجب ألا تقل نسبة ملكية الحكومة في الشركة بأي حال من الأحوال عن (٥١٪) واحد وخمسين بالمائة من رأس مال الشركة.

الطرح للاكتتاب العام المادة (٧)

يتم طرح أسهم الشركة للاكتتاب العام، وفق النسب التي يحددها المجلس التنفيذي في هذا الشأن.

دفع القيمة الاسمية للأسهم المادة (٨)

تُدفع ما نسبته (١٠٠٪) مئة بالمائة من كامل القيمة الاسمية للأسهم عند الاكتتاب.

تحمل أو زيادة الالتزامات
المادة (٩)

لا يتحمل المساهمون أي التزامات تُطلب من الشركة أو أي خسائر تلحق بها، إلا في حدود المبلغ غير المدفوع عما يملكونه من أسهم، ولا يجوز زيادة التزامات المساهمين في الشركة عن هذا القدر إلا بموافقتهم الجماعية.

آثار تملك أسهم الشركة
المادة (١٠)

يترتب على ملكية السهم، قبول المساهم بالنظام الأساسي للشركة وقرارات الجمعية العمومية، ولا يجوز للمساهم أن يطلب استرداد ما دفعه للشركة كحصة في رأس المال.

ملكية السهم
المادة (١١)

لا يجوز تجزئة ملكية السهم، ويترتب على ذلك عدم جواز أن يملك السهم الواحد أكثر من شخص واحد.

حقوق المساهم
المادة (١٢)

كل سهم يُحوّل مالكة الحق في حصة مُعادلة لحصة غيره، دون تمييز، ويكون للمساهم الحق فيما يلي:

- ١- ملكية موجودات الشركة عند تصفيتها، بما يُعادل قيمة الأسهم التي يملكها.
- ٢- أرباح الشركة، بما يُعادل قيمة الأسهم التي يملكها.
- ٣- حضور الجمعية العمومية.
- ٤- التصويت على قرارات الجمعية العمومية.

إدراج الأسهم والتصرف فيها
المادة (١٣)

- أ- تقوم الشركة بإدراج أسهمها في أي من الأسواق المالية المرخصة في الإمارة، ويجوز لمجلس الإدارة إدراج أسهم الشركة في الأسواق المالية الموجودة خارج الإمارة أو الدولة، على أن يتم الالتزام في كل ما يتعلق بإصدار وتسجيل أسهم الشركة وتداولها ونقل ملكيتها وترتيب الحقوق عليها، بالقواعد المنصوص عليها في هذا النظام وقانون الشركات والقرارات الصادرة بموجبه، وكذلك القرارات الصادرة عن الهيئة وقواعد الإدراج، وما هو معمول به لدى السوق المالي المعني والتشريعات السارية في الإمارة.
- ب- يجوز التصرف بأسهم الشركة، سواءً ببيعها أو التنازل عنها أو رهنها أو غير ذلك من التصرفات القانونية الأخرى، وذلك بما يتفق مع أحكام هذا النظام، على أن يتم تسجيل تلك التصرفات في سجل خاص يتم إنشاؤه لدى الشركة، يُسمى "سجل الأسهم"، وعند إدراج أسهم الشركة في السوق المالي، يتم تسجيل كافة التصرفات التي تتم على هذه الأسهم، بما في ذلك المقاصة والتسويات، وفقاً للقواعد المعمول بها لدى السوق المالي.
- ج- في حال وفاة المساهم، يكون وريثه أو الموصى له هو الشخص الوحيد الذي له الحق في أسهم المتوفى، وفي الأرباح والامتيازات الأخرى التي كان للمتوفى حق فيها، كما يكون له

- بعد تسجيله في الشركة وفقاً لأحكام هذا النظام، حقوق المساهم، التي كان يتمتع بها المتوفى فيما يخص تلك الأسهم، ولا تُعفى شركة المساهم المتوفى من أي التزام تجاه الشركة أو غيرها يتعلق بأي سهم كان يملكه وقت الوفاة.
- د- يجب على أي شخص يصبح له الحق في أي أسهم في الشركة نتيجة وفاة أو تصفية أو إفلاس أي مساهم أو صدور حيز قضائي لصالحه عن المحكمة المختصة، أن يقوم خلال (٣٠) ثلاثين يوماً بما يلي:
- ١- تقديم بيّنة خطية على حقه في الأسهم إلى الشركة.
 - ٢- أن يختار التسجيل كمساهم، أو أن يُسمّى شخصاً آخر ليتم تسجيله كمساهم فيما يتعلق بالسهم الذي آل إليه بالإرث أو التصفية أو الإفلاس أو الحيز القضائي، وذلك وفقاً لأحكام قانون الشركات والقرارات الصادرة بموجبه.

النظام الإلكتروني للأسهم المادة (١٤)

تستبدل الشركة، عند إتمام إدراج أسهمها في السوق المالي، سجل الأسهم ونظام نقل ملكية الأسهم المعمول بهما لديها، بنظام إلكتروني لتسجيل الأسهم ونقل ملكيتها، بما يتوافق مع النظام المعمول به في السوق المالي، وتعتبر البيانات الواردة في النظام الإلكتروني نهائية وملزمة، لا يجوز الطعن فيها أو طلب نقلها أو تغييرها إلا بمقتضى القوانين والأنظمة والإجراءات المعمول بها لدى السوق المالي.

الحجز على ممتلكات الشركة المادة (١٥)

لا يجوز لورثة المساهم أو لغيرهم من خلفه أو دائنيه بأي حال من الأحوال، أن يطلبوا الحجز على ممتلكات الشركة أو قسمتها أو بيعها، أو أن يتدخلوا بأي طريقة كانت في إدارتها، ويجب عليهم للاستفادة من حقوقهم الاستناد إلى قوائم جرد الشركة وحساباتها الختامية، وعلى القرارات الصادرة عن الجمعية العمومية.

الأرباح المستحقة عن السهم المادة (١٦)

تقوم الشركة بدفع حصص الأرباح المستحقة عن كل سهم للمالك الأخير الذي قيد اسمه في سجل الأسهم بالشركة، وذلك في التاريخ الذي تحدده الجمعية العمومية لدفع الأرباح، ويكون لهذا المالك وحده الحق في استلام المبالغ المستحقة عن ذلك السهم، سواء كانت حصصاً في الأرباح، أو نصيباً في موجودات الشركة في حال تصفيتها.

زيادة وتخفيض رأسمال الشركة المادة (١٧)

أ- مع مراعاة أحكام قانون الشركات والقرارات الصادرة بموجبه، وبعد الحصول على موافقة الهيئة، يجوز زيادة رأسمال الشركة، بإصدار أسهم جديدة بذات القيمة الإسمية للأسهم الأصلية، أو بإضافة علاوة إصدار إلى القيمة الإسمية، أو منح خصم إصدار على القيمة الإسمية للسهم، كما يجوز تخفيض رأسمال الشركة بعد الحصول على موافقة الهيئة، ووفقاً لما هو منصوص عليه في قانون الشركات والقرارات الصادرة بموجبه.

- ب- يجب أن تتم أي زيادة في رأسمال الشركة أو تخفيضه بقرار خاص من الجمعية العمومية، بناءً على اقتراح مجلس الإدارة، وذلك بعد الاطلاع على تقرير مُدقق الحسابات، على أن يتم في حالة زيادة رأس المال، تحديد مقدار الزيادة وسعر إصدار الأسهم الجديدة، وأن يتم في حالة تخفيض رأس المال تحديد مقدار التخفيض وكيفية تنفيذه.
- ج- مع مراعاة أحكام المواد (٢٢٥)، (٢٢٦)، (٢٢٧) و(٢٣١) من قانون الشركات، وبعد الحصول على موافقة الهيئة وصُدور قرار عن الجمعية العمومية، يجوز زيادة رأسمال الشركة دون تطبيق حقوق الأولوية للمساهمين القائمين فيها، في أي من الأحوال التالية:
- ١- إدخال مساهم استراتيجي في الشركة.
 - ٢- تحويل ديون الشركة إلى رأسمال.
 - ٣- تحويل السندات أو الصكوك الصادرة عن الشركة إلى أسهم.
 - ٤- الاستحواذ على شركة قائمة وإصدار أسهم جديدة في الشركة لصالح الشركاء أو المساهمين في الشركة المستحوذ عليها.

الباب الثالث السندات والصكوك

إصدار السندات والصكوك المادة (١٨)

- أ- مع مراعاة أحكام قانون الشركات والقرارات الصادرة بموجبه، يجوز للجمعية العمومية بموجب قرار خاص، بناءً على توصية مجلس الإدارة، أن تُقرّر إصدار أي نوع من سندات القرض، أو الصكوك الإسلامية، أو أي سندات مالية أخرى بقيم متساوية لكل إصدار، سواء كانت قابلة للتداول أو التحويل إلى أسهم في الشركة من عدمه، على أن يبيّن القرار الصادر عن الجمعية العمومية قيمة هذه السندات والصكوك والسندات المالية الأخرى، وشروط إصدارها، ومدى قابليتها للتداول أو التحويل إلى أسهم، ويجوز للجمعية العمومية أن تفوض مجلس الإدارة صلاحية تحديد موعد إصدار تلك السندات والصكوك، وفقاً لما هو مُعتمد لدى الهيئة في هذا الشأن.
- ب- أي سند أو صك تُصدّره الشركة يبقى إسمياً، وذلك إلى حين اكتمال سداد قيمته، ولا يجوز إصدار السندات أو الصكوك لحاملها، ويُمنح أصحاب السندات أو الصكوك التي تُصدّر بمناسبة قرض واحد حقوقاً متساوية، ويقع باطلاً كل شرط يُخالف ذلك.

الباب الرابع مجلس الإدارة

تعيين وانتخاب أعضاء مجلس الإدارة المادة (١٩)

- أ- مع مراعاة أحكام المادة (١٠) من القانون، وأحكام المرسوم رقم (٥٥) لسنة ٢٠٢١ المشار إليه، يتولّى إدارة الشركة مجلس إدارة، يتألف من الرئيس ونائب الرئيس وعدد من الأعضاء من ذوي الخبرة والاختصاص، لا يقل عددهم عن (٧) سبعة أعضاء، بمن فيهم الرئيس ونائب الرئيس، يتم تعيينهم أو انتخابهم من الجمعية العمومية بالتصويت السري التراكمي.
- ب- يتم تعيين أو انتخاب مجلس الإدارة بما يتفق مع حقوق ملكية الأسهم في الشركة، وذلك على النحو التالي:
- ١- يحق للمساهم الحكومي تعيين عدد من الأعضاء في مجلس الإدارة يُعادل حصته في رأسمال الشركة.

- ٢- يتم انتخاب الأعضاء من غير المساهم الحكومي، عن طريق التصويت السري التراكمي، وفقاً لقانون الشركات والقرارات الصادرة بموجبه.
- ٣- يجوز أن يكون الأعضاء من ذوي الخبرة من غير المساهمين.
- ٤- تلتزم الشركة بقواعد الحوكمة بشأن الترشح لعضوية مجلس الإدارة، ويجب على المرشح لعضوية مجلس الإدارة أن يُقدّم الوثائق والبيانات التالية:
 - أ- السيرة الذاتية، موضحاً بها المؤهلات العلمية والخبرات العملية، مع تحديد صفة العضوية التي سيترشح إليها.
 - ب- إقرار كتابي بالتزامه بأحكام القانون وقانون الشركات والقرارات الصادرة بموجبه وهذا النظام، وأنه سوف يبذل عناية الشخص الحريص طوال فترة عضويته في مجلس الإدارة.
 - ج- كشف بأسماء الشركات والمؤسسات التي يُزاول العمل فيها وقت الترشح، أو يشغل عضوية مجالس إدارتها، وأي عمل يقوم به بصورة مباشرة أو غير مباشرة، قد يُشكّل منافسة للشركة.
 - د- في حال كان المرشح للعضوية في مجلس الإدارة شخصاً اعتبارياً، فإنه يجب إرفاق مُستند كتابي صادر عن هذا الشخص، يتضمن اسم مُمثله المرشح لعضوية مجلس الإدارة.
 - هـ- كشف بالشركات التجارية التي يُساهم أو يُشارك في ملكيتها، وعدد الأسهم أو الحصص التي يملكها.

العضوية في مجلس الإدارة المادة (٢٠)

- أ- تكون مدة العضوية في مجلس الإدارة (٣) ثلاث سنوات، على أن يتم إعادة تشكيل مجلس الإدارة عند انتهاء هذه المدة، سواء بتعيين أو انتخاب أعضاء جُدد أو بإعادة تعيين أو انتخاب الأعضاء الذين انتهت مدة عضويتهم.
- ب- في حال شُغور منصب أي من الأعضاء، فيجوز لمجلس الإدارة تعيين عضو جديد خلال (٣٠) ثلاثين يوماً من تاريخ شُغور العضوية، على أن يُعرض هذا التعيين على الجمعية العمومية في أول اجتماع لها لاعتماد القرار أو تعيين عضو بديل، على أن يُكمل العضو الجديد مدة عضوية سلفه، وفي حال عدم تعيين العضو الجديد خلال تلك المدة، فإنه يجب على مجلس الإدارة فتح باب الترشح لانتخاب عضو للمنصب الشاغر في مجلس الإدارة في أول اجتماع للجمعية العمومية.
- ج- إذا بلغت أو تعددت العضوية الشاغرة ما نسبته (٢٥٪) خمس وعشرين بالمئة أو أكثر من عدد الأعضاء، فإنه يجب على مجلس الإدارة دعوة الجمعية العمومية للاجتماع خلال (٣٠) ثلاثين يوماً من تاريخ تحقق تلك النسبة لانتخاب أعضاء جُدد، وفي جميع الأحوال يُكمل العضو الجديد مدة سلفه.

انتخاب الرئيس المادة (٢١)

- أ- عند انتهاء مدة ولاية مجلس إدارة الشركة المُشكّل بموجب المرسوم رقم (٥٥) لسنة ٢٠٢١ المشار إليه، ينتخب مجلس الإدارة الجديد وبالتصويت السري من بين أعضائه الرئيس، وكذلك نائب الرئيس الذي يقوم مقام الرئيس في حال غيابه أو شُغور منصبه.
- ب- يتولّى الرئيس مهمة الإشراف على مجلس الإدارة، وعلى قيامه بممارسة الاختصاصات المقررة له بموجب القانون وهذا النظام وقانون الشركات والقرارات الصادرة بموجبه.

- ج- يُعيّن مجلس الإدارة من بين موظفي الشركة مُقرراً لمجلس الإدارة، وفقاً للضوابط المُعتمدة لدى الهيئة في هذا الشأن، تُنشط به مهمة إعداد جدول أعمال مجلس الإدارة، وتوجيه الدعوة للأعضاء لحضور اجتماعاته، وتدوين محاضر جلساته، وقراراته وتوصياته، ومتابعة تنفيذها، وحفظها وأرشفتها، وأي مهام أخرى يتم تكليفه بها من الرئيس أو مجلس الإدارة.
- د- يجب أن تتوفّر في المُقرّر الشروط والمُتطلبات المُبيّنة في قواعد الحوكمة، ويجب أن يكون المُقرّر تابعاً لمجلس الإدارة بشكل مُباشر، ولا يجوز عزله إلا بقرار من مجلس الإدارة.
- هـ- يجوز لمجلس الإدارة أن يُشكّل من بين أعضائه لجنة أو أكثر، يُعهد إليها بعدد من المهام والصلاحيات المنوطة به، وذلك بما يتفق مع أحكام القانون وقواعد الحوكمة.

اختصاصات مجلس الإدارة المادة (٢٢)

- أ- يتولّى مجلس الإدارة مهمة الإشراف العام على الشركة، وعلى قيامها بكافة الأعمال والأنشطة الكفيلة بتحقيق أغراضها والتصرّف بالنيابة عنها، وذلك في حدود الاختصاصات المنوطة به بموجب القانون وقانون الشركات والقرارات الصادرة بموجبه وهذا النظام وقرارات الجمعية العمومية، ويكون لمجلس الإدارة على وجه الخصوص القيام بالمهام والصلاحيات التالية:
- ١- اعتماد الخطط الاستراتيجية والسياسات الخاصة بالشركة، والإشراف على متابعتها تنفيذها.
 - ٢- عقد الفروض لأجل تزيد على (٣) ثلاث سنوات، وبيع أو رهن عقارات وأصول الشركة وأموالها المنقولة وغير المنقولة، على أن يتولّى مجلس الإدارة إعداد الضوابط والقواعد المرتبطة بعقد الفروض وبيع ورهن عقارات وأصول وأموال الشركة وعرضها على الجمعية العمومية لاعتمادها في أول اجتماع لها.
 - ٣- الموافقة على إبراء ذمة مديني الشركة من التزاماتهم، وإجراء الصلح والاتفق على التحكيم، وتطبيق القوانين الأجنبية على أي من اتفاقياتها، وتأسيس الشركات والشركات التابعة بشكل كلي أو جزئي، أو الاستثمار فيها وبيعها وحلّها وتصفيتها.
 - ٤- اعتماد النظام الداخلي لمجلس الإدارة وكافة الأمور المتعلقة به، بما في ذلك توزيع الاختصاصات وتفويض المسؤوليات بين أعضائه.
 - ٥- اعتماد اللوائح المالية والإدارية والفنية للشركة، بما في ذلك منظومة تفويض الصلاحيات، وكذلك اللوائح المنظمة لمشترياتها وإدارة أصولها، بالإضافة إلى اللوائح المنظمة لمواردها البشرية.
 - ٦- اعتماد الهيكل التنظيمي للشركة.
 - ٧- تقسيم ونقل وتحويل ودمج وتوحيد وبيع ورهن أي من أموال الشركة أو أصولها أو موجوداتها أو أصول أو موجودات أو أموال أي من الشركات التابعة، أو التنازل عن أي منها والتصرّف بها بكافة أشكال التصرفات القانونية.
 - ٨- السماح للشركة والشركات التابعة بمباشرة أي عملية استثمار أو اقتراض أو إقراض، أو إصدار ضمانات أو كفالات أو سندات أو صكوك أو أي أدوات دين أخرى، وفقاً للتشريعات السارية في الإمارة.
 - ٩- الاستحواذ على الشركات ودمجها.
 - ١٠- أي مهام أو صلاحيات أخرى تتفق وأغراض الشركة، تكون لازمة لتحقيق مصالحها، ولا تتعارض مع التشريعات السارية في الإمارة.
- ب- يجوز لمجلس الإدارة تفويض أي من صلاحياته المنصوص عليها في البنود (٢)، (٣)، و(٤) من الفقرة (أ) من هذه المادة لأي من اللجان المشكلة من مجلس الإدارة، على ألا يقل عدد أعضاء أي من هذه اللجان عن (٣) ثلاثة أعضاء، كما يجوز لمجلس الإدارة تفويض الصلاحية المنوطة به بموجب البند (٥) من الفقرة ذاتها للرئيس التنفيذي، على أن يكون هذا

التفويض مُتوافقاً مع منظومة تفويض الصلاحيات التي يعتمدها مجلس الإدارة، وأن يكون خطياً ومُحدداً.

اختصاصات الرئيس التنفيذي المادة (٢٣)

- أ- مع مُراعاة أحكام الفقرتين (ب) و(ج) من المادة (١٠) من القانون، والمرسوم رقم (٥٦) لسنة ٢٠٢١ المشار إليه، يتولى الرئيس التنفيذي المهام والصلاحيات التالية:
- ١- تمثيل الشركة أمام جميع الجهات سواء داخل الإمارة أو خارجها، بما في ذلك الجهات القضائية والجهات الحكومية وغير الحكومية.
 - ٢- تنفيذ كافة القرارات الصادرة عن الجمعية العمومية ومجلس الإدارة.
 - ٣- تسيير الشؤون اليومية للإدارة، وإدارة عمليات الشركة، والتحقق من قيامها بالمهام المنوطة بها بموجب القانون وقانون الشركات والقرارات الصادرة بموجبه وهذا النظام والتشريعات السارية في الإمارة واللوائح المعمول بها في الشركة.
 - ٤- إبرام العقود والاتفاقيات ومذكرات التفاهم، والتوقيع على المستندات، مهما كانت طبيعتها ونوعها، في حدود الصلاحيات المنوطة به بموجب هذا النظام ومنظومة تفويض الصلاحيات.
 - ٥- إصدار السياسات والقرارات واللوائح الداخلية المتعلقة بشؤون الشركة والشركات التابعة، باستثناء اللوائح التي يختص مجلس الإدارة باعتمادها وفقاً للبند (٥) من الفقرة (أ) من المادة (٢٢) من هذا النظام.
 - ٦- القيام بكافة الأعمال المالية والمصرفية، واتخاذ القرارات المتعلقة بأي منها، وفقاً للصلاحيات المنوطة به بموجب اللوائح المُعتمدة لدى الشركة في هذا الشأن.
 - ٧- القيام بجميع الاختصاصات المنوطة به بموجب التشريعات المعمول بها لدى الشركة ولوائحها الداخلية والتشريعات السارية في الإمارة.
 - ٨- الإشراف على الجهاز التنفيذي للشركة، وكافة الأمور المتعلقة بالموارد البشرية، بما في ذلك الموافقة على تعيين الموظفين، وتحديد رواتبهم ومكافاتهم ونقلهم وعزلهم وكافة الأمور المتعلقة بهم، وفقاً للصلاحيات المنصوص عليها في لائحة الموارد البشرية المُعتمدة لدى الشركة.
 - ٩- التوصية إلى مجلس الإدارة بتسمية مُمثلي الشركة في مجالس إدارة الشركات التابعة، على أن يصدر باعتماد تعيينهم في مجالس إدارة هذه الشركات قرار من مجلس الإدارة.
 - ١٠- تشكيل اللجان وفرق العمل الدائمة والمؤقتة، وتحديد اختصاصاتها، ومكافأة أعضائها بما يتماشى مع الأنظمة المُعتمدة لدى الشركة وقانون الشركات والقرارات الصادرة بموجبه وقواعد الحوكمة.
 - ١١- توكيل الغير في تمثيل الشركة في أي مسألة تتعلق بتحقيق مصالحها والدفاع عن حقوقها.
 - ١٢- إتمام إجراءات عقد المُصالحة بالنيابة عن الشركة، وتطبيق القوانين الأجنبية على أي من العقود أو الاتفاقيات التي تُبرمها الشركة والشركات التابعة، ورفع الدعاوى القضائية، وتوكيل المحامين، وإجراء التسويات والمُخالفات القضائية والقانونية، بما يتوافق مع قرارات مجلس الإدارة ويُحقق مصالح الشركة.
 - ١٣- أي مهام أو صلاحيات أخرى يتم تفويضه أو تكليفه بها من الجمعية العمومية أو الرئيس أو مجلس الإدارة.
- ب- يُمارس الرئيس التنفيذي المهام والصلاحيات المنوطة به بموجب الفقرة (أ) من هذه المادة وفقاً لمنظومة تفويض الصلاحيات التي يعتمدها مجلس الإدارة في هذا الشأن.
- ج- يجوز للرئيس التنفيذي تفويض أي من الصلاحيات المنوطة به بموجب الفقرة (أ) من هذه المادة إلى أي من موظفي الشركة، وفقاً لمتطلبات العمل، وبما يخدم مصلحة الشركة

والشركات التابعة، على أن يكون ذلك التفويض خطياً ومُحدداً ومُتوافقاً مع منظومة تفويض الصلاحيات التي يعتمدها مجلس الإدارة.

اجتماعات مجلس الإدارة المادة (٢٤)

يجتمع مجلس الإدارة بدعوة من الرئيس، أو نائب الرئيس في حال غيابه، (٤) أربعة اجتماعات في السنة على الأقل، أو كلما دعت الحاجة إلى ذلك، في المكان والزمان اللذين يُحددهما، ويجوز أن تُعقد اجتماعات مجلس الإدارة عن طريق وسائل الإتصال المسموعة أو المرئية، ويتم توجيه الدعوة قبل أسبوع على الأقل من الموعد المُحدد لعقد الاجتماع، مُرفقاً بها جدول الأعمال المُعتمد، ويجوز للعضو طلب إضافة أي موضوع لمناقشته خلال الاجتماع، وذلك بعد الحصول على موافقة رئيس الاجتماع على الطلب.

صحة اجتماعات وقرارات مجلس الإدارة المادة (٢٥)

أ- يكون اجتماع مجلس الإدارة أو أي من اللجان التابعة له صحيحاً بحضور أغلبية الأعضاء، ويكون الحضور شخصياً بالتواجد الفعلي أو من خلال التقنية الصوتية أو تقنية الصوت والفيديو أو أي وسيلة تواصل مرئية أخرى يعتمدها مجلس الإدارة أو اللجنة التابعة له، ويجوز للعضو أن يُنيب عنه بشكل خطي عضواً آخر لحضور اجتماع مجلس الإدارة أو اللجنة التابعة له، والتصويت على قراراته، وفي هذه الحالة يُحسب لهذا العضو صوت واحد من مجموع أصوات الأعضاء الحاضرين، ولا يجوز أن يحمل العضو الواحد أكثر من إنابة واحدة في أي اجتماع، كما لا يجوز له التصويت بالمراسلة.
ب- تصدر قرارات مجلس الإدارة أو اللجنة التابعة له بأغلبية أصوات الأعضاء أو المُمثلين عنهم، وفي حال تساوي الأصوات يُرجح الجانب الذي صوت منه رئيس الاجتماع.

محاضر اجتماعات مجلس الإدارة المادة (٢٦)

أ- تُدون جميع المواضيع والمسائل التي تم بحثها ومناقشتها، والقرارات التي تم اتخاذها، في محاضر اجتماعات مجلس الإدارة أو اللجنة التابعة له، على أن تُدون أي تحفظات يبيدها أي من الأعضاء أو الآراء المخالفة في تلك المحاضر.
ب- يقوم الأعضاء الحاضرين والمقرّر، بالتوقيع على محاضر اجتماعات مجلس الإدارة أو اللجنة التابعة له، سواء كان التوقيع خطياً أو إلكترونياً، على أن يتم توزيع نسخ من هذه المحاضر على الأعضاء بعد اعتمادها للاحتفاظ بها.
ج- تُحفظ محاضر اجتماعات مجلس الإدارة واللجنة التابعة له لدى المقرّر، وفي حال امتناع أي من الأعضاء عن التوقيع على محاضر الاجتماع، فإنه يُثبت اعتراضه في المحضر وتُذكر أسباب الاعتراض في حال إبدائها.

الموافقة على القرارات بالتمرير المادة (٢٧)

دون الإخلال بالتصايب القانوني المطلوب لاجتماع مجلس الإدارة أو اللجنة التابعة له، يجوز الموافقة على بعض القرارات والتوصيات بالتمرير، على أن يُراعى في ذلك ما يلي:

- ١- موافقة أعضاء مجلس الإدارة أو اللجنة التابعة له بالأغلبية على وجود حالة طارئة تستدعي إصدار القرار أو التوصية بالتمرير.
- ٢- أن تكون القرارات والتوصيات المطلوب تمريرها على أعضاء مجلس الإدارة أو اللجنة التابعة له مكتوبة، ومرفقاً بها كافة المستندات والوثائق ذات الصلة.

النسخ المصدقة من محاضر الاجتماعات المادة (٢٨)

يُحوّل كلاً من الرئيس والرئيس التنفيذي والمقرّر والمستشار القانوني للشركة، منفردين أو مجتمعين، بتقديم نسخ مُصدّق عليها لمحاضر اجتماعات مجلس الإدارة أو اللجنة التابعة له، والتوقيع على هذه النسخ، والإشارة إلى أنها نسخة طبق الأصل من محضر الاجتماع الأصلي، مع تاريخ التصديق عليها، ويجوز لأي طرف يتعامل مع الشركة الاحتجاج بأي من النسخ المُصدّق عليها أمام الغير، باعتبارها نسخة طبق الأصل عن المُستند الأصلي.

تضارب المصالح المادة (٢٩)

- على الرئيس والأعضاء تجنّب أي تضارب في المصالح قد يقع بسبب عضويتهم في مجلس الإدارة أو أي من اللجان التابعة له، وأن يتجنّبوا أي عمل قد يُثار بشأنه أي شكوك بتضارب المصالح، والإفصاح عن وجود أي من حالات تضارب المصالح أو وجود أي شبهة بشأنها، وعليهم الامتناع بشكل خاص عما يلي:
- ١- الاشتراك في أي نقاش أو التصويت أو التأثير بأي صورة من الصور على أي قرار أو توصية أو إجراء قد يكون له أو لزوج أو لأي من أقاربه حتى الدرجة الرابعة مصلحة مُباشرة أو غير مُباشرة فيه.
 - ٢- استغلال عضويته في مجلس الإدارة أو اللجنة التابعة له أو نشر أي معلومات حصل عليها بحكم هذه العضوية، لتحقيق أهداف مُعيّنة أو الحصول على خدمة أو مُعاملة خاصة.
 - ٣- الاشتراك في أي عملية أو إجراء أو قرار من شأنه التأثير على تادية مهامه بموضوعية واستقلالية وجيادية.
 - ٤- أي من حالات تضارب المصالح المنصوص عليها في قانون الشركات والقرارات الصادرة بموجبه والتشريعات السارية في الإمارة.
- وتُعتبر القرارات الصادرة بالمخالفة لأحكام هذه المادة باطلة.

الإفصاح عن تضارب المصالح المادة (٣٠)

- أ- يتم الإفصاح عن تضارب المصالح من العضو المعني في محضر اجتماع مجلس الإدارة أو اللجنة التابعة له، وعلى المقرّر تسجيل هذا الإفصاح في سجل خاص، يتم تحديثه من قبله بشكل دوري، وإطلاع الرئيس والأعضاء عليه.
- ب- يحق لمجلس الإدارة البحث في أي تضارب للمصالح قد يتحقّق لدى العضو، على أن يتخذ هذا القرار بأغلبية أصوات الأعضاء الحاضرين، ولا يجوز للعضو المعني بتضارب المصالح الاشتراك في التصويت على هذا القرار.
- ج- في حال تخلف العضو أو امتناعه عن الإفصاح لمجلس الإدارة عن تضارب المصالح لديه في صفقة أو تعامل تكون الشركة أحد أطرافها، فإنّه يحق للشركة أو لأي من مساهميها التقدّم لمجلس الإدارة أو السلطة المختصة أو المحكمة المختصة لإبطال تلك الصفقة أو التعامل

والزام العضو المخالف بأداء أي ربح أو فائدة أو منفعة كانت قد تحققت له نتيجة هذه الصفقة أو التعامل، وردها إلى الشركة.

انتهاء العضوية في مجلس الإدارة المادة (٣١)

- تنتهي العضوية في مجلس الإدارة، في حال تحقق أي من الأسباب التالية:
- ١- الوفاة، أو الإصابة بأي من عوارض الأهلية، أو العجز عن أداء المهام.
 - ٢- الإدانة بأي جريمة مخلة بالشرف أو الأمانة.
 - ٣- الاستقالة، بموجب إشعار خطي بوجه إلى الرئيس.
 - ٤- صدور قرار من الجمعية العمومية بالعزل.
 - ٥- الغياب عن حضور اجتماعات مجلس الإدارة (٣) ثلاث جلسات متصلة، أو (٥) خمس جلسات متقطعة، خلال مدة ولاية مجلس الإدارة، دون عذر يقبله الرئيس.

المسؤولية الشخصية للعضو المادة (٣٢)

مع مراعاة أحكام المادة (٣٣) من هذا النظام، لا يكون العضو مسؤولاً بشكل شخصي عن أي من التزامات الشركة الناتجة عن قيامه بواجباته كعضو، وذلك بالقدر الذي لا يتجاوز فيه حدود اختصاصه.

مسؤولية مجلس الإدارة والشركة المادة (٣٣)

- أ- يكون كل من مجلس الإدارة والإدارة مسؤولين تجاه الشركة والمساهمين والغير عن جميع أعمال العش وإساءة استعمال السلطة، وأي مخالفة لأحكام التشريعات السارية وهذا النظام، ويقع باطلاً كل شرط يقضي بخلاف ذلك.
- ب- تكون مسؤولية الأعضاء في مجلس الإدارة المشار إليها في الفقرة (أ) من هذه المادة تضامنية، إذا كانت ناتجة عن أي قرار صدر عن مجلس الإدارة بالإجماع، أما إذا كان هذا القرار صادراً بالأغلبية، فلا يُسأل عنه الأعضاء الذين عارضوا القرار أو تحفظوا عليه، متى كانوا قد أثبتوا اعتراضهم أو تحفظهم كتابياً في محضر الاجتماع، وإذا تغيب أحد الأعضاء عن الاجتماع الذي صدر فيه القرار، فلا تنتفي مسؤوليته إلا إذا ثبت عدم علمه بالقرار أو علمه به مع عدم استطاعته الاعتراض عليه، وتقع المسؤولية المنصوص عليها في الفقرة (أ) من هذه المادة على الإدارة إذا كانت المخالفة بسبب قرار صادر عنها.
- ج- تكون الشركة مسؤولة، في حدود موجوداتها، عن تعويض العضو أو أي من أعضاء الإدارة، عن أي مسؤولية يتحملها، باستثناء المسؤولية الجنائية، نتيجة القيام بواجبات عضويته أو بسببها، شريطة أن يكون العضو قد قام بهذا الفعل بحسن نية، واعتقاده أن ما قام به لا يتعارض مع مصالح الشركة، شريطة مراعاة عدم صرف أي تعويض لهذا العضو نتيجة أي مطالبة أو مسألة تثبت مسؤوليته عنها تجاه الشركة بمقتضى حكم نهائي صادر عن المحكمة المختصة، وفي جميع الأحوال، يجب على الشركة توفير التغطية التأمينية اللازمة عن أي مسؤولية لمجلس الإدارة والإدارة.

تقديم القروض
المادة (٣٤)

- أ- لا يجوز للشركة تقديم قروض لأي من الأعضاء، أو عقد كفالات أو تقديم أي ضمانات تتعلق بقروض ممنوحة لأي منهم، ويُعتبر قرضاً مقدماً للعضو كل قرض مُقدّم إلى زوجه أو أبنائه أو أي قريب له حتى الدرجة الثانية.
- ب- لا يجوز تقديم قرض إلى شركة يملك فيها العضو أو زوجه أو أبنائه أو أي من أقاربه حتى الدرجة الثانية أكثر من (٢٠٪) عشرين بالمئة من رأسمالها.

صفقات وتعاملات الأطراف ذوي العلاقة
المادة (٣٥)

- أ- يُحظر على الأطراف ذوي العلاقة أن يستغل أيّاً منهم ما اتصل به من معلومات بحكم عضويته في مجلس الإدارة أو وظيفته في الشركة لتحقيق مصلحة له أو للغير، سواء كانت نتيجة التعامل في الأوراق المالية للشركة أو غيرها من المعاملات، كما لا يجوز للأطراف ذوي العلاقة أن يكون لهم مصلحة مباشرة أو غير مباشرة مع أي طرف يقوم بعمليات يُراد بها إحداث تأثير في أسعار الأوراق المالية الخاصة بالشركة أو التي أصدرتها.
- ب- تخضع الصفقات مع الأطراف ذوي العلاقة للسياسة الداخلية التي يعتمدها مجلس الإدارة، ويتعين على مدقق الحسابات أن يشمل في تقريره السنوي على بيان بكافة حالات تضارب المصالح والتعاملات المالية التي تمت بين الشركة وأي من الأطراف ذوي العلاقة، والإجراءات التي اتُخذت بشأنها.
- ج- لا تُطبق أحكام المواد (٢٩)، (٣٠)، (٣٧) و(٤٨) من هذا النظام على الصفقات والتعاملات التي تُبرمها أو تُجريها الشركة مع المؤسس، أو أي شركة مملوكة أو تحت سيطرة المؤسس، أو مع الحكومة الاتحادية أو المحلية بشكل مباشر أو غير مباشر، أو أي كيان مملوك بشكل مباشر أو غير مباشر للحكومة أو الحكومة الاتحادية أو الشركات التابعة أو الشقيقة أو الحليفة لها، أو أي تعاملات يُمكن الطعن فيها على أساس تضارب المصالح الناشئة عن تعيين المؤسس للعضو، ويتم استثناء تلك الصفقات والتعاملات من الأحكام ذات الصلة في قانون الشركات والقرارات الصادرة بموجبه وأي قواعد أخرى تتعلق بمعاملات الأطراف ذات العلاقة، المنظمة بموجب القرارات الصادرة عن الهيئة.

مكافأة أعضاء مجلس الإدارة
المادة (٣٦)

- أ- تتكوّن مكافأة الأعضاء من نسبة مئوية من الربح الصافي، على ألا تتجاوز هذه المكافأة (١٪) واحد بالمئة من الأرباح الصافية للسنة المالية المعنية بعد خصم الاستهلاك والاحتياطيات، ويتعين مراعاة مهام الرئيس والرئيس التنفيذي عند تحديد مقدار هذه المكافأة، كما يجوز للشركة تعويض أي عضو عن مصاريفه.
- ب- يجوز لمجلس الإدارة، بعد الحصول على موافقة الجمعية العمومية، أن يصرف للعضو مبلغ مقطوع لا يتجاوز (٢٠٠,٠٠٠) مئتي ألف درهم في نهاية السنة المالية، وذلك في أي من الحالتين التاليتين:
- ١- عدم تحقيق الشركة للأرباح.
 - ٢- إذا حققت الشركة أرباحاً، وكان نصيب العضو من هذه الأرباح أقل عن (٢٠٠,٠٠٠) مئتي ألف درهم.

عزل أعضاء مجلس الإدارة المادة (٣٧)

دون الإخلال بأحكام المرسوم رقم (٥٥) لسنة ٢٠٢١ المشار إليه وأحكام المادة (١٩) من هذا النظام، يكون للجمعية العمومية الحق في عزل كل أو بعض أعضاء مجلس الإدارة المنتخبين، وفتح باب الترشيح وانتخاب أعضاء جدد بدلاً منهم وفقاً لقواعد الحوكمة، ولا يجوز ترشيح أو إعادة ترشيح الأعضاء الذين تم عزلهم، إلا بعد مُضي (٣) ثلاث سنوات من تاريخ العزل.

الباب الخامس الجمعية العمومية

انعقاد الجمعية العمومية المادة (٣٨)

تتعقد الجمعية العمومية أصولاً في الإمارة، بحضور مساهمين يمثلون ما يزيد على (٥٠٪) خمسين بالمئة من رأسمال الشركة، فإذا لم يتحقق هذا النصاب في الاجتماع الأول، وجب دعوة الجمعية العمومية إلى اجتماع ثانٍ يُعقد بعد مُضيّ مدة لا تقل عن (٥) خمسة أيام ولا تُجاوز (١٥) خمسة عشر يوماً من التاريخ المُحدد لعقد الاجتماع الأول، ويُعتبر الاجتماع الثاني صحيحاً أيّاً كان عدد المساهمين الحاضرين.

حضور الجمعية العمومية المادة (٣٩)

أ- لكل مساهم الحق في حضور الجمعية العمومية، ويكون له عدد من الأصوات يُعادل عدد أسهمه، ولكل مساهم أن يُنيب عنه غيره في حضور الجمعية العمومية من غير الأعضاء أو موظفي الشركة أو شركات الوساطة في الأوراق المالية أو العاملين بها، ويُشترط لصحة النيابة أن تكون ثابتة بتوكيل كتابي خاص وفق الشروط التي يُحددها مجلس الإدارة، على ألا يكون الوكيل لعدد من المساهمين حائزاً بهذه الصفة على أكثر من (٥٪) خمسة بالمئة من رأسمال الشركة، ويمثل ناقصي الأهلية وفاقديها من يمثلهم قانوناً.

ب- يحق للشخص الاعتباري أن يُفوض أحد ممثليه أو القائمين على إدارته أو موظفيه بموجب قرار من مجلس إدارته، أو من يقوم مقامه، ليمثله في حضور الجمعية العمومية، ويكون للشخص المفوض الصلاحيات المقررة بموجب هذا التفويض.

الدعوة لحضور الجمعية العمومية المادة (٤٠)

أ- تُوجّه الدعوة إلى المساهمين لحضور الجمعية العمومية بالإعلان في صحيفتين يوميتين محليتين، تصدران باللغة العربية والإنجليزية، وبرسالة عبر البريد الإلكتروني أو رسالة نصية قصيرة عبر الهاتف أو كُتب مسجلة، قبل الموعد المُحدد للاجتماع ب (٢١) واحد وعشرين يوماً على الأقل، وذلك بعد الحصول على موافقة الهيئة، ويجب أن تتضمن الدعوة جدول أعمال ذلك الاجتماع، وترسل صورة من أوراق الدعوة إلى كل من الهيئة والسلطة المختصة.

ب- يجوز عقد الجمعية العمومية واشتراك المساهم في مداولاتها والتصويت على قراراتها بواسطة وسائل التقنية الحديثة للحضور عن بُعد، وفقاً للضوابط والإجراءات التي تعتمدها الهيئة في هذا الشأن.

دعوة الجمعية العمومية للانعقاد المادة (٤١)

تتعقد الجمعية العمومية بدعوة من:

- ١- مجلس الإدارة، مرة واحدة على الأقل في السنة، وخلال الأشهر الأربعة التالية لنهاية السنة المالية.
- ٢- مجلس الإدارة، كلما دعت الحاجة إلى ذلك، أو بناءً على طلب مُدقق الحسابات، أو إذا طلب مساهم أو أكثر ممن يملكون (١٠٪) عشرة بالمائة كحد أدنى من رأسمال الشركة، وفي هذه الحالة يجب على مجلس الإدارة دعوة الجمعية العمومية للانعقاد خلال (٥) خمسة أيام من تاريخ تقديم الطلب إليها، على أن يُعقد الاجتماع خلال مدة لا تتجاوز (٣٠) ثلاثين يوماً من تاريخ الدعوة للاجتماع.
- ٣- مُدقق الحسابات بشكل مُباشر، إذا أغفل مجلس الإدارة توجيه الدعوة للجمعية العمومية للانعقاد في الأحوال التي يُوجب قانون الشركات والقرارات الصادرة بموجبه دعوتها فيها، أو خلال (٥) خمسة أيام من تاريخ تقديم مُدقق الحسابات طلب توجيه الدعوة لمجلس الإدارة ولم يُقْم بذلك.
- ٤- الهيئة، في أي من الحالات التالية، وبعد (٥) خمسة أيام من تاريخ طلبها من مجلس الإدارة:
 - أ- إذا مضى (٣٠) ثلاثين يوماً على الموعد المُحدد لانعقادها، أو بمضي (٤) أربعة أشهر على انتهاء السنة المالية، دون أن يقوم مجلس الإدارة بدعوة الجمعية العمومية للانعقاد.
 - ب- إذا نقص عدد الأعضاء عن الحد الأدنى لصحة انعقاد مجلس الإدارة.
 - ج- إذا تبين لها في أي وقت وقوع مخالفة لقانون الشركات والقرارات الصادرة بموجبه أو لهذا النظام أو وقوع أخطاء جوهرية في إدارتها.
 - د- إذا تقاعس مجلس الإدارة عن دعوة الجمعية العمومية للانعقاد، رغم طلب مساهم أو أكثر يملكون (١٠٪) عشرة بالمائة من رأسمال الشركة.

المواضيع المعروضة على الجمعية العمومية المادة (٤٢)

- يُعرض على الجمعية العمومية في اجتماعها السنوي، المواضيع التالية للبت فيها:
- ١- تقرير مجلس الإدارة عن نشاط الشركة ومركزها المالي خلال السنة، وتقرير مُدقق الحسابات والتصديق عليهما.
 - ٢- مناقشة ميزانية الشركة وحساب الأرباح والخسائر والتصديق عليهما.
 - ٣- انتخاب الأعضاء عند الحاجة.
 - ٤- تعيين مُدققي الحسابات وتحديد أتعابهم.
 - ٥- النظر في مقترحات مجلس الإدارة بشأن توزيع الأرباح، سواء كانت أرباح نقدية أو أسهم منحة.
 - ٦- النظر في مقترحات مجلس الإدارة بشأن مكافآت الأعضاء وتحديدتها وفقاً لأحكام هذا النظام.
 - ٧- النظر في عزل الأعضاء وإبراء ذمهم، ومساءلتهم وملاحقتهم قضائياً عند الحاجة.
 - ٨- عزل مُدققي الحسابات وإبراء ذمهم، ومساءلتهم وملاحقتهم قضائياً عند الحاجة.

التسجيل لحضور الجمعية العمومية المادة (٤٣)

- ١- على المساهمين الذين يرغبون في حضور الجمعية العمومية، تسجيل أسمائهم في السجل الإلكتروني الذي تُعده الإدارة لهذا الغرض، قبل الوقت المُحدد لانعقاد الجمعية العمومية

بوقت كاف، ويجب أن ينضمّن هذا السّجل اسم المساهم أو من ينوب عنه، وعدد الأسهم التي يملكها أو عدد الأسهم التي يُمثّلها وأسماء مالكيها مع تقديم سند الوكالة، ويُعطى المساهم أو من ينوب عنه بطاقة لحضور الاجتماع، يُحدّد فيها عدد الأصوات التي يُمثّلها أصالةً أو وكالة، ويصدر من ذلك السّجل خلاصة مطبوعة بعدد الأسهم التي مُثّلت في الاجتماع ونسبة الحضور، ويتم إرفاقها بمحضر اجتماع الجمعية العمومية بعد توقيعها من رئيس الاجتماع ومقرّر الجمعية العمومية ومُدقّق الحسابات.

ب- يُقفل باب التسجيل لحضور الجمعية العمومية عند إعلان رئيس الاجتماع الوصول إلى النّصاب القانوني لعقد الاجتماع، أو عدم اكتماله، ولا يجوز بعد ذلك قبول تسجيل أي مساهم أو من ينوب عنه لحضور الاجتماع، كما لا يجوز الاعتداد بصوته أو برأيه في المسائل التي تُطرح في ذلك الاجتماع، وفي حال انسحاب أي من المساهمين أو مُمثليهم من اجتماع الجمعية العمومية بعد اكتمال نصاب انعقادها، فإن ذلك الانسحاب لا يُؤثّر على صحّة انعقاد الجمعية العمومية، على أن تصدر القرارات بالأغلبية المقرّرة في قانون الشركات للأسهم المُتبقية والتي تم تمثيلها في الاجتماع.

إغلاق سجل المساهمين

المادة (٤٤)

يُغلق سجل المساهمين وفقاً للأنظمة الخاص بالتداول والمقاصة والتسويات ونقل الملكية وحفظ الأوراق الماليّة والقواعد المعنوية السائدة في السوق المالي.

النّصاب القانوني للجمعية العمومية

المادة (٤٥)

تسري أحكام قانون الشركات والقرارات الصّادرة بموجبه على النّصاب القانوني الواجب توفّره لصحّة انعقاد الجمعية العمومية، وعلى الأغلبية اللازمة لاتخاذ القرارات.

رئاسة الجمعية العمومية

المادة (٤٦)

أ- يتّأسر الرّئيس اجتماع الجمعية العمومية، وعند غيابه يرأس الاجتماع نائب الرّئيس، وفي حال غيابهما معاً، يرأس الاجتماع الرّئيس التنفيذي أو العضو الذي يُعيّنه مجلس الإدارة لهذه الغاية.

ب- في حال غياب أي من الأشخاص المشار إليهم في الفقرة (أ) من هذه المادة عن حضور الاجتماع، تُعيّن الجمعية العمومية من بين المساهمين رئيساً للاجتماع ومقرّراً له.

ج- تُعيّن الجمعية العمومية جامعاً للأصوات.

د- تُدوّن محاضر اجتماعات الجمعية العمومية وإثبات الحضور في دفاتر تُحفظ لهذا الغرض، على أن يتم توقيعها من رئيس الاجتماع ومقرّر الجمعية العمومية وجامع الأصوات ومُدقّق الحسابات، ويكون كلّ منهم مسؤولاً عن صحّة البيانات الواردة في محضر الاجتماع.

التصويت في الجمعية العمومية

المادة (٤٧)

يكون التصويت في الجمعية العمومية بالطريقة التي يُحدّدها رئيس الاجتماع، ما لم تُقرّر الجمعية العمومية طريقة أخرى للتصويت، وفي حال تعلق الأمر بعزل أو مساءلة الأعضاء، فإن التصويت يكون سرياً.

الاشتراك في التصويت
المادة (٤٨)

- أ- لا يجوز للأعضاء الاشتراك في التصويت على قرارات الجمعية العمومية الخاصة بإبراء ذمتهم من المسؤولية عن إدارتهم، أو التي تتعلق بمنفعة خاصة لهم، أو المتعلقة بتضارب المصالح أو بخلاف قائم بينهم وبين الشركة.
- ب- لا يجوز لمن له الحق في حضور الجمعية العمومية أن يشترك في التصويت، سواءً بصفته الشخصية أو عن يمثله في المسائل التي تتعلق بمنفعة خاصة أو بخلاف قائم بينه وبين الشركة.

صلاحيات الجمعية العمومية
المادة (٤٩)

- مع مراعاة أحكام قانون الشركات والقرارات الصادرة بموجبه، للجمعية العمومية بموجب القرار الخاص القيام بما يلي:
- ١- زيادة أو تخفيض رأسمال الشركة بأي طريقة.
 - ٢- البيع أو التصرف بكل أو جزء من أعمال الشركة أو مشاريعها أو أصولها، بأي وجه من أوجه التصرفات القانونية.
 - ٣- تعديل مدة الشركة أو إنهاؤها.
 - ٤- إصدار سندات القروض أو الصكوك أو أي أدوات مالية أخرى.
 - ٥- تخصيص نسبة من أرباح الشركة السنوية أو الأرباح المتراكمة للمسؤولية المجتمعية، بعد الحصول على موافقة الهيئة، على أن تلتزم الشركة في هذه الحالة بالإفصاح على موقعها الإلكتروني بعد انتهاء السنة المالية عن قيامها بمسؤولياتها المجتمعية، وعلى مدقق الحسابات أن يضمن في تقريره والبيانات المالية السنوية للشركة للجهات المستفيدة من المساهمات المجتمعية للشركة.
 - ٦- تعديل النظام الأساسي، على أن يُراعى في هذا التعديل ما يلي:
أ- ألا تؤدي التعديلات إلى زيادة أعباء المساهمين.
ب- ألا تؤدي التعديلات إلى نقل مركز الشركة الرئيس إلى خارج الإمارة.

الحق في التصويت
المادة (٥٠)

مع مراعاة التشريعات النافذة لدى الهيئة والسوق المالي، يكون مالك السهم المسجل في يوم العمل السابق لانعقاد الجمعية العمومية هو صاحب الحق في التصويت في الجمعية العمومية.

جدول أعمال الجمعية العمومية
المادة (٥١)

- أ- مع مراعاة أحكام قانون الشركات والقرارات الصادرة بموجبه والقانون والقرارات الصادرة بموجبه وهذا النظام، تختص الجمعية العمومية بالنظر في جميع المسائل المتعلقة بالشركة المدرجة بجدول الأعمال.
- ب- استثناءً من أحكام الفقرة (أ) من هذه المادة، يجوز للجمعية العمومية المداولة في الوقائع الخطيرة التي تُكتشف أثناء الاجتماع، وإذا طلبت الهيئة أو المساهم أو عدد من المساهمين الذين يُمثلون ما نسبته (٥٪) خمسة بالمائة على الأقل من رأسمال الشركة، وقبل البدء في

مناقشة جدول أعمال الجمعية العمومية، إدراج مسائل مُعينة في جدول الأعمال، فإنه يجب على رئيس الاجتماع إجابة ذلك الطلب وفقاً للشروط التي تحددها الهيئة في هذا الشأن.

الباب السادس
مُدقّق الحسابات

تعيين مُدقّق الحسابات
المادة (٥٢)

- أ- يكون للشركة مُدقّق حسابات أو أكثر، تُعيّنه الجمعية العمومية، بناءً على ترشيح من مجلس الإدارة، لمدة سنة قابلة للتجديد، وتُحدّد الجمعية العمومية أتعابه ومكافآته.
- ب- يتوجب على مُدقّق الحسابات مراقبة حسابات السنة المالية للشركة، على أن يكون مُسجلاً لدى الهيئة، ومُرخصاً له بمزاولة مهنة مُدققي الحسابات في الدولة وفقاً للتشريعات السارية.
- ج- يتولى مُدقّق الحسابات مهامه من نهاية اجتماع الجمعية العمومية التي يتم تعيينه فيها، إلى نهاية اجتماع الجمعية العمومية للسنة التالية.
- د- لا يجوز أن تزيد مدة تعيين مُدقّق الحسابات عن المُدة المُحدّدة في قانون الشركات والقرارات الصادرة بموجبه.

استقلالية مُدقّق الحسابات
المادة (٥٣)

- أ- يجب أن يكون مُدقّق الحسابات مُستقلاً عن الشركة ومجلس الإدارة، ولا يجوز له أن يكون شريكاً أو وكيلاً للمؤسس أو لأي من الأعضاء أو قريباً له حتى الدرجة الرابعة، كما لا يجوز لمُدقّق الحسابات أن يكون مُساهمياً أو شاعلاً لعضوية مجلس الإدارة أو أن يشغل أي منصب فني أو إداري أو تشغيلي أو تنفيذي في الشركة.
- ب- على الشركة أن تتخذ خطوات عملية للتحقق من استقلالية مُدقّق الحسابات، وألا يكون لديه أي من حالات تضارب المصالح.

اختصاصات مُدقّق الحسابات
المادة (٥٤)

- أ- يتولى مُدقّق الحسابات كافة المهام والصلاحيات المنصوص عليها في قانون الشركات والقرارات الصادرة بموجبه وهذا النظام، ويكون له على وجه الخصوص الحق بالاطلاع، وفي كافة الأوقات، على جميع سجلات ومُستندات ودفاتر ووثائق الشركة، وأن يطلب الإيضاحات التي يراها لازمة لأداء مهامه، كما له أن يتحقق من موجودات الشركة والتزاماتها، وفي حال لم يتمكن مُدقّق الحسابات من ممارسة هذه الصلاحيات، فعليه أن يُثبت ذلك كتابةً في تقرير يُقدّم إلى مجلس الإدارة، وفي حال عدم تمكين مجلس الإدارة لمُدقّق الحسابات من أداء مهمته، وجب على مُدقّق الحسابات أن يُرسل صورة من ذلك التقرير إلى الهيئة والسلطة المختصة، وأن يعرضه على الجمعية العمومية.
- ب- يتولى مُدقّق الحسابات تدقيق حسابات الشركة وفحص الميزانية، وحساب الأرباح والخسائر، ومراجعة صفقات وتعاملات الشركة مع الأطراف ذات العلاقة، والتأكد من تطبيق أحكام قانون الشركات والقرارات الصادرة بموجبه وهذا النظام، وعليه تقديم تقرير بنتائج هذا الفحص والتدقيق إلى الجمعية العمومية، وإرسال صورة منه إلى الهيئة والسلطة المختصة، كما يجب عليه عند إعداد تقريره التأكيد مما يلي:
 - ١- مدى صحة السجلات المحاسبية التي تحتفظ بها الشركة.

- ٢- مدى تطابق حسابات الشركة مع السجلات المحاسبية.
ج- تلتزم الشركات التابعة ومدققي حساباتها بتقديم أي معلومات أو توضيحات يطلبها مدقق الحسابات لأغراض التدقيق.

تقرير مدقق الحسابات
المادة (٥٥)

- أ- يُقدّم مدقق الحسابات إلى الجمعية العمومية تقريراً يشتمل على البيانات المنصوص عليها في المادة (٢٥٢) من قانون الشركات، وعليه أن يحضر الجمعية العمومية لتلاوة تقريره على المساهمين، موضحاً فيه أي معيقات أو تدخلات من مجلس الإدارة تكون قد واجهته أثناء تأدية أعماله.
ب- يجب أن يتسم تقرير مدقق الحسابات بالاستقلالية والحيادية، وأن يدلي برأيه في كل ما يتعلق بعمله، وخاصةً في ميزانية الشركة، وملاحظاته على حساباتها ومركزها المالي، وأي مخالفات تتعلق بها.
ج- على مدقق الحسابات أن يشير في تقريره، وفي الميزانية العمومية للشركة، المساهمات الخيرية والمجتمعية التي قامت بها الشركة خلال السنة المالية، إن وجدت، وأن يحدّد الجهات المستفيدة من هذه المساهمات.
د- يكون مدقق الحسابات مسؤولاً عن صحة البيانات الواردة في تقريره بوصفه وكيلًا عن مجموع المساهمين، وللمساهمين أثناء انعقاد الجمعية العمومية أن يناقش تقرير مدقق الحسابات وأن يطلب أي إيضاحات عمّا ورد فيه.

الباب السابع
مالية الشركة

دفاتر الشركة وسنتها المالية
المادة (٥٦)

- أ- على مجلس الإدارة أن يحتفظ بدفاتر حسابات منتظمة حسب الأصول، لإعطاء صورة صحيحة وعادلة عن وضع أعمال الشركة، ولتفسير تعاملاتها، على أن تُحفظ هذه الدفاتر طبقاً للمبادئ المحاسبية المتعارف عليها دولياً، ولا يحق للمساهم فحص هذه الدفاتر إلا بموجب تفويض صادر عن مجلس الإدارة في هذا الشأن.
ب- تبدأ السنة المالية للشركة في اليوم الأول من شهر يناير، وتنتهي في اليوم الحادي والثلاثين من شهر ديسمبر من كل سنة.

البيانات المالية السنوية
المادة (٥٧)

- أ- يجب أن يتم تدقيق الميزانية العمومية عن السنة المالية قبل الاجتماع السنوي للجمعية العمومية بشهر على الأقل، وعلى مجلس الإدارة إعداد تقرير عن نشاط الشركة ومركزها المالي في ختام السنة المالية، والطريقة التي يقترحها لتوزيع الأرباح الصافية، وترسل نسخة من البيانات المالية السنوية وحساب الأرباح والخسائر، مع نسخة من تقرير مدقق الحسابات وتقرير مجلس الإدارة وتقرير الحوكمة إلى الهيئة، مع إرفاق مسودة من دعوة الجمعية العمومية للانعقاد للموافقة على نشرها في الصحف اليومية، قبل موعد انعقاد الجمعية العمومية بـ (٢١) واحد وعشرين يوماً.

ب- يتم نشر البيانات الماليّة السنويّة للشركة وفقاً للضوابط التي تُحددها الهيئة في هذا الشأن، ويتم إيداع نسخة منها لدى كل من الهيئة والسّلطة المُختصة.

الاقطاع من الأرباح السنويّة المادة (٥٨)

يجوز لمجلس الإدارة أن يقطع من الأرباح السنويّة غير الصّافية، النّسبة التي يراها مُناسبة، كبدل لاستهلاك موجودات الشركة أو التعويض عن انخفاض قيمتها، ويتم التصرّف بهذه الأموال للغرض المُخصّص لها فقط بناءً على قرار يصدر عن مجلس الإدارة في هذا الشأن، دون أن يكون له الحق في توزيعها على المُساهمين.

توزيع الأرباح السنويّة المادة (٥٩)

يتم توزيع الأرباح السنويّة الصّافية للشركة بعد خصم جميع المصروفات العموميّة والتكاليف الأخرى، وفقاً لما يلي:

- ١- يتم اقتطاع ما نسبته (١٠٪) عشرة بالمئة من صافي الأرباح، تُخصّص لحساب الاحتياطي القانوني، ويُوقف هذا الاقتطاع متى بلغ مجموع الاحتياطي قدرأ يُوازي (٥٠٪) خمسين بالمئة على الأقل من رأسمال الشركة، وفي حال نقص الاحتياطي عن ذلك، فإنّه يتعيّن العودة إلى ذلك الاقتطاع.
- ٢- تخصيص نسبة لا تزيد على (١٪) واحد بالمئة من الرّبح الصّافي للسنة الماليّة المُنتهية ككفّاة للأعضاء، وذلك بعد خصم كافّة الاستهلاكات والاحتياطيات، وتُخصم من هذه الكفّاة الغرامات التي تكون قد وُقعت على الشركة من الهيئة أو السّلطة المُختصة بسبب مُخالفة مجلس الإدارة للقانون أو قانون الشركات والقرارات الصّادرة بمُوجبه أو هذا النّظام أو أي من التشريعات السّارية في الإمارة خلال السنة الماليّة المُنتهية، وللجمعيّة العموميّة عدم خصم تلك الغرامات أو بعضها إذا تبين لها أن تلك الغرامات ليست ناتجة عن تقصير أو خطأ من مجلس الإدارة.
- ٣- توزيع الباقي من صافي الأرباح على المُساهمين أو أن يتم ترحيله إلى السنة الماليّة المُقبلة، بناءً على اقتراح من مجلس الإدارة، أو أن يُخصّص لإنشاء احتياطي غير عادي، وفقاً لما تُقرّره الجمعيّة العموميّة في هذا الشأن.

التصرّف من الحساب الاحتياطي المادة (٦٠)

يتم التصرّف من الحساب الاحتياطي بقرار من مجلس الإدارة في الأوجه التي تُحقّق مصالح الشركة، ولا يجوز توزيع الاحتياطي القانوني على المُساهمين، ومع ذلك يجوز استعمال ما زاد منه على نصف رأس المال المدفوع لتأمين توزيع أرباح لا تزيد على (١٠٪) عشرة بالمئة من رأس المال المدفوع على المُساهمين، وذلك في السنوات التي لا تسمح بتوزيع هذه النّسبة.

سياسة توزيع الأرباح المادة (٦١)

أ- يتم دفع حصص الأرباح إلى المُساهمين وفقاً لنظام التداول والمقاصّة والتسويات في نقل ملكيّة وحفظ الأوراق الماليّة، وكذلك القواعد واجبة التطبيق في السّوق المالي الذي تم فيه إدراج أسهم الشركة.

ب- يجوز للشركة توزيع أرباح رُبع سنوية أو نصف سنوية على المساهمين من الأرباح التشغيلية أو الأرباح المتراكمة للشركة، ويكون مجلس الإدارة مفوضاً باعتماد واتخاذ وتنفيذ القرارات المتعلقة بتوزيع الأرباح، وفقاً لسياسة توزيع الأرباح المعتمدة من الجمعية العمومية.

الباب الثامن المسؤولية

دعوى المسؤولية المادة (٦٢)

لا يترتب على أي قرار يصدر عن الجمعية العمومية سقوط دعوى المسؤولية المدنية ضد الأعضاء، وإذا كان الفعل الموجب للمسؤولية قد عُرض على الجمعية العمومية بتقرير من مجلس الإدارة أو مُدقق الحسابات وصادقت عليه، فإن دعوى المسؤولية تسقط بمضي سنة من تاريخ انعقاد الجمعية العمومية، ومع ذلك، إذا كان الفعل المنسوب إلى الأعضاء يُشكّل جريمة جزائية، فلا تسقط دعوى المسؤولية إلا بسقوط الدعوى الجزائية.

الباب التاسع حل الشركة وتصفيته

حالات حل الشركة المادة (٦٣)

- تُحل الشركة بقرار يصدر عن المجلس التنفيذي، في أي من الحالات التالية:
- ١- انتهاء المدة المحددة للشركة، وفقاً لما هو منصوص عليه في هذا النظام.
 - ٢- انتهاء الغرض الذي أسست الشركة لأجله.
 - ٣- صدور القرار الخاص من الجمعية العمومية بإنهاء مدة الشركة.
 - ٤- اندماج الشركة في شركة أخرى.
 - ٥- صدور حكم قضائي بحل الشركة.
 - ٦- هلاك جميع أموال الشركة أو معظمها بحيث يتعذر استثمار الباقي استثماراً مُجدياً.

الخسائر المتراكمة المادة (٦٤)

إذا بلغت الخسائر المتراكمة للشركة ما يُساوي قيمة نصف رأسمالها المصدر، وجب على مجلس الإدارة خلال (٣٠) ثلاثين يوماً من تاريخ الإفصاح للهيئة عن القوائم المالية الدورية أو السنوية، دعوة الجمعية العمومية للانعقاد، لاتخاذ ما يلزم بشأن حل الشركة قبل الأجل المحدد لها أو استمرارها في مباشرة نشاطها.

تصفية الشركة المادة (٦٥)

عند انتهاء مدة الشركة أو حلها قبل الأجل المُسمى، تُحدّد الجمعية العمومية، بناءً على طلب مجلس الإدارة، طريقة التصفية، وتُعيّن مُصفيّاً أو أكثر، وتُحدّد مهامهم، وعلى مجلس الإدارة من تاريخ تعيين المُصفي التوقف عن أداء أي مهام منوطة به، في حين تستمر الجمعية العمومية

في مُزاولة المهام والصلاحيّات المنوطة بها طيلة مُدة التصفية وإلى حين انتهاء إجراءات التصفية.

الباب العاشر
الأحكام الختامية

تطبيق أحكام القانون
المادة (٦٦)

تُطبّق أحكام القانون، وكذلك أحكام قانون الشّركات والقرارات الصّادرة بمُوجبه، في كل ما لم يرد بشأنه نص خاص في هذا النّظام، على أن تُستثنى الشّركة من الأحكام المنصوص عليها في المواد (١١٨)، (١١٩)، (١٢١)، (١٤٩)، (١٥٢)، (١٩٩)، (٢١٧) و(٢٢١) من قانون الشّركات.

حوكمة الشّركات
المادة (٦٧)

تُطبّق على الشّركة جميع القرارات المُنظمة لحوكمة الشّركات المُعتمدة لدى الهيئة، وتُعتبر هذه القرارات جزءاً لا يتجزأ من هذا النّظام ومُكمّلة له، وذلك فيما عدا الأحكام التي وافق مجلس إدارة الهيئة بتاريخ ٢٦ يناير ٢٠٢٢ على استثناء الشّركة من الخُضوع لها، والمنصوص عليها في قرار مجلس إدارة الهيئة رقم (١١/ر.م) لسنة ٢٠١٦ وقرار مجلس إدارة الهيئة رقم (٤٠) لسنة ٢٠١٥ المُشار إليهما.

إيداع النّظام الأساسي
المادة (٦٨)

يودع هذا النّظام ويُنشر طبقاً لقانون الشّركات.

Annex 3
Lead Receiving Bank's Branches / Receiving Banks' Branches

Emirates NBD - Participating Branches

| Sr | AREA | BRANCH | Location | Working Hours | IPO Subscription Hours | Contact |
|----|-------|--------------------------|---|--|--|--------------|
| 1 | Dubai | Group Head Office Branch | Ground Floor, Emirates NBD Group Head Office, Baniyas Road, Deira, Dubai | Monday to Friday (8:00 AM - 3:00 PM) | Monday to Friday (8:00 AM - 2:00 PM) | 800 3392 476 |
| 2 | Dubai | Jumeirah Branch | Emirates NBD Building, Al Wasl Rd Intersection, Umm Suquiem 3, Jumeirah, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 3 | Dubai | Al Qusais Branch | Damascus St, Near Dubai Grand Hotel, Al Qusais, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 4 | Dubai | Al Karama Branch | Za'abeel Rd, Near General Post Office, Karama, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 5 | Dubai | Hamriya Branch | Ground Floor, Union Cooperative Hyper Market, Hamriya Shopping Complex, Hor Al Anz, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |

| | | | | | | |
|----|-------|---------------------|---|--|--|--------------|
| 6 | Dubai | Jebel Ali Branch | Jebel Ali Free Zone, Next to CBD and HSBC | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 7 | Dubai | Rashidiya Branch | Rashidiya Central Market, Rashidiya, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 8 | Dubai | Al Mankhool Branch | Nashwan Building, Al Mankhool Rd, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 9 | Dubai | Oud Metha Branch | Ground Floor, Gulf Residence Building, Oud Metha Road, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 10 | Dubai | Al Barsha Branch | Emirates NBD Building, Al Barsha 2, Dubai | Monday to Thursday (8:00 AM - 8:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (8:00 AM - 8:00 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 8:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 11 | Dubai | Burj Al Arab Branch | Umm Suqueim 3, Opposite Jumeira Beach Hotel, Jumeira Road, Dubai | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |

| | | | | | | |
|----|-----------|-----------------------|--|---|---|--------------|
| 12 | Abu Dhabi | Abu Dhabi Main Branch | Ground Floor, Al Neem Building, Shaikh Khalifa street , Abu Dhabi | Monday to Friday (8:00 AM - 3:00 PM) | Monday to Friday (8:00 AM - 1:00 PM) | 800 3392 476 |
| 13 | Abu Dhabi | Electra Street Branch | Zayed The Second Street, Near Electra Park, Abu Dhabi | Monday to Saturday (8:00 AM - 8:00 PM) | Monday to Saturday (8:00 AM - 1:00 PM) | 800 3392 476 |
| 14 | Abu Dhabi | Al Muroor Branch | New Airport Road, Muroor, Abu Dhabi | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 15 | Al Ain | Al Ain Main Branch | Sheikh Khalifa Bin Zayed St, (in front of Burjeel Hospital), Al Ain | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 16 | Sharjah | Sharjah Main Branch | Ground Floor, Emirates NBD Building, Immigration Road, Al Qassimia Area, Sharjah | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 11:30 AM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 17 | Ajman | Ajman Branch | Emirates NBD Building, Sheikh Rashid Bin Humaid St, Al Sawan, Ajman | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |

| | | | | | | |
|----|----------------|----------------------------|--|---|---|--------------|
| 18 | Umm Al Quwain | Umm Al Quwain Branch | King Faisal Road, Al Raas B, Umm Al Quwain, Near Umm Al Quwain Hospital, Umm Al Quwain | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 19 | Fujairah | Fujairah Main Branch | Sheikh Hamad Bin Abdullah Street, Town Centre 3, Fujairah, Opposite Al Diar Siji Hotel, Fujairah | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |
| 20 | Ras Al Khaimah | Ras Al Khaimah Main Branch | Al Muntasir Road, Al Mamourah Road Intersection, Ras Al-Khaimah | Monday to Thursday (8:00 AM - 2:00 PM) | Monday to Thursday (8:00 AM - 1:00 PM) | 800 3392 476 |
| | | | | Friday (7:30 AM - 12:15 PM) | Friday (7:30 AM - 11:15 PM) | |
| | | | | Saturday (8:00 AM - 2:00 PM) | Saturday (8:00 AM - 1:00 PM) | |

DIB - Participating Branches

| S. No | Branch name | Branch Location-Area | Customer Timing | IPO Subscription Timings | Branch Address | Contact Number |
|-------|-----------------------|----------------------|---|---|--|----------------|
| 1 | Al Salam Br. | Abu Dhabi | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Al Falah Street, Ministry of Energy Bldg, Abu Dhabi | 04 - 6092222 |
| 2 | Abu Dhabi Main Br. | Abu Dhabi | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Airport Road , Opposite to Etisalat Bldg, Abu Dhabi | 04 - 6092222 |
| 3 | Al Ain Main Br | Al Ain | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Salah El Din Al Ayyubi Street, Al Ain | 04 - 6092222 |
| 4 | Al Makhtoum Br | Dubai | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Bur Saeed Area , Al Maktoum Street, clock tower, Dubai Islamic Bank Building, Dubai | 04 - 6092222 |
| 5 | Dubai Main Br. | Dubai | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Bur Saeed Area , Al Ittihad Road, Al Shoala Building, Dubai | 04 - 6092222 |
| 6 | Sheikh Zayed Road Br. | Dubai | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Grosvenor House Commercial Tower, Sheikh Zayed Road, Near Fairmont Hotel, Dubai | 04 - 6092222 |
| 7 | Jumeirah Ladies | Dubai | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Jumeirah Street, Opposite to old ZOO ,Jumeirah 1, Dubai | 04 - 6092222 |

| | | | | | | |
|----|----------------------------|----------|--|--|---|--------------|
| 8 | Umm Suqeim Br. | Dubai | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Abdalla Bin Fahd Villa , Jumeirah Street, Umm Suqeim 1, Dubai | 04 - 6092222 |
| 9 | Muhaisnah-Ittihad Mall Br. | Dubai | Monday to Thursday & Saturday 10:00 AM - 10:00 PM Friday 3:30 PM to 09:00 pm | Monday to Thursday & Saturday 10:00 AM - 10:00 PM Friday 3:30 PM to 09:00 pm | Al Khawaneej Road, Ittihad Mall, Dubai | 04 - 6092222 |
| 10 | Ajman Main Br | Ajman | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Shk Khalifa Street, Dubai Islamic Bank Bldg ,Ajman | 04 - 6092222 |
| 11 | Fujairah Main Br. | Fujairah | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Hamad Bin Abdalla Street, Station Area - Fujairah | 04 - 6092222 |
| 12 | Ras Al Khaimah Main Br. | RAK | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Al Nakeel Area - Al Muntasir Str - Dubai Islamic Bank Bldg. | 04 - 6092222 |
| 13 | Sharjah Main Br | Sharjah | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Al Zahra'a St - Al Qasimia - Al Nud - Sharjah | 04 - 6092222 |
| 14 | Wasit Br. | Sharjah | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | Monday to Thursday & Saturday 08:00 AM - 02:00 PM Friday 7:15am to 12:15 pm | University City Street, Industrial Area 6, Sharjah | 04 - 6092222 |
| 15 | Umm Al Quwain Br. | UAQ | Monday to Thursday & Saturday 09:00 AM - 09:00 PM Friday 3:30 PM to 09:00 pm | Monday to Thursday & Saturday 09:00 AM - 09:00 PM Friday 3:30 PM to 09:00 pm | King Faisal Street, Mall of Umm Al Quwain, Umm Al Quwain | 04 - 6092222 |

ADIB - Participating Branches

| # | Branch name | Branch Type | Branch Code | Branch Location-Area | Area Code | Customer Timing (Monday -Saturday) | Customer Timing (Friday) | IPO Subscription Timings (Monday -Saturday) | IPO Subscription Timings (Friday) | Branch Address |
|---|-----------------------------|---------------|-------------|----------------------|-----------|-------------------------------------|---------------------------|--|------------------------------------|---|
| 1 | Al Bateen Branch | Normal Branch | 33 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Abu Dhabi - Al Bateen king Abdulla bin AbdulAziz Al Sauod Street - near UAE Central Bank |
| 2 | Najda Street Branch | Normal Branch | 398 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Next to Al Mariah Mall (on the intersection of Al Najda street and Hamdan Street). |
| 3 | Abu Dhabi Police GHQ Branch | Normal Branch | 92 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Abu Dhabi police general head quarter- Al Saada Street, opposite Sheikh Khalifah University |
| 4 | Sheikh Zayed Main Branch | Normal Branch | 403 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Sheikh Rashid Bin Saeed St(Old Airport Road) opposite to Hilton Capital Grand Hotel |
| 5 | Abu Dhabi Judiciary Branch | Normal Branch | 394 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Khaleej Al Arabi Street – Judicial Department Building – Ground Floor Office (GR-A-051) |
| 6 | Sheikh Khalifa Energy Compl | Normal Branch | 23 | Abu Dhabi | 1 | 8:00 AM to 3:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Sheikh Khalifa Energy complex - |

| | | | | | | | | | | |
|----|-----------------------|---------------|----|---------------------------|---|----------------------|----------------------|---|----------------------|---|
| | ex Branch | | | | | | | | | Corniche Street |
| 7 | Marina Mall Branch | Mall Branch | 57 | Abu Dhabi | 1 | 10:00 AM to 10:00 Pm | 04:00 PM to 10:00 PM | 10:00 AM to 2:00 PM 04:00 PM to 09:00 PM | 04:00 PM to 09:00 PM | Corniche Street - Marina Mall - First floor, next to Yas Perfumes |
| 8 | Nation Towers Branch | Mall Branch | 71 | Abu Dhabi | 1 | 10:00 AM to 10:00 pm | 04:00 PM to 10:00 PM | 10:00 AM to 2:00 PM 04:00 PM to 09:00 PM | 04:00 PM to 09:00 PM | Nation Towers Galleria – Corniche Road, First Floor |
| 9 | Baniyas Branch | Normal Branch | 13 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Mafraq – Dubai Road opposite Al Mafraq Hospital - Baniyas |
| 10 | Mussafah Branch | Normal Branch | 19 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Industrial Area- M9 |
| 11 | Khalifa A City Branch | Normal Branch | 94 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Khalifa A City, street # 16/21 south west. |
| 12 | Shahama Branch | Normal Branch | 40 | Abu Dhabi | 1 | 8:00 AM to 2:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Old Shahama area near Police Station |
| 13 | Al Silaa Branch | Normal Branch | 39 | Abu Dhabi West (Gharbiya) | 5 | 08:00 am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Sila'a Area, opposite Al Areej School |
| 14 | Madinat Zayed Branch | Normal Branch | 7 | Abu Dhabi West (Gharbiya) | 5 | 08:00 am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Madinat Zayed City - Western Region |
| 15 | Ghayathi Branch | Normal Branch | 50 | Abu Dhabi West (Gharbiya) | 5 | 08:00 am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Ghayathi Area- Western Region |
| 16 | Al Marfaa Branch | Normal Branch | 21 | Abu Dhabi West (Gharbiya) | 5 | 08:00 am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Marfaa Area - Western Region |

| | | | | | | | | | | |
|----|-------------------------------------|---------------|-----|---------------------------|---|---|----------------------|---|----------------------|--|
| 17 | Ruwais Mall Branch | Mall Branch | 302 | Abu Dhabi West (Gharbiya) | 5 | 10:00 am to 10:00 pm | 04:00 PM to 10:00 PM | 10:00 AM to 2:00 PM 04:00 PM to 09:00 PM | 04:00 PM to 09:00 PM | First Floor of Ruwais Mall , Ruwais Area |
| 18 | Bawadi Mall Branch | Mall Branch | 83 | Al Ain | 2 | 10:00 am to 3:30 pm 04:00 pm to 09:00 pm | 04:00 PM to 10:00 PM | 10:00 am to 2:00 PM 04:00 pm to 09:00 PM | 04:00 PM to 09:00 PM | Al Ain City - Al Bawadi Mall, Ground Floor, Mizyad Area |
| 19 | Al Ain Branch | Normal Branch | 2 | Al Ain | 2 | 08:00 am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Ain City - Central District - Shaikh Zayed Bin Sultan Street - Near Clock Tower |
| 20 | Al Yahar Branch | Normal Branch | 25 | Al Ain | 2 | 08:00 am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Ain City - Al Yahar Main Street |
| 21 | Al Qusais Branch | Normal Branch | 51 | Dubai | 3 | 08:00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Qusais Area -Al Wasl Building |
| 22 | Second of December Branch | Normal Branch | 86 | Dubai | 3 | 08:00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Jumeirah beach street, Dubai |
| 23 | Sheikh Zayed Road Branch | Normal Branch | 14 | Dubai | 3 | 08:00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Emarat Atrium Building, Sheikh Zayed Road |
| 24 | Dubai Internet City - Aresco Branch | Normal Branch | 53 | Dubai | 3 | 08:00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Aresco Tower, Dubai Internet City |
| 25 | Fujairah Branch | Normal Branch | 6 | East Coast | 6 | 08:00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Shaikh Hamad Bin Abdulla Street |
| 26 | Ras Al Khaimah Branch | Normal Branch | 11 | East Coast | 6 | 08:00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Opposite Al Manar Mall, Al Muntasir Road |
| 27 | Dibba Branch | Normal Branch | 17 | East Coast | 6 | 08:00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Sheikh Zayed Street, Opposite |

| | | | | | | | | | | |
|----|-------------------------|---------------|----|-------------------------|---|--|----------------------|---|----------------------|--|
| | | | | | | | | | | Dibba Police Station - Fujairah |
| 28 | Kalba Branch | Normal Branch | 49 | East Coast | 6 | 08: 00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Wahda Street - Khamis Khalfan Al Zahmi Building - Block No:19 |
| 29 | Al Dhaid Branch | Normal Branch | 38 | East Coast | 6 | 08: 00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Dhaid Expo Center |
| 30 | Khorfakkan Branch | Normal Branch | 22 | East Coast | 6 | 08: 00am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Corniche Road, Banks Area |
| 31 | Umm Al Quwain Branch | Normal Branch | 29 | Sharjah North East Area | 4 | 08: am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | King Faisal Street opposite Umm Al Quwain Mall |
| 32 | Sharjah Main Branch | Normal Branch | 5 | Sharjah North East Area | 4 | 08: am to 02:00 pm | 8:00 AM to 12:00 PM | 9:00 AM to 1:00 PM | 08:00 AM to 11:00 AM | Al Mussala Area opposite Etisalat building |
| 33 | Al Rahmania Mall Branch | Mall Branch | 47 | Sharjah North East Area | 4 | 10:00 am to 03:30 pm 04:00 pm to 10:00 pm | 04:00 PM to 10:00 PM | 10:00 AM to 2:00 PM 04:00 PM to 09:00 PM | 04:00 PM to 09:00 PM | Al Rahmania Mall - First Floor |
| 34 | Zawaya Walk Branch | Normal Branch | | Sharjah North East Area | 4 | 08: 00AM to 08:00 PM | 08:00 AM to 12:00 PM | 09:00 AM to 2:00 PM 04:00 PM to 09:00 PM | 08:00 AM to 11:00 AM | Zawaya Walk Area |

FAB - Participating Branches

| S.No | Branch name | Branch Location-Area | Customer Timing | IPO Subscription Timings | Branch Address |
|------|--------------------------|----------------------|--|-------------------------------|--|
| 1 | Business Park, Abu Dhabi | Abu Dhabi | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Khalifa Park Al Qurm, PO BOX:6316 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 2 | FAB One Tower, Abu Dhabi | Abu Dhabi | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Intersection of Shaikh Khalifa street and Baniyas street,PO BOX:2993 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 3 | Al Ain New | Al Ain - Abu Dhabi | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Al Ain New PO BOX: 17822 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 4 | Bur Dubai | Dubai | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Abdulla Al Rostamani Building, Khalid Bin Walid Road, Bur Dubai; PO BOX:115689 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 5 | Sheikh Zayed Rd. | Dubai | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | ALQUZE NEXT TO GOLDEN DAIMOND ;PO BOX:52053 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 6 | Jumeirah Branch | Dubai | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Link International Building, Jumeirah Beach Road Umm suqeim |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 7 | Deira Branch (ABS) | Dubai | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Abu Baker Al Siddique Rd, Deira |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 8 | Jabal Ali Branch | Dubai | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Near Gate No.5, Adjacent to Dubai Chamber Office |

| | | | | | |
|----|---------------|--------------------|--|-------------------------------|---|
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 9 | RAK (LNBAD) | Ras Al Khaimah | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | FAB RAK (LNBAD) , Corniche Al Qawasim Road , Near to NMC Royal Medical Center , RAK |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 10 | Fujairah | Dubai | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Opposite to Plaza Theatre Hamdan Bin Abdulla street;PO BOX:79 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 11 | Sharjah | Sharjah | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Al Reem Plaza, Ground floor Buheira Corniche, Sharjah;PO BOX:1109 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 12 | Umm Al Quwain | Umm Al Quwain | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Building No 211, King Faisal Road Al Maidan Area, Umm Al Quwain;Po BOX:733 |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 13 | Ajman | Ajman | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Lulu Center, Al Ittihad street, Downtown, Ajman |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 14 | Khubeirah | Abu Dhabi | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Near Spinneys Khalidya Street Abu Dhabi |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 15 | Oud Al Touba | Al Ain - Abu Dhabi | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Oud Al Touba Area, National housing loans bulding, Ali Bin Abi Talieb street, Al Ain. |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
| 16 | Ruwais | Ruwais - Abu Dhabi | 08: am to 02:00 pm (Monday- Thursday); | 8 am to 1 pm - Mon - Thurs. | Central Market, ADNOC Housung complex, Ruwaise |
| | | | 08:00 am to 12:30 pm (Friday) | 08:00 am to 12:00 pm (Friday) | |

| | | | | | |
|--|--|--|----------------------------------|----------------------------------|--|
| | | | 08: am to 02:00 pm (Saturday) | 08: am to 01:00 pm (Saturday) | |
|--|--|--|----------------------------------|----------------------------------|--|

Emirates Islamic Bank - Participating Branches

| S. No | Branch name | Branch Location -Area | Customer Timing | IPO Subscription Timings | Branch Address | Contact Number |
|-------|------------------------|-----------------------|--|---|--|----------------|
| 1 | Diyafa Road Branch | Dubai | Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Opposite DUNE Center, Al Diyafa Street | 800 3392 476 |
| 2 | Healthcare City Branch | Dubai | Monday to Thursday (8am - 4pm) Friday (8 - 12.30pm & 2pm - 4pm) | Monday to Thursday (8am - 1pm) Friday (8am - 11.30am) | Building 16, Dubai Health Care City | 800 3392 476 |
| 3 | El Al Wasl Road Branch | Dubai | Monday to Saturday (8am - 8pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Al Wasl Road, Al Ferdous 1 Building | 800 3392 476 |
| 4 | El Ibn Battuta Mall | Dubai | Monday to Saturday (10am - 10pm) Friday (3pm - 10pm) | Monday to Saturday (10am - 2pm) | Shop No. 143 A, China Court, Ibn Batutta Mall, Dubai | 800 3392 476 |
| 5 | El Jebel Ali | Dubai | Monday to Thursday (8am - 3pm) Friday (8am - 12.30pm & 2pm - 3pm) | Monday to Thursday (8am - 1pm) Friday (8am - 11.30am) | Banking Complex, JAFZA Main Gate, Jebel Ali | 800 3392 476 |
| 6 | Nad Al Hamar | Deira | Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Bel Remaitha Club Building, Show Rooms # S-8 & S-9, Nad Al Hamar Area, Al Rubat street | 800 3392 476 |
| 7 | Al Tawar Branch | Deira | Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Al Nahda Road, Near Al Twar Centre | 800 3392 476 |
| 8 | Warqaa Mall Branch | Deira | Monday to Saturday (9am - 9pm) Friday (3pm - 9pm) | Monday to Saturday (9am - 1pm) | Warqaa City Mall, Al Warqaa 4. | 800 3392 476 |

| | | | | | | |
|----|------------------------|---------------------|--|---|--|--------------|
| 9 | Halwan Branch | Sharjah & NE Region | Monday to Saturday (8am - 8pm) Friday (8am - 11.30am) | Monday to Saturday (8am - 1pm) Friday (8am - 10.30am) | Sheikh Isam Building, Wasit Street, Industrial Area, Halwaan, Sharjah | 800 3392 476 |
| 10 | EI Al Rahmaniya Mall | Sharjah & NE Region | Monday to Saturday (9am - 9pm) Friday (3pm - 9pm) | Monday to Saturday (9am - 1pm) | Al Rahmaniya Mall, ground floor, next to Babyshop, Sharjah. | 800 3392 476 |
| 11 | Ajman Kalifa Bin Zayed | Ajman | Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Al Jurf 2, close to City Centre Ajman | 800 3392 476 |
| 12 | Ras Al Khaimah Branch | Ras Al Khaimah | Monday to Saturday (8am - 8pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Emirates Islamic Tower, Ground Floor, Al Muntaser Road - Al Nakheel Area | 800 3392 476 |
| 13 | Fujairah Branch | Fujairah | Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Near Choithram Supermarket, Sheikh Hamad Bin Abdulla Street | 800 3392 476 |
| 14 | Khalifa City Branch | Abu Dhabi | Monday to Saturday (8 am - 8 pm) Friday (8am - 12.30pm) | Monday to Saturday (8 am to 1 pm) Friday (8am - 11.30am) | Villa # 104, Sector SE-02, Khalifa City Main Street, Abu Dhabi | 800 3392 476 |
| 15 | Main Branch Abu Dhabi | Abu Dhabi | Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Khalidiyah Corniche Area, Wave Tower | 800 3392 476 |
| 16 | Al Ain Branch | Al Ain | Monday to Saturday (8am - 2pm) Friday (8am - 12.30pm) | Monday to Saturday (8am - 1pm) Friday (8am - 11.30am) | Jawazat Street, Near Sheikha Salama Mosque | 800 3392 476 |

SIB - Participating Branches

| S.No | Branch name | Branch Location -Area | Customer Timing | IPO Subscription Timings | Branch Address | Contact Number |
|------|-----------------------------|-----------------------------------|---|---|---|----------------|
| 1 | Mall of the Emirates Branch | Dubai | Saturday to Thursday 09:00 AM - 09:00 PM. Friday 03:00 PM - 09:00 PM | Saturday to Thursday 09:00 AM - 09:00 PM. Friday 03:00 PM - 09:00 PM | Mall of the Emirates, First Floor, Entrance A | 06 5 999 999 |
| 2 | Port Saeed Branch | Dubai | Monday to Saturday 08:00 AM - 08:00 PM. Friday 08:00 AM - 12:30 PM & 03:00 PM - 08:00 PM | Monday to Saturday 08:00 AM - 08:00 PM. Friday 08:00 AM - 12:30 PM & 03:00 PM - 08:00 PM | Port Saeed Area, Near Deira City Centre | 06 5 999 999 |
| 3 | Sheikh Zayed Road Branch | Dubai | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Sheikh Zayed Road, Nassima Tower Next to Voco Hotel | 06 5 999 999 |
| 4 | Al Tawar Branch | Dubai | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Al Nahda Road, Next to Al Qusais Metro Station and Al Twar Centre | 06 5 999 999 |
| 5 | Mirdif City Center Branch | Dubai | Saturday to Thursday 09:00 AM - 09:00 PM. Friday 03:00 PM - 09:00 PM | Saturday to Thursday 09:00 AM - 09:00 PM. Friday 03:00 PM - 09:00 PM | Mirdif City Center, First Floor, Entrance A | 06 5 999 999 |
| 6 | Al Dhaid Branch | Al Dhaid | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Al Dhaid, Sharjah CO-OP Building | 06 5 999 999 |
| 7 | Khorfakkan Branch | Sharjah - Khorfakkan - East Coast | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Al Rugaylat Road, Opposite Khorfakkan Beach | 06 5 999 999 |

| | | | | | | |
|----|----------------------------------|------------------------------|---|---|---|--------------|
| 8 | Dibba Al Hisn Branch | Sharjah – Dibba - East Coast | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Al Akd Al Fareed Road, Near to Government Buildings | 06 5 999 999 |
| 9 | Kalba Branch | Sharjah – Kalba - East Coast | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Sheikh Saeed Road, Opposite Sidra Park | 06 5 999 999 |
| 10 | Fujairah Branch | Fujairah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Hamad Bin Abdullah Road | 06 5 999 999 |
| 11 | Al Ain Main Branch | Al Ain | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 am to 12:30 pm | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 am to 12:30 pm | Oud Al Toba Area, Ali Bin Abi Taleb Road, Khalifa Al Salmeen Building | 06 5 999 999 |
| 12 | Hazza'a Bin Zayed Stadium Branch | Al Ain | Monday to Saturday 08:00 AM - 08:00 PM. Friday 08:00 AM - 12:30 PM & 03:00 PM - 08:00 PM | Monday to Saturday 08:00 AM - 08:00 PM. Friday 08:00 AM - 12:30 PM & 03:00 PM - 08:00 PM | Hamdan Bin Mohamad Road, Next to Hazza'a Bin Zayed Stadium | 06 5 999 999 |
| 13 | Abu Dhabi Mall Branch | Abu Dhabi | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM – 9:00 PM | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM – 9:00 PM | Abu Dhabi Mall, First Floor, Near to Main Entrance | 06 5 999 999 |
| 14 | Musaffah Branch | Abu Dhabi | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Musaffah Industrial Area, Al Fahim HQ Building | 06 5 999 999 |
| 15 | Al Khalidya Branch | Abu Dhabi | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Mubarak Bin Mohamad Road, Shining Tower | 06 5 999 999 |

| | | | | | | |
|----|------------------------------------|----------------|---|---|---|--------------|
| 16 | Ras al Khaimah Branch | Ras al Khaimah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:30 AM to 12:30 PM | Al Nakheel Area, Al Muntasir Road | 06 5 999 999 |
| 17 | Sharjah Main Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Al Khan Area, Near Al Qasba Canal, Sharjah Islamic Bank Tower | 06 5 999 999 |
| 18 | Buhaira Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Corniche Al Buhairah Road, Al Dana Tower | 06 5 999 999 |
| 19 | King Faisal Street - Gents Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | King Faisal Street, Al Husn Tower | 06 5 999 999 |
| 20 | King Faisal Street - Ladies Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | King Faisal Street, Al Husn Tower | 06 5 999 999 |
| 21 | Sahara Center Branch | Sharjah | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM – 9:00 PM | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM – 9:00 PM | Sahara Center, Lower Ground Floor, Banks and Services Area | 06 5 999 999 |
| 22 | Muwaileh Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Muwaileh Area, University City Road | 06 5 999 999 |
| 23 | Wasit Branch | Sharjah | Monday to Saturday 08:00 AM - 08:00 PM. Friday 07:15 AM - 11:45 AM & 03:00 PM - 08:00 PM | Monday to Saturday 08:00 AM - 08:00 PM. Friday 07:15 AM - 11:45 AM & 03:00 PM - 08:00 PM | Al Khazamiyah Area, Wasit Road, Near to Al Qasimi Hospital | 06 5 999 999 |

| | | | | | | |
|----|--|---------|--|--|--|--------------|
| 24 | Saif Zone Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Sharjah Airport Road, Saif Zone Area, Next to Emirates Post Office | 06 5 999 999 |
| 25 | Sharjah Economic Development Department Branch | Sharjah | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM - 11:45 AM | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM - 11:45 AM | Al Layyah Area, Sharjah Economic Development Department Building | 06 5 999 999 |
| 26 | Matajer Al Mirgab Branch | Sharjah | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM - 9:00 PM | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM - 9:00 PM | Matajer Al Mirgab, Al Mirqab Area, Al Sharq Street to Ajman | 06 5 999 999 |
| 27 | Matajer Al Jurainah Branch | Sharjah | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM - 9:00 PM | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM - 9:00 PM | Matajer Al Jurainah, Al Juraina Area Near University City Area | 06 5 999 999 |
| 28 | Sharjah Court Branch | Sharjah | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Al Khan Area, Al Meena Street Port Khalid, Sharjah Court Building | 06 5 999 999 |
| 29 | University of Sharjah - Ladies Branch | Sharjah | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM - 11:45 AM | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM - 11:45 AM | University City Area, University of Sharjah, Women's College, W21 | 06 5 999 999 |
| 30 | University of Sharjah - Gents Branch | Sharjah | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | University City Area, University of Sharjah, Men's College, Student Center | 06 5 999 999 |
| 31 | American University of Sharjah Branch | Sharjah | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM - 11:45 AM | Monday to Thursday 08:00 AM - 02:30 PM. Friday 7:15 AM - 11:45 AM | University City Area, American University of Sharjah, Main Building | 06 5 999 999 |

| | | | | | | |
|----|--------------------------|---------|---|---|---|--------------|
| 32 | Hamriya Free Zone Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Al Ittihad Road, Inside Hamriyah Free Zone Area | 06 5 999 999 |
| 33 | Mega Mall Branch | Sharjah | Saturday to Thursday 09:00 AM - 09:00 PM. Friday 03:00 - 09:00 PM | Saturday to Thursday 09:00 AM - 09:00 PM. Friday 03:00 - 09:00 PM | Mega Mall, Ground Floor | 06 5 999 999 |
| 34 | Maliha Road Branch | Sharjah | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Monday to Saturday 08:00 AM - 02:30 PM. Friday 7:15 AM to 11:45 AM | Industrial 18 Area, Maliha Road | 06 5 999 999 |
| 35 | Rahmanya Mall Branch | Sharjah | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM – 9:00 PM | Monday to Saturday 09:00 AM - 09:00 PM. Friday 3:00 PM – 9:00 PM | Rahmania Mall, Entrance A | 06 5 999 999 |

ADCB - Participating Branches

| S.No | Branch name | Branch Location-Area | Customer Timing | IPO Subscription Timings | Branch Address | Contact Number |
|------|--------------------------------|-----------------------------|---|---|---|--------------------|
| 1 | Khalidiya Tower Branch | Abu Dhabi | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Corniche Road, Opp Emirates Palace Hotel P.O Box: 59919 Abu Dhabi | 00971 2 6148200 |
| 2 | ADNEC | Abu Dhabi | Monday to Saturday 08:00 AM – 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM – 01:00 PM Friday 08:00 AM - 11:00 AM | AD-1 Tower, ADNEC AREA P.O.Box: 939 Abu Dhabi | 00971 2 6148300 |
| 3 | Shahama Branch | Abu Dhabi | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Dubai Abu Dhabi Road, Near Bani Yas Coop P.O.Box: 76122 | 00971 2 5016200 |
| 4 | Hazza Bin Zayed Stadium Branch | Abu Dhabi, Al Ain | Monday to Saturday 08:00 AM - 07:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Hazza Bin Zayed Stadium, Al Ain | 00971 3 7028950 |
| 5 | Zayed Town Branch | Abu Dhabi, Al Dhafra Region | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Zayed Town Main Street, Near Zayed Town Court P.O.Box: 50013 Zayed Town | 00971 2 6148350 |
| 6 | Dalma Mall | Abu Dhabi | Monday to Saturday 10:00 AM - 09:00 PM Friday 03:00 PM - 09:00 PM | Monday to Saturday 10:00 AM - 01:00 PM Friday 03:00 PM - 08:00 PM | Dalma Mall- 1st floor - Mussafah | 00971 2 6591350 |

| | | | | | | |
|----|------------------------------|----------|---|---|--|--------------------|
| 7 | Al Riggah Branch | Dubai | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Al Riggah Road, Near Al Riggah Metro-Station P.O.Box: 5550 | 00971 4 2305400 |
| 8 | Business Bay Branch | Dubai | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Business Bay, Al Khaleej Al Tejari, Dubai, Nearest landmark-Business bay metro station | 00971 4 5180900 |
| 9 | Al Zahiya City Centre Branch | Sharjah | Monday to Saturday 10:00 AM - 09:00 PM Friday 03:00 PM - 09:00 PM | Monday to Saturday 10:00 AM - 01:00 PM Friday 03:00 PM - 08:00 PM | Sheikh Mohammed Bin Zayed Street, Al Zahia City Centre, Ground level, near Entrance A, P.O.Box: 23657 | 00971 6 5191650 |
| 10 | Ajman | Ajman | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Al Ittihad Street, Near Lulu centre P.O.Box: 1843 | 00971 6 5191633 |
| 11 | Umm Al Quwain | UAQ | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Nesto Hypermarket King Faisal Street P.O.Box: 214 Umm Al Quwain | 00971 6 5193440 |
| 12 | Ras Al Khaimah | RAK | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Al Naeem Mall, New central business district P.O.Box: 1633 | 00971 7 2051700 |
| 13 | Fujairah | Fujairah | Monday to Saturday 08:00 AM - 03:00 PM Friday 08:00 AM - 12:00 PM | Monday to Saturday 08:00 AM - 01:00 PM Friday 08:00 AM - 11:00 AM | Hamed Bin Abdulla Street, Near ADNOC P.O.Box: 770 | 00971 9 2048600 |

Ajman Bank - Participating Branches

| S.No | Branch name | Branch Location-Area | Customer Timing | IPO Subscription Timings | Branch Address | Contact Number |
|------|-------------------------|----------------------|--|---|---|----------------|
| 1 | Khalifa Branch | Ajman | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | A&F Towers- Sheikh Khalifa Bin Zayed ST- Ajman | 06 701 8685 |
| 2 | Main Branch | Ajman | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | Al Ettehad Street, Next to Etisalat Building, Mushairef – Ajman | 06 701 8880 |
| 3 | Al Ain Branch | Al Ain | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | Subway – Ajman Bank Building, near Sheikh Khalifa Bin Zayed ST – Abu Dhabi | 03 701 3566 |
| 4 | Buhaira Branch | Sharjah | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | Ground Floor, Zahrat El Madaen Tower, Corniche street, next to starbucks – Al Sharjah | 06 701 8177 |
| 5 | Garhoud Branch | Dubai | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | Red Avenue Building – street 59 – near DHL service center – Garhoud - Dubai | 04 707 6808 |
| 6 | Dalma Mall Branch (TCA) | AbuDhabi | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | Inside Dalma Mall, 1 st Floor – Al Wazn ST-Abu Dhabi | 02 654 7720 |
| 7 | Khalidiya Branch | AbuDhabi | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | 23 Rawd ST – Al Khalidiyah- W9- Abu Dhabi | 02 654 7763 |

| | | | | | | |
|---|-----------------|--------------|--|---|---|-------------|
| 8 | RAK Branch | Ras Alkhaima | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | Next to Health first pharmacy – E11 – Al Nadiyah – Ras Al Khaimah | 07 2042913 |
| 9 | Jumeirah Branch | Dubai | Saturday to Thursday (8:00 AM -2:00 PM) | Saturday to Thursday (8:00 AM - 2:00 PM) | Zia medical center building – Jumeirah – Dubai | 04 707 6885 |