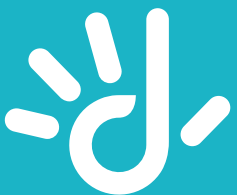


Dhiraagu Annual Report 2022



**Take on
tomorrow**

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Our Business



Who we are

Dhiraagu is the leading telecommunications and digital service provider in the Maldives, dedicated to empowering communities to take on the future and thrive in the digital age. Established in 1988 as the Maldives' sole telecommunications provider, Dhiraagu is owned by BTC Islands Limited (Beyon) with 52% of shares and the Government of the Maldives with 41.8% of shares. The remaining 6.2% of shares are held by the general public.

Over the past year, our team of highly qualified professionals, which includes 99% of trained locals has focused on leveraging our leadership in networking and expanding our customer base across all segments, with a particular emphasis on high value areas such as mobile, enterprise, and fixed broadband. Our commitment to driving the digital shift forward through the introduction of innovative technologies and ensuring that no one is left behind has helped us maintain our position as the premier provider of digital services in the Maldives.

We are honoured to have played a role in the Maldives' digital transformation over the past 30 years and are committed to continuing to innovate and improve the customer experience. We recognise that we are only able to do this with the support of our valued customers and are grateful for the opportunity to serve the people living across the Maldives. ■

OUR VISION

Enrich lives through digital services.

OUR MISSION

To lead the market through excellence in customer experience.

OUR VALUES

Serve

We keep our customer at the heart of all we do, because we win when they do.

Innovate

We constantly innovate to provide our customers with the latest and best in digital services.

Inspire

We empower people, and never lose sight of the bigger picture of nation-building and growth.

Collaborate

We work together to offer our customers a seamless experience.

Our Presence



5G Network

In July 2019, 5G became a reality for Maldives. We were the first in Maldives and the first in South Asia to have launched 5G commercial services.

As pioneers in bringing the latest technology to the country, we are excited about the opportunities 5G offers as an enabler for new services and enhancing connectivity to our customers across the country. We have rapidly expanded our coverage footprint across the country's population centres. We have successfully covered Greater Male' including all industrial islands in the region. Additionally, we have expanded our 5G footprint on Seenu Hithadhoo and Kulhudhufushi City.

DhiraaguTV

DhiraaguTV, the first IPTV service provider in the Maldives extends digital IPTV services to 86% of national households at the end of 2022. This service was available to 97 islands.

Submarine Cable

We have linked the Maldives from North to South through a 1,253 km long fibre optic submarine cable network which supports the nation's largest 3G, 4G LTE and fixed broadband network.

Fibre Broadband

As a result of our continued investments, high-speed Fibre Broadband service is now available to 87% of national households making Dhiraagu Fibre Broadband network the largest high-speed data network in the nation.

Widest Coverage

We provide the widest coverage in the Maldives, which includes all of the country's 187 inhabited islands, all resort islands and all major industrial islands.

Retail & Distribution

We have established one of the largest retail and distribution networks in the country, comprising 57 partners, 28 wholesalers, and over 3,500 retailers. This extensive network enables us to stay close to our customers and overcome any geographic barriers, ensuring that we are able to deliver the highest level of service and support. ■

Our Products & Services

At Dhiraagu, we are proud to offer a wide range of products and services that help our communities stay connected. Our extensive investments in network infrastructure and international connectivity have allowed us to provide reliable service across the entire country, ensuring that our customers have access to the resources they need. Through our mobile, internet, data, mobile money, and fixed services, we were able to offer tailor made services to meet the needs of our customers. We also offer purpose-built solutions for small and medium enterprises and fully integrated enterprise solutions for corporate and government customers, enabling them to achieve improved performance.

Our ICT infrastructure and managed solutions are designed to provide secure access, communication, and storage for our customers, helping them better serve their own communities. We are committed to continuously improving our offerings and supporting the needs of our customers. ■

Achievements & Awards



President's Tourism Gold Award

We received President's Tourism Gold Award for Outstanding Contributions to the Development of Tourism in the Maldives at the Tourism Golden Year Gala Evening.



**Ookla®
award**

Ookla® awarded Dhiraagu as the Maldives' Fastest Mobile Network' winner in the Speedtest® Awards for Q1-Q4 2022.



**Maldives
Broadcast Awards**

Recognition award for continuous contributions towards the development of broadcast industry.



'50 Years of Tourism' Award by MATI

We received 50 years of Tourism Award by MATI for exceptional contribution to the tourism industry of Maldives.



**Care
Society**

We received a token of appreciation in recognition of our support to Care Society in their works towards an inclusive community at the Care Society's AGM 2022.



**GOLD 100
Award**

Received GOLD 100 Award by Corporate Maldives.

Highlights of 2022



Key Commercial Highlights



First Quarter



CONNECTING MALDIVES TO THE SEA-ME-WE 6 SUBMARINE CABLE SYSTEM

We entered into a contract with a consortium of 13 global telecom and tech companies to connect Maldives to the global super high-way SEA-ME-WE 6 submarine cable system. This addition to our existing submarine cable systems is an important step towards making the Maldives a global digital hub and strengthening the digital infrastructure of the country. It gives increased confidence to our customers and investors looking to host their services in the Maldives. Additionally, it will enable us to further explore the potentials of emerging technologies such as 5G, artificial intelligence and virtual reality.

INTRODUCED 'SALHI DATA' ON AMILLA POSTPAID

Three new Salhi Daily Data bundles were introduced allowing Amilla Postpaid customers to enjoy exciting daily benefits, bigger data allowances, and get greater value on data. With the introduction of these daily refreshing data bundles, Amilla postpaid customers can choose from Salhi90, Salhi150 and Salhi210 to enjoy increased data benefits with a single activation and up to 3GB daily data.

INTRODUCED 'AMAR' MOBILE PLAN

An exciting new 'AMAR' mobile prepaid plan dedicated for Bangladeshi customers was introduced allowing them to enjoy the best value data and voice available in the market. All customers in this plan can enjoy 15GB and IMO FREE for as low as MVR 250 among other exciting offers included in the portfolio. An AMAR loyalty scheme was also introduced, allowing customers to redeem free data.

Second Quarter



ENHANCEMENTS TO MAMEN ADD-ONS

To allow our Mamen customers to enjoy more data at greater value, we enhanced our Mamen Add-ons with increased allowances and validity changes.

REVAMPED MOBILE BROADBAND

We revamped our Mobile Broadband plans, offering our customers all new plans with increased data allowances and increased speeds. Additionally, rollover allowance is offered for Mobile Broadband Postpaid plans.

REVAMPED PREPAID MINI DATA ADD-ONS

We revamped our Mini Data Add-ons portfolio with increased allowances, better prices and more options on validity allowing our prepaid customers to enjoy more data for less.

Third Quarter

USE LEFT-OVER DATA, NEXT MONTH

Dhiraagu Fibre Broadband & Postpaid Plans



DATA ROLLOVER FOR POSTPAID

We launched data rollover for our Postpaid customers. Customers can carry forward their remaining data allowances to the next month and experience more with our Postpaid packages.

VAGUTHUN RASHAH INTERNET PACKAGES

We introduced a special home broadband package, 'Vaguthun Rashah Internet' for islands without Fibre Broadband coverage. With this new home broadband package, customers can enjoy faster speed and more data in their local neighbourhood.

Fourth Quarter



INTRODUCED UNLIMITED PACKAGES

We launched all-new unlimited plans for our home internet broadband customers. Customers can now subscribe to our Unlimited 50M and Unlimited 100M plans to experience unlimited internet on the fastest network.

POSTPAID VOICE BOOSTERS

We launched a special booster promo for Postpaid and Amilla Postpaid customers. Customers can now enjoy more talk time with the purchase of our new voice boosters.

DHIRAAGU FUTUBOALHA EID 2022

To celebrate the greatest football event of the year we launched 'Dhiraagu Futuboalha Eid'. Under the campaign, we introduced double data for selected Mobile Postpaid, Mobile Broadband and Fibre Broadband data boosters and customers enjoyed double the data during the promo period. Additionally, all Prepaid customers who activate the Magic Data add-on were randomly awarded free data, up to 100% of the total add-on amount which was valid for 30 days from activation. ■





CSR Highlights

Dhiraagu Apprenticeship Programme

15 new apprentices were enrolled and 15 apprentices successfully graduated during the year from Dhiraagu Apprenticeship Programme, our key CSR programme which develops employability skills in young people.

Drones for Resilience

In partnership with UNDP Maldives, Drones for Resilience project was delivered to Addu City Council. Under the project, orthomosaic maps of all inhabited islands of Addu City, drones and drone technology training were given to help make data driven decisions on development and build community resilience against environmental threats and climate change.

Contribution to Care Homes

As part of our commitment to digital literacy and inclusive education, Care Homes under Family and Children Service Centres – Ministry of Gender, Family and Social Services were granted free Dhiraagu Fibre Broadband and DhiraaguTV services across Maldives.

Girls in Data

25 girls between the ages of 10 and 13 successfully completed Girls in Data programme, the first data literacy initiative conducted in Maldives, in partnership with Women in Tech Maldives.

Hour of Code

In partnership with Women in Tech Maldives and endorsed by the Ministry of Education, Hour of Code was conducted to bring the spotlight on the importance of computer science and coding. The event reached over a 1000 students, covering 17 atolls across the Maldives.

International Women's Day

New gender action targets along with the Company's renewed focus on gender action were communicated through a special staff event. A Gender Action Plan was launched, focusing efforts to adapt a strong gender lens throughout our operations.

Health & Wellness Camp and Inclusive Sports Festival

In partnership with Maldives Association of Persons with Disabilities, a Health and Wellness camp for persons with disabilities, with medical screening, therapy and awareness sessions, was conducted along with an inclusive sports festival in Kulhudhuffushi City. ■

Brand Engagement Highlights



Third Mamen Cycling Championship 2022

To promote the importance of a healthy, sustainable lifestyle from a young age, we held the Third Edition of the Mamen Inter-School Cycling Championship, in partnership with Bike Maldives. The event saw partnership with Bike Maldives, the event saw the participation of more than 1,000 cyclists from 32 schools, in 9 categories. It was also the first 100-percent solar-powered event to take place in the Maldives.

MNU Job Festival

We participated in the first Job Fair hosted by the Maldives National University (MNU) which paved the way for those seeking potential career prospects. Our team at the festival provided information about the Dhiragu Apprenticeship Programme and attractive job opportunities available at the Company.



Dhiragu Calendar 2023 #InspiringConnections

As part of our work enriching lives through connectivity, we launched our 2023 Calendar which celebrates #InspiringConnections. The calendar follows four themes of conservation: Environment, Language, Craftsmanship and Music, and features the stories of twelve unique individuals, shown through colourful AR illustrations.

Bangladesh Cultural Night 2022

As part of our efforts to create an inclusive community, we supported and helped organise the Bangladesh Cultural Night which featured prominent Bangladeshi artists. Over 5,000 expats attended this event.



World Telecom Day 2022

To mark the World Telecommunication & Information Society Day, we hosted a panel discussion for university and college students at Dhiragu Head Office led by our CEO & Managing Director, Ismail Rasheed along with some of the Leadership Team. The session aimed to engage young people and share information on Dhiragu's role in enriching lives and empowering digital communities across the Maldives.

Maldives Sports Awards Music Show

We supported Maldives Sports Awards music show hosted by the Ministry of Youth, Sports, and Community Empowerment, following one of the biggest sporting recognition ceremonies held in the country.

Welcoming the First Visitor of 2022

Celebrating the Golden Jubilee of Maldives Tourism, we welcomed 2022's first visitor and presented them with a 100% authentic, locally produced gift hamper.

Dhiragu FutuBoalha Eid

To celebrate the biggest football event of the year, we launched our #DhiraguFutuBoalhaEid campaign. We had the 'Jehee Libunee' promotion where customers were able to score free GBs when their favourite teams scored, with thousands of GBs awarded at the end! Our digital engagement initiative for the campaign was called 'Guess the Player?' where 5 lucky winners received a gift voucher. We also released an animated sticker pack on Viber, Telegram, and Instagram as well as a special football song called 'Vihuruvaalaa'!

Mufti Menk in Maldives

As part of our efforts to support programmes and initiatives that promote Islamic values in the Maldives, we were the Digital Partner of the 'Mufti Menk in Maldives' lecture series by renowned global Islamic scholar, Mufti Menk in the Maldives.

Celebrating Eid-ul-Alha 1444

As part of our community engagement efforts, we supported several Eid-ul-Alha festivities across the Maldives in Addu City, Kulhudhuffushi City, Kaafu Maafushi and Baa Eydhafushi. ■

Key Sponsorship Events



DIGITAL PARTNER

Western Asia Youth Chess Festival 2022

As part of our commitment to support sports and recreational events that strengthen communities, we provided digital assistance to one of the most competitive and first international chess tournaments held in the Maldives where 200 players from 9 countries participated.

DEVELOPMENT PARTNER

Maldives Bodyboarding Association

To support the development of bodyboarding in the Maldives, we signed as the Development Partner with Maldives Bodyboarding Association, supporting the National Bandufilea Challenge 2022 and the first IBC World Tour which was hosted in the Maldives and Asia region.



DIGITAL PARTNER

Ocean 6|50 Dive for Hope

In line with our CSR strategy to protect our environment, we supported this 5-hour dive for hope as the Digital Partner and enabled underwater coverage throughout the event. Both local and international diving community members, marine researchers and environment activists came together to raise awareness and advocate for meaningful and sustainable solutions to the issues of plastic pollution, climate change, endangered species and the marine ecosystem.

DIGITAL PARTNER

South Asia Junior Cadet Table Tennis Championship 2022

Empowering young people is one of the key focus areas of our C3ompany's social responsibility. Under this initiative, we signed as the Digital Partner for South Asia Junior Cadet Table Tennis Championship, one of the most competitive table tennis tournaments for junior athletes in the region.



DEVELOPMENT PARTNER

Maldives Basketball Association

We partnered with the Maldives Basketball Association (MBA) as the Development Partner for the year, to empower youth and develop the next generation of basketball players across the country. Through this collaboration, we have supported several tournaments such as the SABA Women's Championship 2022, the first to be held in the Maldives, Mini Basketball Festival held with over 1'000 students and the 28th MBA Championship.

DIGITAL PARTNER

Census 2022

As part of our mission to enrich lives of people living in the Maldives, we signed as the Digital Partner of the Census 2022, a crucial nationwide activity which will shape the Maldives' developmental future for the next few years. We provided digital connectivity and facilitated essential digital services throughout the census period.

DIGITAL PARTNER

Maldives Accountant's Forum 2022

We believe in good governance and that the accounting profession has a critical role in improving financial transparency and management accountability. We partnered with Institute of Chartered Accountants of the Maldives (CA Maldives) to support the Maldives Accountants Forum (MAF) 2022 which is the national platform for all accounting professionals to discuss and deliberate on matters of mutual interest with industry stakeholders, providing capacity development opportunities for professionals.

DIGITAL PARTNER

Neyvaa 2

To support community engagement and climate change awareness campaigns, we supported Neyvaa 2, the freediving Guinness World Record breaking event in the Maldives, as the Digital Partner which was done to raise awareness about the impact of climate change to the Maldives and promote freediving as a sport in the Maldives.

DIGITAL PARTNER

2022 Volleyball World Pro Beach Tour

As part of our commitment to support sports and recreational events, we signed on as the Digital Partner of the 2022 Volleyball World Beach Pro Tour – Maldives Challenge, the first international volleyball challenge of its kind to be held in the Maldives.

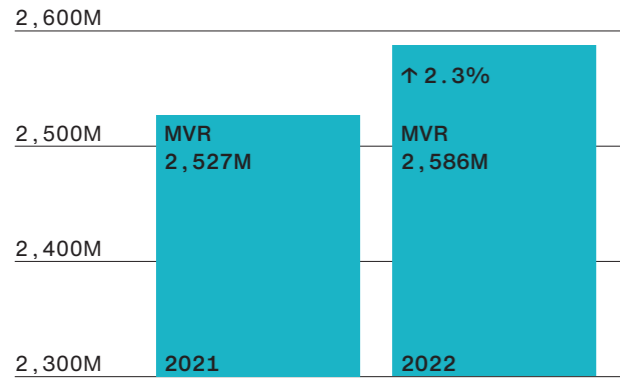
DIGITAL PARTNER

Asian Bodybuilding and Physique Sports Championship

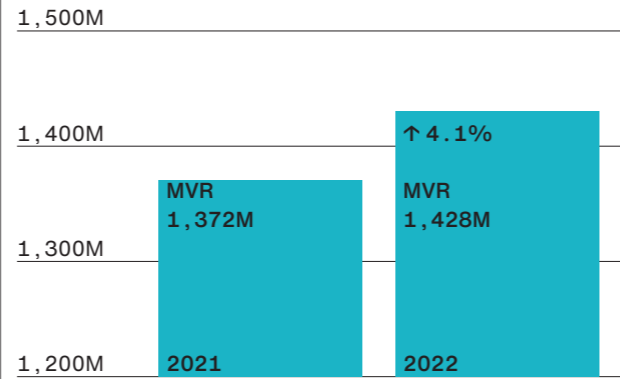
With over 500 athletes and officials from 25 countries participating in the 54th Asian Bodybuilding and Physique Sports Championship, we supported this event as the Digital Partner, allowing the participants to enjoy seamless connectivity. ■

Financial Highlights

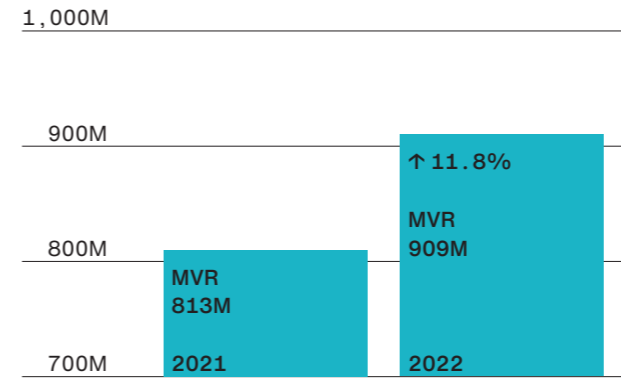
Revenue



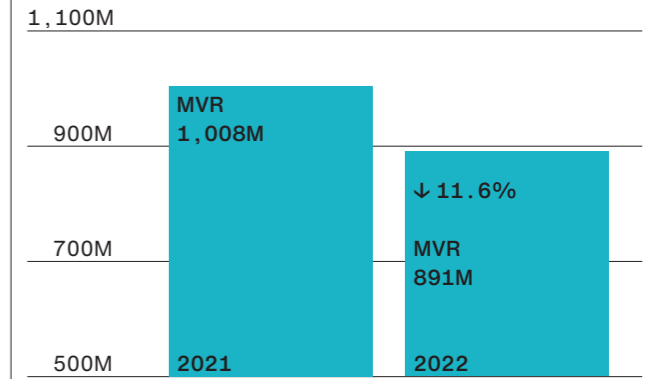
EBITDA



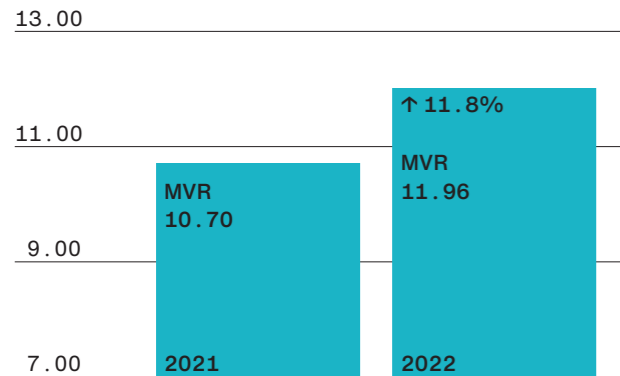
Profit after Tax



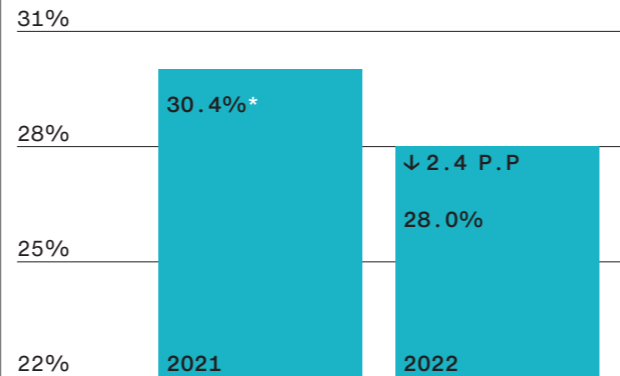
Free Cash Flow



Earnings per Share

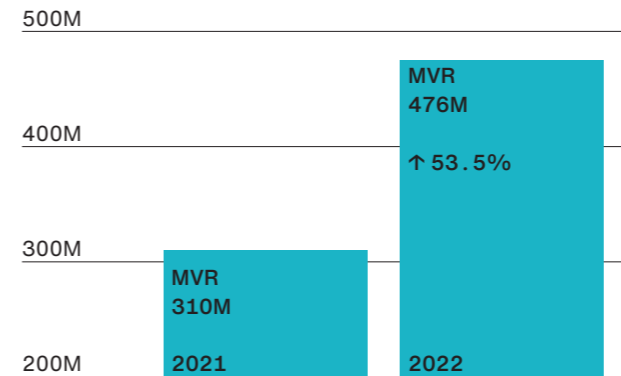


Return on Capital Employed (ROCE)

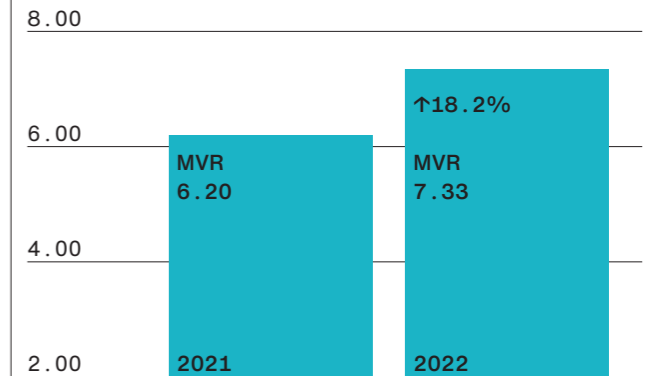


* ROCE reported for 2021 (29.7%) was based on a different calculation and the comparative figure has been updated in this report.

Capital Investment



Dividend per Share





Chairperson's Opening Remarks

Dear Shareholders,

On behalf of the Board of Directors it is my pleasure to present the Annual Report for 2022. This has been an important year for Dhiraagu, a year where we embraced many changes, and I am pleased to say that the Company is in good stead and continues to lead the market.

Last years' performance and results show our focus on building value and growth, improved customer experience, and ongoing cost reduction efforts, while also reflecting the impact of a highly competitive and dynamic market. As a result of the of expansion of our services, a strong performance on fixed broadband and enterprise segments enabled us to increase the total revenue for 2022 by 2.3% to MVR 2.6bn. Profit after tax grew by 11.8% due to an improvement in EBITDA and other income relating to favourable outcome of disputed withholding taxes related to prior years.

The Board of Directors have proposed a final dividend of MVR 5.67 per share for shareholders' approval at the 34th Annual General Meeting, bringing the full year dividend for the financial year to MVR 7.33 per share, representing a 61% pay-out ratio of net profit. This is a growth of MVR 1.13 (18.2%) compared to 2021.

On one hand, as the world continued to digitise, more and more people took advantage of the exciting and empowering possibilities of new technologies through our core products and services. Also, the significant internet price reductions we made in 2021 and 2022, made data even more affordable and helped drive an increase in demand for data services. On the other hand, competition has been intense with rapidly shifting market dynamics. During this time of change, under the Dhiraagu Board's stewardship the Company continues to put the customer at the heart of everything it does, with the aim of delivering shareholder value over the long term.

We are determined to meet the challenges, and to continue to lead in the market, just as we have always done. These factors have influenced our performance this year and underpinned our decision to take bolder steps to make investments in technologies which will allow us to lead the development of new opportunities in the years ahead.

We continued to invest in and extend our high-speed connectivity across the Maldives with Fibre to the Home (FTTH) broadband connectivity reaching over 103 islands (87% of households) at the end of the year. We invested significantly in improving our customer's mobile data experience with our 5G footprint now expanded to allow more customers to experience the full potential of emerging technologies.

The total capital expenditure for 2022 increased by 53.5% to MVR 476m. One of our key investment decisions was the SEA-ME-WE-6 Submarine Cable System. On completion, this strategic initiative assures a higher standard of quality through direct international connectivity, low latency, and geo-diversity while also reducing the cost of Dhiraagu's internet services.

With the announcement of other cable systems coming to Maldives, we have had to look at ways of de-risking the business case to make the project viable whilst getting the benefits of connecting the Maldives directly to the SEA-ME-WE-6. The Board of Directors considered a proposal; from our majority shareholder to restructure our investment in SEA-ME-WE-6 by taking up some of the excess capacity and thereby reducing the investment cost for Dhiraagu.

Availability of foreign currencies remains a major challenge. To support its investments Dhiraagu has secured financing through the International Finance Corporation (IFC), a member of the World Bank Group, together with the Asian Development Bank (ADB), worth up to \$55 million across two facilities. These facilities will support Dhiraagu's working capital and capital investment program including the SEA-ME-WE-6 Submarine Cable System project.

In 2022 the Company faced a unique unforeseen challenge where it was unable to renew its rebroadcasting license. This caused an enormous disruption on the business, and despite engaging with all relevant authorities to resolve the matter to ensure a fair, balanced and socially appropriate regulatory regime, we were unsuccessful. Therefore, in December 2022, having regard to these regulatory changes, and in the best interests of the Company and its shareholders, Dhiraagu's Board of Directors made the difficult decision to discontinue the DhiraaguTV and DhiraaguPlay services to mitigate any further loss. Trying to find a solution for our customers was also a high priority. By extending our IPTV network infrastructure to a local rebroadcaster SSNET, we were able to provide more than 15,000 DhiraaguTV customers with an option for a consistent good quality IPTV service.

During the year, there were several changes to the Dhiraagu Board of Directors. In March 2022, the Bahrain Telecommunication Company appointed Faisal Al-Jalahma in replacement of Isa Al-Sabea. Following the 33rd Annual General Meeting Ahmed Mohamed Didi was elected as the Public Director by shareholders, and we bade farewell to longstanding Public Director Imran Ali. Government appointed non-executive and independent Director Maryam Manal Shihab provided notice of her resignation in June 2022. The Government appointed Abdulla Abdul Raheem who we welcomed to the Board of Directors in August 2022. I take this opportunity to acknowledge the valuable contributions of Isa, Imran and Manal and thank them for their service.

The Board remains focused on steering Dhiraagu heading in the right direction, adjusting strategy where needed, mitigating risk, and ensuring alignment of our goals across the whole company. I convey appreciation to the Board members, for overseeing our Company through another unique and challenging year. I also thank the Leadership Team and all Dhiraagu colleagues for the hard work they have done, often in trying circumstances, and for their constant willingness to step up and deliver what is needed. I also extend my appreciation to Government institutions and our regulators for their support.

Dhiraagu is a successful joint venture between the Government and a foreign investor. Last year, our majority shareholders worked closely to support Dhiraagu's strategic initiatives, and I take this opportunity to sincerely thank both the Government of the Maldives and Beyon for continuing to be an integral part of our success. I am also grateful to all our shareholders for their continued investment in Dhiraagu and the trust they have placed in us.

Looking ahead, we have a clear strategy to create sustained value for our customers, our shareholders, and our employees. Our company remains focussed on the things that matter: providing an excellent customer experience, driving value and growth from our core, and building pathways towards sustainable long-term growth.



Ismail Waheed

Chairperson



▲ A Memorandum of Understanding (MoU) was signed between the Government of Maldives, Bahrain Telecommunications Company and Dhiraagu to provide expertise and support in enhancing cyber security in the Maldives.

“We are determined to meet the challenges, and to continue to lead in the market, just as we have always done. These factors have influenced our performance this year and underpinned our decision to take bolder steps to make investments in technologies which will allow us to lead the development of new opportunities in the years ahead.”

Ismail Waheed
Chairperson



CEO & Managing Director's Message

“I am delighted to report that, with increased revenue and improved profit, Dhiraagu continued to demonstrate financial resilience and growth in 2022. Despite the many challenges, we have forged ahead with our commitment to provide exceptional customer experience and continued to deliver value to customers, improve service quality, build network resilience, and grow the business through strategic investments.”

Our vision and purpose

Dhiraagu is a purpose-driven company with a strong ambition and a clear vision to enhance the lives of our customers and community through our services and help the Maldives prosper. We recognise the pivotal role we play in enabling individuals, empowering businesses, strengthening communities, and driving economic growth. We are committed to leveraging our expertise and resources to make a positive impact on the people and communities we serve.

Dhiraagu was recognised as being a key pillar responsible for the growth of the Tourism Industry of Maldives. Last year the country celebrated ‘50 Years of Tourism’ and the Maldives Association of Tourism Industry presented Dhiraagu with an award to recognise that our strong presence across the nation has facilitated connectivity of remote atolls and islands and essentially supported the growth of the one-island-one-resort concept. Our product portfolio reflects our commitment to help connect and optimise operations for SMEs and enterprises serving in the tourism sector and it was a proud moment for Dhiraagu to be recognised as a driver in the growth and innovation of the Maldivian tourism industry at a national level when we received the President’s Tourism Gold Award for Outstanding Contributions to the Development of Tourism in the Maldives, awarded by His Excellency President Ibrahim Mohamed Solih.

Our teams are driven by this higher purpose, and I would like to thank all of them for their outstanding work, their dedication and continued commitment to deliver on the strategic objectives to achieve our vision.

Our priorities remain on innovating our services to drive a digital economy and enhancing customer experience by providing them with greater value.

Financial performance

Our results showed that through a challenging period Dhiraagu continued to deliver exceptional value to its customers, while generating long-term shareholder value. Revenues for 2022 increased by 2.3% vs 2021 with growth on fixed broadband and enterprise services. Cost optimisation measures, considering the global economic uncertainty and rising inflation, ensured sustainable shareholder returns and helped increase EBITDA by 4.1% and contributed to a net profit increase by 11.8% to MVR 909m. The increase in net profit includes other income from the favourable outcome of disputed withholding taxes related to prior years.

Key highlights

- successfully extended our high-speed fibre broadband service to over 103 islands (87% of households) and expanded our 5G footprint.
- continued to heavily invest on network enhancement to deliver customers a superior experience.
- with the economy on accelerated recovery and tourism industry returning back in full force, we made significant upgrades to capacity provided to resorts to meet the requirements and offer a better experience for visitors.
- focussed efforts to ensure that our information security management is up to international standards and maintained robust information security for our customers.
- provided continuity to more than 15,000 DhiraaguTV customers by pivoting our business model.
- renewed Dhiraagu’s Unified Telecommunication Licence for another 15 years with effect from 1 January 2024.
- acquired a license to issue electronic money. The license issued under the National Payment System Act replaces the Mobile Money license.

Customer experience, & ease of use

At the core of our strategy is a relentless focus on delivering the best possible experience and utmost convenience to our customers. We continue to invest in our world-class networks to deliver our customers an excellent experience. Our team's persistent focus and commitment to this goal is reflected in our consistent year-on-year improvement in customer NPS (Net Promoter Scores), and our recent recognition as the 'Maldives' Fastest Mobile Network' winner in the Ookla Speedtest® Awards for the second consecutive year. These accomplishments serve as a testament to our success in achieving our objective and reflects the trust and confidence our customers have in Dhiraagu.

Digitisation & automation

We have transformed a large part of customer access to digital, which enables customers to access Dhiraagu from anywhere, any time. Today, the majority of our customer transactions are on digital channels. This is a tremendous improvement in efficiency for both our customers and the Company.

MyAccount portal through which customers can self-manage their account and services was enhanced with additional features. We also redesigned the Dhiraagu App to make it even easier and more intuitive. Our BulkSMS platform was also upgraded with additional features, offering our business customers more flexibility and autonomy.

We recognise some customers continue to prefer to physically meet or call when they have complex problems with their services. Our contact centers and customer care teams both on the phone and over live chat take care of those customers who prefer these methods.

Within the business, we are rapidly developing new ways of working, using agile methodologies and customer-centred design processes. Rigorous efforts were made to improve the end-to-end process, give more information and simpler platforms, to accelerate the digitisation and automation to achieve growth, and efficiency. With the implementation of a new digital HR system, most of our HR processes are now automated enabling colleagues to carry out the routine interactions digitally from their devices.

Network resilience to offer robust services

Our investment to join the South East Asia-Middle East-West Europe 6 (SEA-ME-WE 6) submarine cable system scheduled to be completed in 2025, will significantly improve our international connectivity and resilience. This will give us instant access to key internet hubs in South East

Asia, the Middle East, and Western Europe. The new submarine cable system will improve the quality and resilience of our services to consumers, businesses, and fuel future growth of digital services across the country. It is a pivotal step towards making the Maldives a global digital hub and strengthening the digital infrastructure of the country.

Connecting the entire country and expanding our services to remote corners will enhance our capacity to meet the increasing demands of our customers. Our high-speed fibre broadband network serves 103 islands reaching 87% of national households. The geography of Maldives and the economics of connecting remote communities is challenging. To alleviate and bridge this digital divide, we are expanding our submarine and digital microwave networks between the islands which will significantly improve the quality and speed of our mobile and fibre broadband services.

Last year we successfully completed rolling out 5G, the next generation of telecommunications technology, to Greater Male' including the industrial islands in the region. We have also expanded our 5G footprint on S.Hithadhoo and HDh.Kulhudhuffushi with more locations to follow. 5G is a driver in enabling innovation and new opportunities in areas such as cloud computing, big data, machine learning and artificial intelligence – all areas where we continue to build our expertise and capabilities for the future.

While catering for the growing demand for, and dependence on, online services we are very mindful that there has been an increase in the frequency and sophistication of cybersecurity attacks targeting various industries around the world, causing severe disruption to businesses and customers. We recognise this as a relentless pursuit, and we use a range of technologies and security controls to mitigate and minimise the likelihood and impact of unauthorised access to our networks and systems. In 2022 we focussed our efforts to ensure that our Information Security management is up international to standards, and we achieved certification against the ISO/IEC27001:2013 in January 2023.

Leaning in on our core and pivoting the IPTV business

It is unfortunate that we had to announce the cessation of DhiraaguTV service to our customers in December 2022, given the uncertainty around any possible renewal of our re-broadcasting license. Our priority was to find a solution for customers to seamlessly enjoy an alternative IPTV option and reduce the loss on the business. We successfully achieved this by reaching an agreement with SSNET, to offer their rebroadcasting service to our customers. We changed the business model by offering our state-of the art network as a service to carry their signals with quality, reliability, and resilience, to reach customers across the country.

Lead on sustainability

Enriching lives for us means empowering people, enabling businesses, and supporting communities through our innovative digital services and connectivity. Building on our work as a leading responsible business, a Sustainability function has been established within the Company with focus being placed on digital inclusion, treating our people well and fairly, reducing our environmental footprint, behaving ethically with integrity, and doing our part to support the communities which we operate in.

Last year we implemented an Environmental and Social Management System in compliance with IFC Performance Standards (PS) 2012 and ADB Safeguard Policy Statement (2009). As a result, we have strengthened policies and procedures relating to fair labour and hiring practices, vendor onboarding processes, stakeholder engagement and external and internal grievance mechanisms. Trainings and workshops were conducted across the business to create awareness, ensure alignment, and cultivate an environmental, social and governance culture.

We believe that our Gender Action Plan to champion opportunities for women as employees and as leaders in technical and non-technical roles, and instil a highly inclusive, adaptive culture will unlock future growth and ultimately deliver enhanced customer experiences and business performance.

As a technology business our main source of greenhouse gas emissions is our use of electricity to power our networks and to host our customers' networks in our data centres. Reducing this while our customer demand for our networks grows every year, is challenging. However, through the installation of additional solar panels, we have produced 1.3GWh of renewable energy during the year1, which resulted in an approximated reduction of 646 metric tons of CO2 emitted.

Protection and preservation of the environment is a key focus area of our Corporate Social Responsibility program. Last year we also completed the 'Drones for Resilience' project, and it was delivered to Addu City Council under our partnership with the United Nations Development Programme (UNDP) Maldives. The high resolution and high quality orthomosaic baseline digital maps of all the inhabited islands in Addu City produced and the drones, training and know how delivered as part of the project will be valuable tools that can be used to make data driven decisions and build resilience into the city's development plans, taking into consideration climate change and growing environmental threats.

Leadership and people

To succeed, we need the right leaders and the right culture to drive ongoing change. During the year we announced some changes to Dhiraagu's Leadership Team and have assembled the right mix of skills, talent, and experience

to collectively make the big calls that will underpin our ongoing success. We invest in our talent – looking to develop their full potential quicker and bringing top talent through into leadership roles. Last year 60 managers from the Leadership Team and middle management completed an enhanced leadership development programme. We recorded over 6,445 learning hours across the Company during the year.

I would like to thank the Dhiraagu team for their dedication to customers and willingness to embrace challenges. With sound guidance and support from our Board of Directors, we remain steadfast in developing the business by investing in the right technologies, strengthening the network, developing internal skills, to deliver value to customer and sustainable growth for shareholders.



Ismail Rasheed

CEO & Managing Director





Ismail Waheed

CHAIRPERSON
Non-executive and independent



Ahmed AbdulRahman

DEPUTY CHAIRPERSON
Non-executive and independent



Ismail Rasheed

CEO & MANAGING DIRECTOR
Executive and non-independent



Ahmed Mohamed Didi

DIRECTOR
Non-executive and independent



Mikkel Vinter

DIRECTOR
Non-executive and independent



Faisal Qamhiyah

DIRECTOR
Non-executive and independent



Faisal Al-Jalahma

DIRECTOR
Non-executive and independent



Abdulla Abdul Raheem

DIRECTOR
Non-executive and independent

Board of Directors



Ismail Waheed

**CHAIRPERSON
NON-EXECUTIVE AND INDEPENDENT**

TENURE SINCE NOVEMBER 2018

MALDIVIAN

BOARD COMMITTEES

- Chairperson of the Remuneration Nomination and Governance Committee.

OTHER DIRECTORSHIP AND APPOINTMENTS:

- None

Bringing over 38 years of experience in telecommunications, Ismail was appointed by the Government of Maldives as the Chairperson of the Board of Directors in November 2018. He also serves as the Chairperson of the Remuneration Nomination and Governance (RNG) Committee.

Ismail's involvement in the transformations at Dhiraagu runs a lot deeper than his role as the Chairperson during the past four years. Until he retired in September 2015, he served as the Company's CEO & Managing Director from 2004. He initially joined Cable & Wireless Maldives in 1977 and continued to serve in Dhiraagu upon its formation in October 1988.

Ismail is an experienced company director and has also served as an Executive Director of the Indian Ocean Region of Cable & Wireless Plc from 2006 to 2008. Ismail's career within the CWC Group has given him unique insights into the need for businesses in this industry.

He holds a BEng (Hons) in Telecommunications Management and System Design from Anglia Polytech University, Chelmsford (UK). He also completed an Executive Leadership Programme at Darden Business School, University of Virginia, USA. ■



Ahmed AbdulRahman

**DEPUTY CHAIRPERSON
NON-EXECUTIVE AND INDEPENDENT**

TENURE SINCE MAY 2020

BAHRAINI

BOARD COMMITTEES

- Chairperson of Audit Committee.

OTHER DIRECTORSHIP AND APPOINTMENTS:

- Batelco/Beyon – Independent Director of the Board
- Batelco/Beyon – Member of the Executive Committee
- Venture Capital Bank – Vice Chairman

Ahmed was appointed to the Dhiraagu Board of Directors by Beyon as a non-executive and independent Director in May 2020. He serves as the Deputy Chairperson of the Board of Directors and the Chairperson of the Audit Committee.

With over 21 years of experience in Investment Banking, Mergers & Acquisitions and Private Equity, gained from working with leading financial institutions in Bahrain and the United Kingdom, Ahmed believes in high standards of transparency and financial reporting to build trust among investors. He has served on the board of over 40 companies globally, including Bahrain Financing Company ("BFC"), and has extensive governance experience having held several board positions which include chairmanships to the board and chairmanships of Investment committees.

He is currently the CEO of Esterad Investment Company B.S.C. ("Esterad"), a diversified investment company established in Bahrain in 1973, listed on Bahrain Bourse with activities in Real Estate, Private Equities, Listed Equities and Fixed Income. Prior to joining Esterad, Ahmed served as the Founder & Managing Partner of Clan Partners Advisory, a Bahrain based boutique advisory firm. He also served as the CEO and Managing Director of Beacon, a boutique Private Equity and Asset Management firm out of London. Prior to Beacon, he served as the Head of Private Equity for GCC, Levant and Turkey at Bank Al Khair (formerly known as Unicorn Investment Bank). Prior to joining Bank Al Khair, he was a Relationship Manager at Ahli United Bank – Offshore Unit and was also a Relationship Manager at Kuwait Finance House – Bahrain in the Corporate Finance and Venture Capital department. He started his career at BDO Jawad Habib as an analyst in the Financial Advisory Services unit.

He holds a Bachelor's Degree (Hons) in Business Systems & Information Technology from University of Northumbria, Newcastle (UK). ■



Ismail Rasheed

**CEO & MANAGING DIRECTOR
EXECUTIVE AND NON-INDEPENDENT**

TENURE SINCE SEPTEMBER 2015

MALDIVIAN

BOARD COMMITTEES

— None

OTHER DIRECTORSHIP AND APPOINTMENTS:

— None

Ismail was appointed to the Dhiraagu Board as the CEO & Managing Director by the Beyon in September 2015. He joined the Board with a wealth of experience leading large, complex, and ultra- competitive challenges and a strong technical background in engineering.

He had served as the Chief Executive of Dhiraagu from 2007 to September 2015 and held senior executive positions including Director of Networks from 2000 to 2007, Manager Networks Planning and Projects from 1999 to 2000.

As CEO & Managing Director, Ismail is responsible for the overall leadership, strategic direction, and management of Dhiraagu. He led Company's successful transformation from an infrastructure-focused business to a competitive digital service provider. Ismail's passion and commitment to accelerate the Company's pace of innovation and to deliver the connected digital experiences that customers trust and love is driven by over three decades of extensive technical expertise and leadership experience. He has been invaluable to keep Dhiraagu steered in the right direction, by adjusting strategy where needed, mitigating risk, cultivating talent, and ensuring alignment across the whole company.

He holds an MBA from University of Reading (UK), BEng (Hons) in Telecommunications Systems Management & Design - Anglia Polytechnic University (UK). Ismail is a member of the Institute of Engineering & Technology (UK). ■



Ahmed Mohamed Didi

**DIRECTOR
NON-EXECUTIVE & INDEPENDENT**

TENURE SINCE MARCH 2022

MALDIVIAN

BOARD COMMITTEES

— Member of the Audit Committee, and the Remuneration, Nomination and Governance Committee.

OTHER DIRECTORSHIP AND APPOINTMENTS:

- Director & CEO - Prime Care Investment Pvt Ltd.
- Managing Director - Metropolitan Properties Pvt Ltd.
- Advisory Board Member - Maldives Association of HR Professionals.
- Managing Director – Bold Point Pvt Ltd

Ahmed was appointed to the Dhiraagu Board of Directors by the public shareholders at the 33rd Annual General Meeting in March 2022. As the Public Director, he is a Member of both the Audit Committee and the Remuneration, Nomination and Governance Committee.

His 20 years of experience in leadership and management spans both the corporate and public sectors. Ahmed has a vibrant history with Dhiraagu. He has a deep understanding of the industry, having led Dhiraagu's Human Resources function as the Director Human Resources from 2010 till 2016 and most recently as a Government appointed non-executive director from November 2016 to August 2017.

He serves as the Chief Executive Officer and Director of Prime Care Investment Pvt Ltd and Managing Director of Metropolitan Properties Pvt Ltd. In addition to this, he is also an Advisory Board Member of Maldives Association of HR Professionals and a Chartered Member of the Chartered Institute of Personnel & Development, UK.

He holds an MBA from Macquarie Graduate School of Management (MGSM), Sydney, (Australia), and a Bachelor of Business and Commerce (Accounting & Finance), Monash University, (Australia). ■



Mikkel Vinter

**DIRECTOR
NON-EXECUTIVE & INDEPENDENT**

TENURE SINCE MAY 2020

DANISH

BOARD COMMITTEES

- Member of Remuneration, Nomination and Governance Committee

OTHER DIRECTORSHIP AND APPOINTMENTS:

- Member of the Board of Directors of Umniah Mobile Company PLC
- Chairman of Board - Beyon Solutions W.L.L
- Board Director – Sure Limited
- Al Waha Fund of Funds – Member – Limited Advisory Committee
- Member of the Board of Sure Limited
- Member of the Al Waha Fund of Funds, Limited Partner Advisory Committee

Mikkel was appointed to the Dhiraagu Board by Beyon in May 2020. He is a Member of the RNG Committee. With over 20 years' experience in the telecom industry holding executive roles, he brings a proven track record with a wealth of knowledge and experience and a deep international perspective across the telecommunications and consumer services.

Mikkel joined Beyon as its Chief Executive Officer in May 2019. He has a broad international background with experience from telecom operators in the Middle East, Asia & Europe, including several greenfield mobile start-up operations. Among his previous roles, he founded Virgin Mobile, Middle East & Africa in 2006 and served as its Chief Executive Officer until 2016. Prior to setting up Virgin Mobile Middle East & Africa, Mikkel served as Chief Commercial Officer for Nawras in Oman leading all the commercial activities from before the launch until Nawras was successfully established with a 20%-plus market share. His previous roles also include senior positions with TDC in Denmark and Singtel in Singapore.

Mikkel holds a Master's Degree in Economics and Business Administration from Copenhagen Business School (Denmark) and has completed a Marketing and Management Programme with McGill University and INSEAD. ■



Faisal Qamhiyah

**DIRECTOR
NON-EXECUTIVE AND INDEPENDENT**

TENURE SINCE MAY 2020

JORDANIAN

BOARD COMMITTEES

- None

OTHER DIRECTORSHIP AND APPOINTMENTS:

- Umniah Mobile Company PLC Board Member
- Sabafon Board Member
- Beyon Solutions W.L.L Board Member
- Jordan Association of Management Accountants (JAMA) Co-founder and Board of Director

Faisal Qamhiyah was appointed to the Dhiraagu Board by Beyon in May 2020, his extensive experience in leadership, mergers and acquisitions, and financial performance of large corporate enterprises underpins his contribution as a Director.

Faisal, joined Beyon in 2012, and is the Chief Financial Officer. He also represents Beyon as a director for some of its international operations in addition to the responsibility of financial consolidation, treasury, M&A, business planning, and strategic support for the international businesses. Prior to Beyon, Faisal held the role of Chief Financial Officer at Umniah which is Beyon's sister operation in Jordan, Finance Director, Chief Operations Officer for Zain Jordan and Investments Director for Ern Capital.

He holds a BA in Economics and Accounting from Yarmouk University (Jordan) and passed the AICPA exams from Delaware (USA) in 1999. He has completed the Executive Development Programme (EDP) at Kellogg School of Management, Chicago (USA) and also various executive leadership programmes at prestigious institutes including the Stanford Graduate School of Business, Harvard Business School and London Business School. ■



Faisal Al-Jalahma

**DIRECTOR
NON-EXECUTIVE AND INDEPENDENT**

TENURE SINCE MARCH 2022

BAHRAINI

BOARD COMMITTEES

— None

OTHER DIRECTORSHIP AND APPOINTMENTS:

- Sabafon Telecommunication Company Board Member
- Batelco International Company Board Member
- B Secure W.L.L Board Member

Faisal was appointed to the Dhiraagu Board of Directors by Beyon in March 2022. Faisal is part of Beyon's management team with 17 years of experience in the telecom space and holding the position of Chief Human Resources Officer at Beyon.

He began his career with Beyon in 2005 where he gained wide experience and knowledge of all aspects of the business. Having worked at Beyon prior to and following the introduction of competition and being involved in major projects related to key operational changes, greatly broadened Faisal's skills. In 2012, Faisal moved to Bahrain's Telecommunications Regulatory Authority (TRA) where he held various roles including Director of Finance, Information Technology and Human Resources. The role included transformational projects to digitalise and automate systems at the TRA. Faisal was also a key player and a member of the Steering Committee for the 4th National Telecommunications Plan (NTP4).

He holds an MBA from the University of Strathclyde, (UK) and several executive qualifications from Harvard Business School and Harvard University, John F. Kennedy School of Government. ■



Abdulla Abdul Raheem

**DIRECTOR
NON-EXECUTIVE AND INDEPENDENT**

TENURE SINCE AUGUST 2022

MALDIVIAN

BOARD COMMITTEES

— Member of the Audit Committee

OTHER DIRECTORSHIP AND APPOINTMENTS:

— None

Abdulla was appointed to the Dhiraagu Board of Directors by the Government of Maldives in August 2022. He is a Member of the Audit Committee.

He brings with him over 18 years of experience in business as well as politics. He was a Member of the Parliament – People's Majlis of the Maldives from 2014 to 2019.

Abdulla serves as the Head of Finance and Business Development of Univiya Holdings Pvt Ltd.

Among his past roles, he was the Chief Operations Officer of Silver X from 2014 to 2019, and the Managing Director of Front Runners Pvt Ltd from 2007 to 2011.

He is specialised in business management and experienced in audit and review of financial performance.

He holds PGD in Finance & Accounting, University of West England and BA (Hons) in Accounting with Business Information Systems, Middlesex University (UK). ■



Leadership Team

Note

Mohamed Abdul Gadir served as the Director, Information Systems from June 2017 till his resignation in August 2022. He joined Dhiraagu in 1988 and has extensive knowledge and over 33 years of experience in the industry.

Athifa Ali served as the Director, Corporate Services from 2016 till her resignation in July 2022. She joined Dhiraagu in 1988 and is a Chartered Management Accountant with over 23 years of telecom managerial experience in key areas of business including finance, operations, legal and regulatory.

Abdulla Firag served as the Director, Networks from 2016 till his resignation in June 2022. He joined the Company in 2012 and is a qualified engineer and researcher with over 20 years of experience in telecommunications, electrical and energy sectors.



Ismail Rasheed

CEO & MANAGING DIRECTOR

Ismail was appointed as the CEO & Managing Director in September 2015. He is responsible for ensuring Dhiraagu has the right strategy for the future and applies his leadership to deliver on that strategy, while building a leadership team, cultivating a culture and business that is purposeful, resilient, agile, and efficient when adapting to change.

He led efforts that have simplified the business to concentrate on the key things that customers want – quality service, great value and the latest digital offers. Ismail's passion and commitment to accelerate the Company's pace of innovation is driven by a wealth of experience of leading large, complex, and ultra-competitive challenges and a strong technical background. As a Chartered Engineer with extensive experience in the telecoms sector, strategic management and business transformation, he managed most parts of the business as the Chief Executive for 7 years. Since joining Dhiraagu in 1988 Ismail has held key leadership positions including Director of Networks and roles where he successfully led initiatives such as Dhiraagu's first international submarine cable system to Sri Lanka and establishing domestic submarine cable infrastructure across Maldives, rolling out mobile broadband service to the entire country. More recently his experience has been invaluable to spearhead the project to connect Maldives to an international submarine cable network.

He holds an MBA from the University of Reading (UK); BEng (Hons) Telecommunications Systems Management & Design from Anglia Polytechnic University (UK) & is a Member of Institute of Engineering & Technology (UK). ■



Ali Riyaz

CHIEF COMMERCIAL OFFICER

Ali was appointed as the Chief Commercial Officer in March 2021. Prior to that, Ali served as the Director Customer Services & Sales.

As the Chief Commercial Officer, Ali is responsible for driving strategy and leads the marketing and customer facing teams' focus on developing clear insight into the dynamic, competitive market in which we operate. He is responsible for designing and delivering products and service experiences that customers value and that our customers' needs are at the centre of everything Dhiraagu does.

He joined Dhiraagu in 1999 and has held key positions including Head of Administration and Human Resources.

Prior to joining Dhiraagu, he served as Group Sales & Marketing Manager at Universal Enterprises Pvt Ltd and Manager Human Resources at Maldives Inflight Catering Pte Ltd. Ali has extensive knowledge and over 26 years' experience in the industry and in the areas of business and management.

He holds an Advanced Diploma in Hospitality Management from SHATEC College (Singapore). ■



Robin Wall

CHIEF FINANCIAL OFFICER

Robin was appointed as the Chief Financial Officer in February 2015. He has been with Dhiraagu since 2011 and has worked across a range of key finance roles.

As the Chief Financial Officer, he is responsible for setting the financial strategy and setting the priorities to help Dhiraagu achieve its strategic and financial goals. His role includes accountability for framing key strategic decisions including funding for Dhiraagu's capital investment program, decision support for commercial strategy and enhancing operating efficiency.

Prior to joining Dhiraagu, Robin served as Financial Controller of Monaco & Islands region, CWC Group. Robin is a Chartered Management Accountant with over 18 years of financial and operational expertise in the telecoms industry.

Robin holds a BSc Management Studies from University of Brunel (UK) and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA). ■



Mohamed Musad

CHIEF TECHNOLOGY & INFORMATION OFFICER

Musad was appointed as the Chief Technology and Information Officer in May 2022. Prior to that he served as the Director Digital Transformation.

As the Chief Technology and Information Officer Musad leads the teams who design, build, and maintain Dhiraagu's core network, IT infrastructure and data centres. He is responsible for building the best network experience and optimising Dhiraagu's significant investments in network resilience to enable Maldives to success in a digital future. Musad also adds value to key strategic initiatives including developing new operating models based on emerging technologies and simplifying processes through digitisation and automation.

Musad joined Dhiraagu in 1995 and has held key positions in Dhiraagu, including Director Networks, Manager Mobile Networks, Manager Core Networks, and Senior Engineer.

Musad is a Chartered Engineer with over 24 years of technical expertise in the telecom sector. He holds a Master of Commerce in Information Systems from the Victoria University of Wellington (New Zealand), MBA from the Australian Institute of Business (Australia), and Bachelor of Engineering in Mobile Telecommunications Technology from the University of Hull (UK). ■



Rajan Suresh

DIRECTOR, HUMAN RESOURCES

Suresh has held the position of Director, Human Resources since April 2019.

As HR Director Suresh understands the critical importance of an organisational culture of success and has been very involved in initiatives to digitalise and automate Dhiraagu's HR systems. He brings global experience in leading transformational HR initiatives to drive the way the Dhiraagu operates and strengthen employee engagement.

Suresh is responsible for developing, evaluating, and implementing human resources strategies, policies, and procedures to facilitate the achievement of strategic and business transformation objectives and for the development of a superior workforce.

Prior to joining Dhiraagu Suresh held key positions in the private and public sector including Head of HR (India, ME & Africa) at ISYX Technologies Pvt Ltd, Kochi, India, Senior Human Resource Director at Seddiqi Holdings, Dubai; Asst. General Manager of HR at AI Futtaim Group, Dubai; HR Operations Manager at AI Tayer Group, Dubai; HR Manager at Landmark Group, Dubai; and Senior HR Executive at Bharat Heavy Electricals Ltd, Bangalore, India.

Suresh holds Postgraduate in HR with 28 years of experience in IT, Electronics and Retail Industry verticals. Holds a Master Degree in Social Work (Human Resource Management) from Loyola College of Social Sciences (India) and a Bachelor's Degree in Psychology from FMNC, Kerala University (India).



Hazrath Rasheed Hussain

DIRECTOR LEGAL & COMPANY SECRETARY

Hazrath was appointed as the Director, Legal & Company Secretary in August 2022. She joined Dhiraagu in 2010 as the General Counsel, the role grew, and she has been the Company Secretary since February 2019.

Hazrath leads Dhiraagu's legal and regulatory functions, providing strategic legal and commercial guidance to ensure that the business acts lawfully and with integrity. She is responsible corporate communication with the shareholders, regulators and overseeing the Company's newly established sustainability function to deliver on its environmental, social and governance strategy.

She has contributed to the success of key projects including the Company's various subsea cable projects, and local legal and regulatory compliance work required for the share transfer when Bahrain Telecommunication Company acquired the majority shareholding in 2013. She also played a leading role in driving Dhiraagu's IPO in 2011.

Hazrath holds a LLB from University of Tasmania (Australia). She is a registered Attorney in the Maldives with 13 years' experience in corporate governance as well as the telecom industry. ■



Mohamed Hazmath Abdulla

DIRECTOR, PROCUREMENT & PROPERTY MANAGEMENT

Hazmath was appointed as Director, Procurement and Property Management in 2007.

As the Director, Procurement & Property Management, Hazmath is responsible for our admin, property and procurement function across the country. He leads the Company's efforts to optimise costs and plays a pivotal role in getting best value for money in all projects and initiatives of the Company through supply chain and stakeholder management strategies. He also ensures that our procurement processes run in accordance with our policies to maintain accountability and fairness. Hazmath has over 25 years of managerial and leadership experience in both public and private sector.

He holds a Masters Degree in Economics (Public Policy & Taxation) from Yokohama National University (Japan), and a Bachelors Degree in Business Administration from Hawaii Pacific University (USA). ■



Mohamed Mirshan Hassan

DIRECTOR, BRAND & MARKETING COMMUNICATIONS

Mirshan was appointed as Director, Brand & Marketing Communications in July 2022.

He leads the Company's Brand, Marketing Communications, Public Relations and CSR teams. He is responsible for driving the Company's brand strategy. He is also the Race Director of Dhiraagu Maldives Road Race, the largest running event in Maldives that has transformed and set the trend of running in Maldives.

Mirshan joined Dhiraagu in 2002 and has held key positions including Acting Manager HR, Manager Training & Development, Senior Manager Marketing Communications & Public Relations. Mirshan has over 16 years of experience and extensive knowledge in Brand Management, PR, Corporate and Marketing Communications. Prior to joining Dhiraagu, he worked in the airline industry. Mirshan holds a Bachelor of Business, Double Major in Management and Marketing, Edith Cowan University (Australia). ■

Strategy & Performance



Strategy & Performance

Dhiraagu is the largest and leading digital services company in the Maldives. We are committed to fulfilling our role as a trusted partner enabling individuals, empowering businesses, strengthening communities, and driving innovation and economic growth. Across all our services – mobile, home internet, digital services, managed services, and entertainment, we create value by investing in resilient and adaptable infrastructure for the long-term development. With a customer-centric-culture, our highly engaged team leverage their expertise to make a positive impact on the people and places we serve, and create great value for our customers and shareholders.

We have made great progress in delivering our strategic priorities, which include a relentless pursuit to offer the best possible experience to our customers, through investment in technology, people, and processes. This has helped us to improve, the quality, speed, resilience and efficiency of our services, growing the business through innovation and ensuring customers in all parts of the country have hassle free access to our services.

Customer Experience

Delivering the best possible experience and utmost convenience to our customers, is at the heart of everything we do. We continue to invest in our world-class networks to deliver our customers an excellent experience. Our persistent focus and commitment to this goal is reflected in our consistent year-on-year improvement in customer NPS (Net Promoter Scores) which was demonstrated again in 2022 performance.

Network resilience

Our customers rely on us to provide networks and technology that is highly reliable and available. To deliver on these expectations and provide an excellent experience, we are focussed on building and enhancing highly resilient networks. Over the past year, we made significant investments in infrastructure underpinning digital technologies which will allow us to lead the development of new opportunities in the years ahead.

CONNECTING MALDIVES TO THE LATEST GLOBAL SUPER-HIGHWAY

Dhiraagu is a party to the consortium consortium for the construction of the construction and operation of the South East Asia – Middle East – West Europe 6 (SEA-ME-WE 6) submarine cable system. The SEA-ME-WE 6 submarine cable will offer one of the lowest latencies available between Southeast Asia, Middle East and Western Europe, transferring more than 100 terabytes per second, the equivalent of 40,000 high-definition videos each second. The new submarine cable system will significantly strengthen Maldives' international connectivity, improve the quality and resilience of our services to consumers, businesses, and fuel future growth of digital services across the country.

With the growing demand for digital services, this addition to our existing submarine cable systems is an important step towards making the Maldives a global digital hub and strengthening the digital infrastructure of the country. It gives increased confidence to customers and investors looking to host their services in the Maldives. Additionally, it will enable us to further explore the potentials of emerging technologies such as 5G, artificial intelligence and virtual reality.

EXPANSION OF DOMESTIC SUBMARINE CABLE SYSTEM

While our 4G LTE mobile is available to 100% of the population and high-speed fibre broadband networks serves 103 islands reaching 87% of national households, the geography of Maldives and the economics of connecting remote islands means that it is challenging to reach those communities. To help address this challenge and bridge the digital divide, we signed an agreement with HMN Technologies and Ooredoo Maldives to expand our domestic submarine cable system. The joint investment will allow us to reduce infrastructure costs while independently expanding our network to islands in those regions. We expect to complete this project by Q4 2023 and connect the following node points Noonu Atoll Velidhoo to Raa Atoll Dhuvaafaru, Raa Atoll Dhuvaafaru to Baa Atoll Eydhafushi, Kaafu Atoll Hulhumale' to Kaafu Atoll Maafushi and Alif Dhaal Atoll Dhangethi to Alif Dhaal Atoll Maamigili.

Connecting the entire country and expanding our services to remote corners will enhance our capacity to meet the

increasing demands of our customers and boost the overall resiliency and performance of the internet infrastructure in the Maldives, supporting socioeconomic development within the country. Expanding the domestic submarine cable system will significantly improve the quality and speed of our mobile and fibre broadband services to the islands in those regions, which will enable our customers to access digital services that help improve their livelihoods, in line with our vision to “enrich lives through digital services”.

STRENGTHENING INFORMATION SECURITY AND CYBER SECURITY

With the growing demand for and dependence on being able to live, work and learn online, we have seen an increase in the frequency and sophistication of cybersecurity attacks targeting various industries causing severe disruption to the affected organisations. This is one of the reasons we have prioritised and given increased focus on our information security and cybersecurity initiatives.

While it is not possible to eliminate all cyber risks, we use a range of technologies and security controls to mitigate and minimise the likelihood and impact of unauthorised access to our networks and systems. In 2022 we focussed our efforts to ensure that our Information Security management is up to standard with international norms, and we achieved certification against the ISO/IEC27001:2013 in January 2023. This milestone demonstrates our commitment to maintaining robust information security for our customers and to help partners and clients trust in the connectivity we provide.

As part of the State visit to the Kingdom of Bahrain by His Excellency President Ibrahim Mohamed Solih, a Memorandum of Understanding (MoU) was signed between the Government of Maldives, Bahrain Telecommunications Company and Dhiraagu to provide expertise and support in enhancing cyber security in the Maldives. Under this MoU, the National Centre for Information Technology will receive expert resources from Beyon Cyber, together with Dhiraagu. This collaboration will support plans to build capacity in the government and strengthen efforts to make cyberspace safer for everyone in the Maldives.

ROLLING OUT 5G

As 5G technology has made significant progress on several fronts over the last few years, we have been rapidly expanding our coverage footprint across the country's population centres. We have successfully covered Greater Male' including the industrial islands in the region. We have expanded our 5G footprint on Seenu Atoll Hithadhoo and Kulhudhufushi City. This will drive innovation in various sectors that will benefit from the real-time connectivity of this emerging next-gen network.

Mobile

Throughout the year we invest heavily on network enhancement to deliver our customers superior experience. Ookla® recognising Dhiraagu as the 'Maldives' Fastest Mobile Network' winner in the Speedtest® Awards for Q1-Q4 2022 for the second consecutive year is a testament to our consistent efforts to enable our customers to thrive in the digital future.

POSTPAID

- Amilla Postpaid customers can now enjoy exciting daily refreshing data bundles, bigger allowances, and greater value with our new Salhi Daily Data bundles.
- Data Rollover was launched allowing Postpaid customers to carry forward unused data.
- More talk time was extended through our new voice boosters for Dhiraagu Postpaid and Amilla Postpaid customers.

PREPAID

- With increased allowances, better prices, and more options on validity, our Prepaid customers enjoyed more data for less by activating improved Mini Data add-ons.
- Prepaid customers were able to enjoy more daily refreshing data on our enhanced Salhi Prepaid offers.
- Music and Gaming perks for Prepaid Combo plans were improved allowing customers to stream their favourite music and enjoy seamless gaming experience.

MAMEN

- Mamen customers were able to stream music all day without worrying about data usage by activating all-new Music Data add-ons which include popular music apps such as SoundCloud, Spotify and Apple Music.
- For our Mamen customers to enjoy more data at greater value, we enhanced our Mamen add-ons with increased data allowances and validity periods.

EXPAT

- We introduced AMAR an exciting new mobile Prepaid plan curated for Bangladeshi customers. With this plan, customers enjoy the best value for data and voice minutes available in the market. An AMAR loyalty program was also launched allowing customers to redeem free data.
- To allow AMAR customers to save more while streaming their favourite shows and videos, we introduced two additional streaming add-ons.

TELECOMMUNICATION LICENCE RENEWAL

Dhiraagu's Unified Telecommunication Licence was renewed by the Communications Authority of Maldives (CAM) in November 2022 for another 15 years with effect from 1 January 2024. The main driver for the early renewal was to support the securing of financing for the significant investments which we have committed to for the enhancement and strengthening connectivity across the Maldives.

Home Internet

Dhiraagu continues to play a pivotal role in enriching lives and empower people through building strong, inclusive digital communities. As a result of our continued investments, high-speed Fixed Broadband service is now available to 87% our of national households making their lives easier, healthier, smarter, and more rewarding. Our Fixed Broadband network provides unparalleled network experience to communities in 103 islands across the country, making it by far the largest and fastest Fibre network in the country.

FIBRE BROADBAND

- To experience unlimited internet on the nation's fastest network all-new unlimited plans were introduced for our residential Fibre Broadband customers.

LTE AND MOBILE BROADBAND

- To offer our customers with increased data allowances and increased speed, we revamped our Mobile Broadband plans. Additionally, rollover allowance was offered for Mobile Broadband packages and Postpaid plans.
- A special Home Broadband package, "Vaguthun Rashah Internet" was launched for islands without Fibre Broadband coverage.
- Customers can now enjoy increased data allowances with both our Vaguthun Geyah internet packages and our Mobile Broadband packages without any price changes.

Entertainment

DHIRAAGUTV

During the past seven years, we have invested in more than 100 premium channels and made DhiraaguTV service available to over 86% of national households, reaching 97 islands at the end of 2022.

- We expanded DhiraaguTV service to a further 24 islands during the year and offered the best entertainment bundles available in the market.
- Football enthusiasts across the country were able to

enjoy the much-awaited 2021-22 Premier League content on NEOtv in HD quality for the most affordable prices as the channel was available on all DhiraaguTV and DhiraaguPlay packages.

MAJOR REGULATORY CHANGES AND DECISION TO PIVOT THE IPTV BUSINESS

Dhiraagu applied to renew its Rebroadcasting Licence in July 2022, as the existing licence was due to expire on 29 January 2023. However, the application was rejected by the Maldives Broadcasting Commission's (MBC) based on amendments; which introduced a provision prohibiting companies with foreign shareholders from providing rebroadcasting services, made to the Rebroadcasting Regulation (R-1/2022) in January 2022. Throughout the year, we continued to engage with all relevant authorities in an effort to ensure fair, balanced and socially appropriate policy and regulatory deliberations were made to resolve the matter. In November 2022, we initiated litigation to challenge the MBC's decision.

We recognise the importance of transparent and timely communications with our stakeholders, including customers, shareholders, investors, and regulators, as well as the risks associated with not doing so. In December 2022, having regard to the present regulatory challenges, in the best interests of the Company and its shareholders, the Dhiraagu Board of Directors made the difficult decision to discontinue the DhiraaguTV and DhiraaguPlay services and mitigate any further loss.

Our priority was to try to find a solution which will not deprive customers from having choices and options for a consistent, good quality IPTV service, irrespective of where they may reside. We were in discussion with several parties who approached us expressing their interest to provide rebroadcasting services. As a result, we have pivoted our IPTV business to a network-as-a-service model and signed an agreement with a local rebroadcaster SS Network Pvt. Ltd. (SSNET).

DhiraaguPay

DhiraaguPay is a convenient, reliable, and secure e-wallet for customers digital lifestyle. We have a network of over 400 merchants across the nation and offer online payments, PoS payments and static QR payments.

PAYMENT SERVICE PROVIDER'S LICENSE

Maldives Monetary Authority (MMA) which regulates the National Payment System, granted Dhiraagu the license to issue electronic money in January 2022. The National Payment System Act (Law No. 8/2021) was enacted in 2021 and MMA, opened applications for payment system operators to register. The license issued under the National Payment System Act replaces the Mobile Money license previously issued to the Company. The change to the regulatory framework requires us to establish a separate company

solely for the purpose of providing payment service. MMA has granted Dhiraagu a two-year period to comply with this license condition.

DEVICE LAUNCHES

- To introduce exciting new technologies and enable our customers with an unparalleled experience, we launched the new Samsung Galaxy S22 in partnership with Samsung. Customers who pre-ordered the phone also received a pair of Galaxy Buds 2 as a gift.
- We also launched the Samsung Galaxy Z Fold and Z Flip with affordable plans with an additional 5GB free data upon purchase.
- Pre-orders for the new iPhone 14 Pro and iPhone 14 Plus were launched with affordable plans.

Digital Channels

With the growing appeal in digital, the majority of all customer transaction are through digital channels. At their convenience, customers can simply log in and make a change to their service or complete simple transactions such as placing a service order, purchase boosters or make payment for their account through the Dhiraagu Mobile app and My Account portal. There are three aspects to our digitisation initiatives: enabling digital experiences for our customers and our people; building digital platforms; and moving to digital ways of working across our business.

- As convenience is key to customers' engagement with us, we introduced new enhancements to Dhiraagu MyAccount portal. Customers can now apply to Voice Over Fibre services and request for public IP through MyAccount.
- Dhiraagu Mobile App allows customers to manage all their services remotely and conveniently. During the year, we brought a total revamp to the interface, allowing customers to navigate the app far more smoothly. Following this change, customers can now change their Mobile and Broadband plans and view their bills in detail.

Business Services

ENTERPRISE

During the year, we continued to make enhancements to our SME and enterprise value propositions and services to further align ourselves with the requirements of our business partners. Our main goal has always been to provide unrivalled services to our business customers. As such, we improved their connectivity with our Data Centres and facilitated HD quality voice for Business and SME customers by

upgrading our digital voice solutions.

We upgraded our BulkSMS platform to a more modern, online platform with additional features, offering our customers more flexibility and faster delivery mechanisms on network upgrades.

Our Cloud Voice services underwent major product enhancements including value-added features such as Auto Attendant, Music On Hold, Softphone and Cloud Call Centre. We further improved our enterprise customers' experiences with the inclusion of automation of login credentials for new service provisioning and fault management.

Under our Dhiraagu M2M connectivity offers, we provided better solutions to various enterprises services. We also collaborated with SMEs to provide M2M Sims to enable them to achieve even more seamless connectivity.

SUPPORTING TOURISM BUSINESSES, BIG AND SMALL

Dhiraagu is committed to serving all our business customers beyond connectivity and continues to be the digital transformation partner for the hospitality industry in the Maldives. Our focus also remained on improving the quality of services provided to the hospitality and sector. With the economy on accelerated recovery and tourism industry returning back in full force, we accommodated upgrades to cater a better experience for visitors. DhiraaguTV was revamped to offer an interactive platform with rich content, including VOD for the hospitality sector.

We received special recognition for Dhiraagu's significant contributions to the development and growth of the Maldivian tourism industry. At the Tourism Golden Year Gala Evening held to celebrate 50 Years of Tourism in the Maldives, Dhiraagu received the President's Tourism Gold Award for Outstanding Contributions to the Development of Tourism in the Maldives. Dhiraagu also received the '50 Years of Tourism' appreciation award by the Maldives Association for Tourism Industry (MATI) recognising Dhiraagu as a driver in the growth and innovation of the Maldivian tourism industry.

GOVERNMENT

This year, we successfully delivered the nationwide Digital School Network for the Ministry of Education, further enhancing the Government and education sector's digital experiences, ensuring more areas of growth for remote education and learning.

As part of our Dhiraagu M2M Connectivity offers, we provided solutions for various projects to enhance Government services, including POS connectivity on the MTCC's RTL bus fleet. ■

Financial Performance

Overall Financial Performance

The significant investment in network and technology and the focus on providing our customers with a better experience resulted in an improved financial performance in 2022.

Total revenue for 2022 increased by 2.3% to MVR 2.6bn with improvement on fixed broadband and enterprise segment as a result of expansion of our services and the economic recovery. The continuing digital revolution coupled with the significant internet price reductions we made in 2021 and 2022, made data much more affordable for our customers and helped drive an increase in demand for data.

We invested significantly to introduce the latest technology and enhance our services to provide the best possible

experience for our customers. During the year we invested MVR 476m mainly focused on delivering the best internet experience possible for our customers by enhancing the quality, improving the speed and extending coverage.

The Company continued its focus on cost optimization measures considering the global economic uncertainty and rising inflation to ensure sustainable shareholder returns. These measures helped EBITDA to increase by 4.1% to MVR 1.4bn and profit after tax to increase by 11.8% to MVR 909m. Profit after tax also increased due to the favourable outcome of disputed withholding taxes related to prior years.

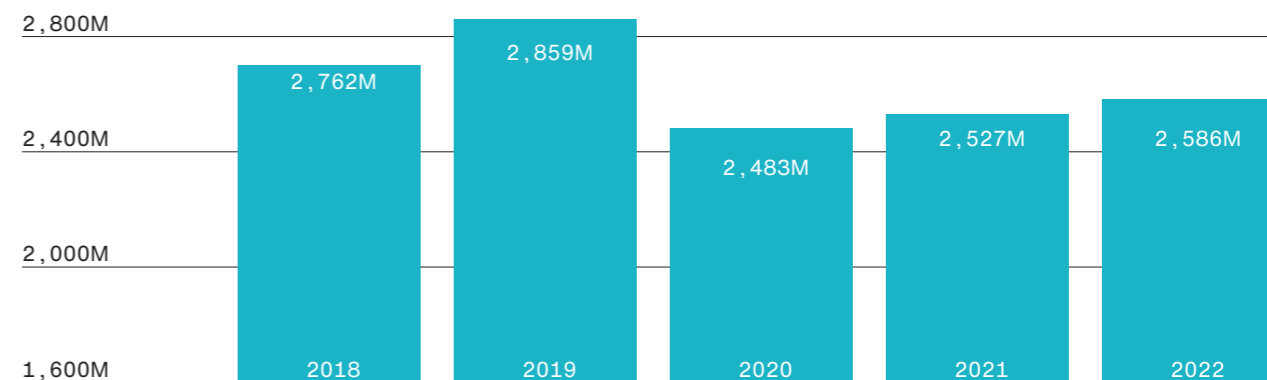
MVR MILLIONS

	2018	2019	2020	2021	2022
Revenue	2,762	2,859	2,483	2,527	2,586
EBITDA	1,418	1,495	1,280	1,372	1,428
Profit After Tax	905	942	732	813	909
Free Cash Flow	617	965	917	1,008	891
Net Assets	2,330	2,505	2,483	2,746	3,215

MVR

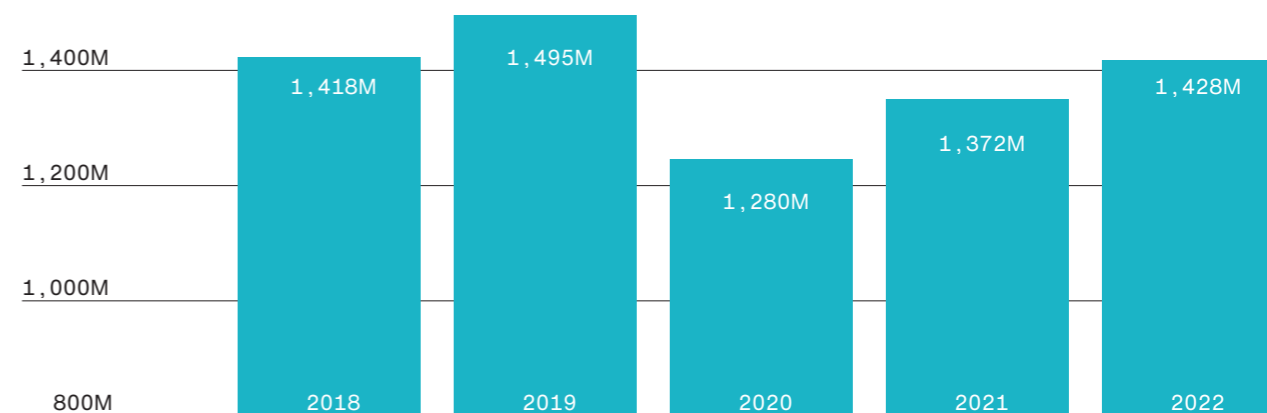
	2018	2019	2020	2021	2022
Basic Earnings per Share (MVR)	11.91	12.39	9.64	10.70	11.96

Revenue



Total revenue increased by 2.3% to MVR 2.6bn, mainly driven by expansion of fixed broadband services and enterprise. ■

EBITDA

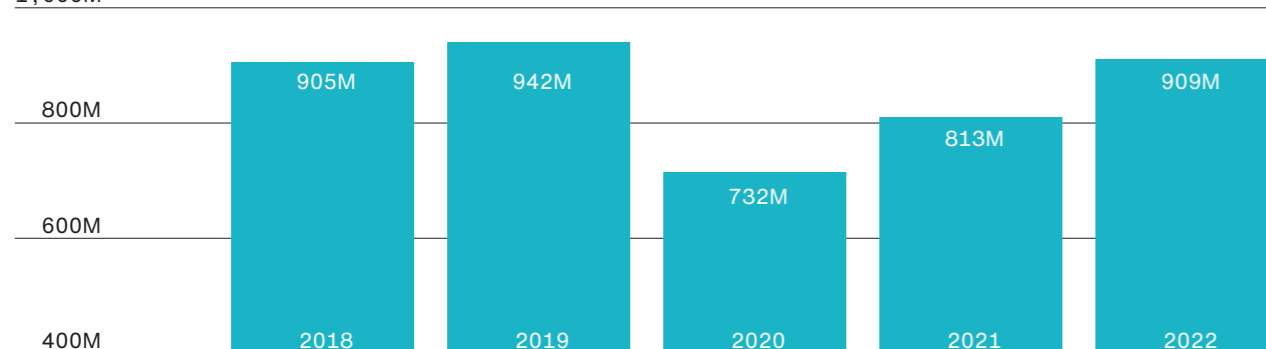


EBITDA¹ grew by 4.1% to MVR 1.4bn due to revenue growth and continued focus on cost optimization measures. ■

1 - Revenue less operating costs and impairment loss on trade receivables and contract assets

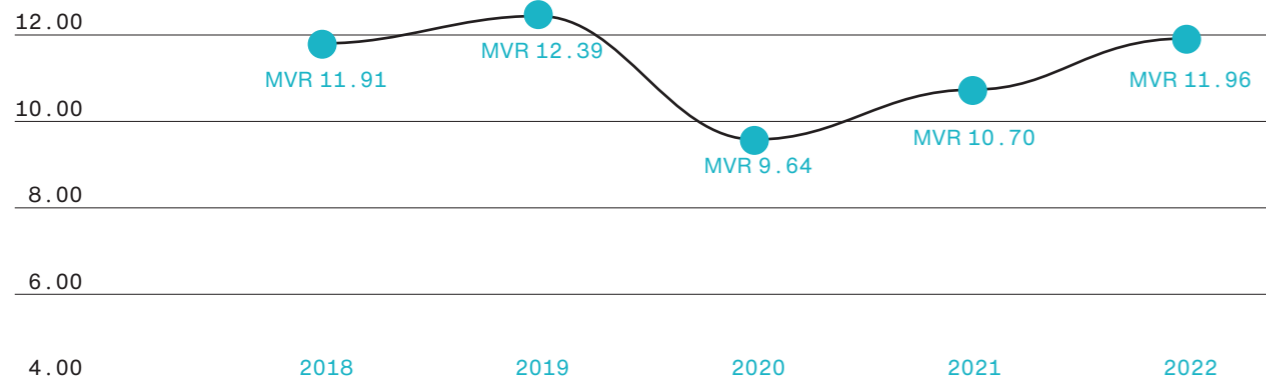
Profit after Tax

1,000M



Profit after tax grew by 11.8% due to the improvement in EBITDA and other income received due to the favourable outcome of disputed withholding taxes related to prior years. ■

Earnings per Share



Earnings Per Share grew by 11.8% to MVR 11.96 due to the increase in profit after tax. ■

Dividends

Full year 2022 dividend per share is MVR 7.33. This is a growth of MVR 1.13 (18.2%) compared to 2021.

Assets and ROCE

Dhiraagu's total asset base at 31st December 2022 stood at MVR 5.6bn, which represents a year on year growth of 17%. The increase is mainly due to capital investment and the higher cash balance.

Net assets increased to MVR 3.3bn due to the capital investment and cash position, partly offset by the increase in loans taken during the year to fund the Company's capital expenditure program.

Although earnings increased by 13.7%, return on capital employed (ROCE)² reduced by 2.4 P.P to 28.0%, due to the increase in capital employed related to the increase in retained earnings and loan balances.

2-ROCE is calculated on profit from operating activities divided by equity plus non-current liabilities. ROCE reported for 2021 (29.7%) was based on a different calculation and the comparative figure has been updated in this report.

Capital Investment

We focused our investment program on enhancing the digital life of our customers and our community.

Total capital expenditure for 2022 increased by 53.5% to MVR 476m reflecting our commitment to invest in new technologies and enhance our services to improve our customers experience, enhance connectivity, build resilience and transform our business.

One of our key investments in 2022 was the SEA-ME-WE-6 Submarine Cable System. On completion of this strategic investment, it will provide access to multiple locations worldwide, which will assure a higher standard of quality and service levels (direct international connectivity, low latency, geo-diversity) and reduce the cost of Dhiraagu's internet services.

We continued to invest in and extend our high-speed connectivity across the Maldives with Fibre to the Home (FTTH) broadband connectivity now reaching over 100 islands (87% of households). We invested significantly in improving our customers mobile data experience with our 5G footprint now expanded to allow more customers to experience the full potential of emerging technologies. Our commitment to improve our customers mobile data experience was also recognized by Ookla® as Dhiraagu won the 'Maldives' Fastest Mobile Network' in the Speedtest Awards TM for Q1-Q4 2022 for the second consecutive year.

Free Cash Flow and Cash Balance

Free cash flow³ reduced by 11.6% to MVR 891m primarily due to working capital movements and the increased capital investment during the year.

Availability of foreign currencies remains a major challenge. The Company had a strong cash position of MVR 2.4bn as at 31st December 2022, however, the majority was in Maldivian Rufiyaa (MVR). The cash balance was also significantly higher than expected, due to pending dividend payments mainly due to the unavailability of foreign currency. In order to support Dhiraagu's investment in digital infrastructure and strengthen connectivity across the Maldives, Dhiraagu agreed financing facilities with the International Finance Corporation (IFC), a member of the World Bank Group, together with the Asian Development Bank (ADB), worth up to \$55 million across two facilities.

The first facility of \$25 million was signed in 2022 and will support Dhiraagu's working capital and capital investment program to enhance internet experience including investment in 5G services and high-speed fibre broadband to more islands which will enhance our capacity to meet the increasing data needs of our customers.

The second facility of \$30 million, expected to be signed in 2023, will support Dhiraagu's SEA-ME-WE 6 Submarine Cable System project, which will connect Maldives to the global super highway. ■

3-cash flow from operating activities less purchase and construction of property and equipment and intangible assets.

Investor Relations & Sustainable Returns to Shareholders

Our Shareholders

Our Company is owned by 14,351 shareholders (as of 31 December 2022). Most of our shareholders are individual shareholders who have invested by themselves or on behalf of their children in the prosperity and growth of the Company.

Our two principal shareholders are BTC Islands Limited (Beyon) holding 52% and the Government of Maldives holding 41.8%. The remaining shares are held by members of the public.

As of 31 December 2022, there are no other individual or institutional shareholders holding more than 5% of our shares.

Beyon, is the parent company of Batelco, the Beyon Digital companies and international operations, including Dhiraagu, located in the Maldives. Beyon, is a technology group, born in Bahrain to reach out to the region and beyond. The group of companies brings technology closer to people and businesses with best-in-class connectivity and digital solutions. In addition to the operation in the Maldives, the Beyon group of companies includes subsidiaries and affiliates in several other locations including Bahrain, Jordan, Saudi Arabia, Yemen, Egypt, The Channel Islands, Diego Garcia, St. Helen, Ascension Island, and the Falkland Islands.

SHARES HELD

1 to 10	
11 to 100	
101 to 1,000	
1,001 to 10,000	
10,001 and over	

NUMBER OF PUBLIC SHAREHOLDERS

4,384
8,182
1,586
184
13



Shareholder Returns

Creating a sustainable shareholder value is important to us and this continues to be demonstrated by the healthy dividends we pay to our shareholders. Dividends are paid in accordance with our Dividend Policy which ensures a minimum dividend of 50% of profit after tax, are proposed by the Board of Directors based on cash availability after meeting capital expenditure and other business requirements for future growth.

KEY TRADING HIGHLIGHTS

	2022	2021	2020	2019	2018
Last Traded Price (MVR)	111	102.00	96.00	105.00	80
Highest Traded Price (MVR)	155	110.00	120.00	120.00	85
Lowest Traded Price (MVR)	102	95	84.00	80.00	78
Weighted Average Traded Price (MVR)	125.72	100.91	99.13	98.10	82.91
No of Shares Traded	3975	3300	4156	6102	8751
No of Trades	79	25	33	32	39
Market Capitalisation (MVR bn)	8.44	7.75	7.30	7.98	6.08

SHARE PERFORMANCE

	2022	2021	2020	2019	2018
Earnings per Share (MVR)	11.96	10.70	9.64	12.39	11.91
P/E Ratio (times) ¹	9.28	9.53	9.96	8.47	6.72
Dividend per Share (MVR)	7.33	6.20	7.23	12.00	11.91
Net Asset Per Share (MVR)	42.31	36.13	32.66	32.96	30.65
Dividend Pay-out Ratio	61%	58%	75%	97%	100%

¹2021 calculation of P/E Ratio was based on a different calculation and has been updated in this report based on closing share price for that year. ■

Shareholder Communications

We recognise the importance of transparent and timely communications and believe in a two-way dialogue with our shareholders. We are committed to providing material information regarding our business and operational performance to shareholders and other stakeholders in compliance with applicable laws, regulations, and stock exchange requirements. The Company Secretary is responsible for overseeing Dhiraagu's disclosure practices and ensuring that all material information is lodged promptly and without delay.

Recognising the importance of meeting our continuous disclosure obligations and other legal regulatory obligations, financial reports and other material information are prepared in a manner that is balanced, clear and objective and published on our website in a timely manner for the benefit of our shareholders and investors.

In addition to the published financial statements our Annual Report provides information on our performance on a number of non-financial matters, including our CSR and governance commitments.

Quarterly reports are published within a month of the end of each quarter and Annual Report is published within four months of the year-end.

All quarterly and annual reports published since being listed on the Maldives Stock Exchange are available at [Dhiraagu/Investor_Relations](#).

Dhiraagu Website

Our website provides regular and timely updates on all key developments of the Company. Financial reports including the annual report, quarterly reports, public announcements, and communications related to Annual General Meetings are updated and maintained on our investor relations webpage allowing investors and other stakeholders to be kept informed of our performance and important developments.

Investor Relations Team

We have a dedicated Investor Relations team that respond to shareholder and investors queries. Shareholdings and a history of dividend payments are promptly disclosed upon request. By forwarding questions and requests from shareholders and investors, our customer care hotlines and regional offices assist the investor relations team. All our shareholders are urged to update their personal information, including bank account information, phone numbers, email addresses, and address changes, as needed. We also advise shareholders to update their residency status by completing the "Shareholder Information Form" which is also available at [Dhiraagu/Investor_Relations](#).

Annual General Meeting

Our Annual General Meeting are the principal platform through which we interact with our shareholders by providing them with the opportunity to hear directly from the Chairperson and CEO & Managing Director about our business and growth of the Company during the year. For this reason, we encourage shareholders to participate at Annual General Meetings as it also provides an opportunity for shareholders to ask questions to the Board, Management and the Auditor on the management, performance, and governance of our Company.

For the convenience of our Shareholders, our 33rd Annual General Meeting was held at Crossroads Maldives as a hybrid meeting, where our shareholders were able to participate online; using "FahiVote" (an online General Meetings Management System developed by Maldives Securities Depository Pvt Ltd) and in person by attending the meeting venue. 112 shareholders representing, 93.93% of share capital registered to attend the meeting. The minutes of the 33rd AGM were published on our website on 29 March 2022.

Our 34th Annual General Meeting is scheduled to be held on 20 March 2023. Further information including the Notice and a guide on how to register for the event and how to use FahiVote will be made available on our website [Dhiraagu/Investor_Relations](#).

Prior to an Annual General Meeting, all information related to the meeting including the Notice, Agenda, Director's Report and Financial Statements are made available on our website. The Board and Leadership Team attend the Annual General Meeting to address any queries or concerns from shareholders. The External Auditor is present to help address any queries relating to the External Auditor's Report. Resolutions passed at an Annual General Meeting are published and made available on our website. Minutes of the preceding meetings are opened for public comments within five days of the closure of the meeting to ensure shareholder concerns raised at the meetings are captured accurately. ■



▲ Our 33rd Annual General Meeting was held at Crossroads Maldives as a hybrid meeting, where our shareholders were able to participate in person and online; using "Fahivote".

Sustainable Tomorrow



“Our strategy on sustainability is driven by a deep understanding of the issues that are most critical to our business, the country. We are dedicated to making a positive impact by leveraging our resources and innovative solutions to tackle societal challenges and seize new opportunities for a more sustainable tomorrow. Our commitment to sustainability is rooted in a sense of responsibility, integrity, and ethical behaviour, and it guides all our actions and business decisions. We are steadfast in our efforts to protect the environment and support the communities in which we operate.

In line with this, we align our operations with the Sustainable Development Goals and uphold the 10 Principles of the UN Global Compact in the key areas of human rights, labour, the environment, and anti-corruption.”

Ismail Rasheed
CEO & Managing Director

In addition to our focus on strong corporate governance, since becoming a signatory to the United Nations Global Compact (UNGC) in 2012, we have published our Corporate Social Responsibility: Communication on Progress (COP) Reports under the UNGC framework. We have included the COP for 2022 within the Sustainable Tomorrow section of this report. ■

Environmental, Social and Governance

A sustainability function was established in 2022, with the aim of creating long-term stakeholder value through the implementation of a business strategy that focuses on the ethical, social, environmental, cultural, and economic dimensions of doing business.

Building on our work as a leading responsible business, during the year:

- a Gender Action Plan was launched on International Women’s Day, to renew efforts to address the advancement of opportunities for women as employees and as leaders in technical and non-technical roles, and to enhancing the work environment by adopting a strong gender lens throughout our operations.
- we partnered with International Financial Corporation (IFC) for its advisory services in delivering the identified gender targets.
- an Environmental and Social Management System has been implemented in compliance with IFC Performance Standards (PS) 2012 and ADB Safeguard Policy Statement (2009). Trainings were conducted across the Company as a part of an alignment program.
- we focussed our efforts to ensure that our Information Security management is up to standard with international norms, and we achieved certification against the ISO/IEC27001:2013 in January 2023.
- policies and procedures were reviewed to strengthen our fair labour and hiring practices, vendor onboarding processes, stakeholder engagement process and external and internal grievance mechanism.
- incepted the grounds for the established a sustainability committee to oversee, review and ensure transparency of the sustainability and Environmental, Social and Governance requirements.

Corporate Social Responsibility

Recognising that we are engines for resilience and innovation when it comes to nation building, we actively reinforce our ties to the community and our CSR work is driven by a strong sense of community and the principles of good corporate citizenship.

The three pillars in our CSR programme

OUR PEOPLE

OUR COMMUNITY

OUR ENVIRONMENT

1 We are committed to ensuring the health and safety of our people and providing a safe working environment.

2 15 new apprentices were enrolled, and 15 apprentices successfully graduated from the Dhiraagu Apprentice Programme during the year.

3 To help build community resilience against climate change and environmental threats, the Drones for Resilience project was delivered to Addu City Council under our partnership with UNDP Maldives.

4 We supported local NGO Care Society's Vocational Training Programme 2022.

5 Mentors from Dhiraagu, Women in Tech Maldives and schoolteachers conducted multiple activities during Hour of Code.

6 The Hour of Code event reached over 1000 students, covering 17 atolls across Maldives.

7 We supported the Ministry of Tourism conduct the Golden Jubilee Reef Health Assessment underwater photo competition in partnership with Ocean Geographic.

8 We have recently partnered with the International Financial Corporation to launch the Company's Gender Advisory Programme, which will build on Dhiraagu's Gender Action Plan.

9 A Gender Action Plan was launched on International Women's Day, focusing efforts to adapt a strong gender lens throughout our operations.

10 We celebrated World Oceans Day by hosting an awareness session with snorkeling and distributing reusable bags to students from Muhiddin School together with our Brand Ambassador Zoona Naseem.

11 We partnered with Fushifaru Maldives to launch "Plastic Aa Nulaa" campaign



Our Community

We continued to support various initiatives supporting and promoting inclusive communities and worked with various Non Governmental Organisations (NGOs) working for children’s rights. We also supported programmes designed to empower young people by equipping them with skills and training. Inspiring and motivating these young minds is a key focus for our CSR programmes. We also continued with our work to empower women and inspire more women to join technology fields.

Our initiatives under the Community pillar support the United Nations Sustainable Development Goals on:

<p>No Poverty SDG1</p>	<p>Reduced Hunger SDG 2</p>	<p>Good Health and Wellbeing SDG 3</p>	<p>Quality Education SDG 4</p>
<p>Gender Equality SDG 5</p>	<p>Decent Work and Economic Growth SDG 8</p>	<p>Industry, Innovation, and Infrastructure SDG 9</p>	<p>Reduced Inequalities SDG 10</p>

Care for Children

NATIONAL CHILDREN’S DAY

To celebrate National Children’s Day and as part of our commitment towards digital literacy and inclusive education, we provided free Fiber Broadband and DhiraaguTV services to Care Homes established by the Ministry of Gender Family and Social Services across the country.

INCLUSIVE EDUCATION

Supporting children with disabilities and efforts to promote inclusive education remains as a key focus area and we supported Jalaaluddin School in Kulhudhufushi City, by contributing resources to the Special Education Unit.

HOUR OF CODE

In partnership with local NGO, Women in Tech Maldives and endorsed by the Ministry of Education, Hour of Code was conducted to bring the spotlight on the importance of computer science and coding. Mentors from Dhiraagu, Women in Tech Maldives and schoolteachers conducted multiple activities to inspire students from preschool grades to grade 12. The event reached over 1,000 students, covering 17 atolls across Maldives.

YOUNG FISHERS CLUB

We partnered with local NGO Maldives Fishermen’s Association to support the Young Fishers Club, a one-year structured programme for students at Haa Alif Atoll Ihavandhoo School. 30 girls and 22 boys from the 7th and 8th grade enrolled in this pilot programme. It is the first such initiative and offers students’ knowledge, understanding and hands-on trainings of the fisheries industry, marine environment, climate, and sustainable practices.

Empowering Young People

DHIRAAGU APPRENTICESHIP PROGRAMME

The Dhiraagu Apprenticeship Programme is our key CSR initiative focusing on the employability skills of young people. 15 new apprentices enrolled, and 15 apprentices successfully graduated last year from this structured training programme.

VOCATIONAL TRAINING PROGRAMME 2022, CARE SOCIETY

On World Down Syndrome Day, we supported local NGO Care Society’s Vocational Training Programme 2022, which provides art and craft, sewing and basic computer skills to students with disabilities.

Empowering Women

GIRLS IN DATA

The first data literacy initiative in Maldives ‘Girls in Data’ was introduced in partnership with local NGO Women in Tech Maldives. The programme is for girls between the ages of 10 and 13 and focuses on building skills in data collection, interpretation and deriving conclusions through data and storytelling through data visualisation. 25 girls successfully completed the inaugural edition of this programme last year.

NEXTGEN GIRLS VIRTUAL INNOVATION TOUR

We facilitated a NextGen Girls Virtual Innovation Tour for school students in collaboration with local NGO Women in Tech Maldives. Our team shared information on the roles and responsibilities involved in product development and innovation. The team also shared information on opportunities in developing skills in ICT.

GENDER ADVOCACY

As part of the campaign-16 Days of Activism Against Gender Based Violence, we supported local NGO Hope for Women conduct a workshop on violence against women, gender concepts, current legislations in place, effective advocacy methods to understand existing challenges and how to raise awareness.

Empowering Communities

MIGRANT WORKERS

Together with local NGO Mission for Migrant Workers Maldives (MMWM), volunteers from Dhiraagu distributed Iftar packs.

BLIND AND VISUALLY IMPAIRED COMMUNITY

We renewed a customised Phone Meeting 130 solution which empowers over 150 of their members across the country to conduct classes as well as connect and socialise.

We supported the various initiatives across the country as part of marking the International Day for Persons with Disabilities. ■

Our People

Our people are a critical enabler in achieving our strategy and realising the benefits of our initiatives. Our committed and talented people have always been the driving force behind our success. We closed the year with 584 permanent full-time employees, 99% of whom are Maldivian.

UNITED NATIONS GLOBAL COMPACT HUMAN RIGHTS PRINCIPLES

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2:

Make sure that they are not complicit in human rights abuses.

Our initiatives for our people support the United Nations Sustainable Development Goals on:



Good Health and Wellbeing
SDG 3



Decent Work and Economic Growth
SDG 8



Industry, Innovation, and Infrastructure
SDG 9

Implementation

Maldives is a signatory to the Universal Declaration of Human Rights, and we remain committed to complying with all local laws and regulations pertaining to it within our business including endorsing and adopting the following policies and procedures:

PREVENTION OF HARASSMENT & BULLYING AT WORKPLACE POLICY

The objective of this policy is to promote a safe working environment free from harassment and bullying. It aims to prevent sexual harassment and bullying which may occur at the workplace.

A Committee to Prevent Sexual Harassment at the Workplace

is established for increasing awareness to prevent sexual harassment, conducting investigations regarding any complaints, and recommending any subsequent actions.

GRIEVANCE POLICY AND PROCEDURE

This policy sets out the mechanism and processes under which matters of concern can be addressed expeditiously, confidentially and with sensitivity to all those concerned.

WHISTLEBLOWING POLICY

This policy encourages stakeholders to report any suspected or actual wrongdoings as soon as possible, with the assurance that their concerns will be properly investigated.

By providing guidance on to how to raise those concerns, the policy also reassures stakeholders that they can raise concerns without fear of retaliation and that their confidentiality will be respected and maintained. The Whistleblowing Policy was revised in October 2022 to strengthen the reporting mechanism.

DHIRAAGU HEALTH BENEFIT SCHEME

We have a comprehensive inhouse medical benefits scheme that offers medical assistance to our staff, their spouses, and dependent children (under the age of 18).

PENSION SCHEME

We continue to contribute 10% to the employee pension fund, which is beyond the 7% required by law. We have had a Retirement and Redundancy Policy, even before the establishment of the national pension scheme in 2009.

RETIREMENT AND REDUNDANCY POLICY

This policy outlines the retirement and redundancy benefits and schemes which is applicable to all our permanent employees. Our retirement benefit package covers both normal and early retirement benefits. The Retirement and Redundancy Policy was revised in July 2022.

CODE OF ETHICS

Our Code of Ethics emphasises the importance of the professionalism and ethics within and outside workplace and encourages fair, legally compliant, and honest dealings with or on behalf of the Company. The Code of Ethics was revised in July 2022.

HEALTH AND SAFETY POLICY

This policy is committed to ensuring the health and safety of our people and providing a safe working environment by:

- ensuring that safe systems are implemented and reviewed.
- ensuring that all personnel are given information, instruction, training, and supervision as appropriate to carry out their work safely.
- carrying out assessments of risk to the health and safety of persons involved in or affected by the operations of their departments.
- arranging induction safety training for all new employees; and
- ensuring that all health and safety equipment are thoroughly inspected and serviced.

LEAVE POLICY

The policy defines the kind of leaves our employees are entitled to and the leave planning guidelines to ensure that all employees are given access to a fair and reasonable work environment.

INDUCTION AND ORIENTATION POLICY

Under this policy, we integrate and orient our employees about the operations, people and the policies and procedures of the Company. This is to ensure to speed up the involvement of new employees and to ensure that they become productive and efficient members of the Company.

Measurement of Outcomes

- Induction Programme was conducted for all new employees and apprentices covering all the policies and procedures.
- Basic fire awareness training was conducted for the 15 newly enrolled Dhiragu Apprentices through the Induction Program.
- Basic Fire awareness sessions were organised for over 250 employees, which was conducted by the Maldives National Defence Force – Fire and Rescue Services.
- Awareness sessions on workplace health, wellness and safety were conducted for all Dhiragu Apprentices through the Induction Program.
- The following wellness sessions for our employees were arranged;
 - Coping with Stress and Depression by Health Protection Agency.
 - Ergonomics and work-related musculoskeletal injury by Physio Clinic.

UNITED NATIONS GLOBAL COMPACT HUMAN RIGHTS PRINCIPLES

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 5:

The effective abolition of child labour.

Principle 4:

The elimination of all forms of forced and compulsory labour.

Principle 3:

The elimination of discrimination in respect of employment and occupation.

Implementation

Through our policies and procedures, we have provided access and paved a way for our employees to report any employment or labour related issues within the organisation.

CODE OF ETHICS

In accordance with our Code of Ethics, we ensure compliance with local employment laws in the Maldives. We do not engage or employ child and forced labour in any of our operations. We also ensure we eliminate any form of discrimination with respect to employment in all our operations.

EMPLOYEE DEVELOPMENT

We equip our people with the tools and trainings required to foster a digital mindset and deliver increasingly responsive and customised services. We also give importance to ensure that our people have the right skills and competencies to further their professional development.

Various trainings were organised for our staff which included trainings on technology, commercial, supervisory skills, project and process management, and other soft skill development.

DHIRAAGU E-LEARNING PLATFORM

Dhiraagu e-learning platform helped facilitate digital learning and knowledge sharing. The platform provides learning content regarding policies, procedures, safety and awareness, best practices, and links to facilitate and enhance work skills.

PEOPLEHUM HUMAN RESOURCE MANAGEMENT SYSTEM

The PeopleHum Human Resource Management System was introduced during the year. It is a cloud-based system to serve as a central source of information for all HR related processes and programmes, with enhanced accessibility for colleagues, managers, and stakeholders both on and off site.

GENDER EQUALITY

For building a stronger gender lens throughout our operations and empowering women as employees and leaders in technical and non-technical roles within the Company, we have recently partnered with the International Financial Corporation to launch the Company's Gender Advisory Programme which will build on Dhiraagu's Gender Action Plan. This is a key strategic area as we are aiming to strengthen our Environmental, Social and Governance Function and make the business more agile, inclusive, and resilient.

STAFF ENGAGEMENT

We seek to foster the engagement and a healthy work life balance for our people and their families. During the year, our Human Resources Department together with the E-Club organised the following activities:

- Dhiraagu Employee's Soccer Cup (DESCUP 2022), the inter-departmental futsal tournament.
- Inter-office Billiard and Badminton tournaments.
- Dhiraagu Annual Award Function held to recognise special achievement and honour long service.
- Annual Roadha Festival with Ramadan activities.



- Staff Challenge during Dhiraagu Futuobalha Eid.
- Dhiraagu 34th Anniversary Celebrations.

HRD BOARD

We have a Human Resources Department Board (HRD Board) established to periodically review human resource development plans, policies and procedures and recommend strategic directions.

LEGAL REVIEWS

We have a separate legal department to fulfil our legal and regulatory obligation with a dedicated team of internal and external lawyers appointed to ensure that we continue to work within the bounds of the employment law and company procedures.

SUPPLY CHAIN MANAGEMENT

With our Environmental and Social Management System procedure, we have established an external grievance mechanism which provides a platform for third parties to send their grievances, with regards to labour, non-compliances, directly to us.

As all our suppliers and registered vendors are bound by the Supplier Code of Conduct, they are required to comply with anti-slavery and human trafficking laws and regulations in force in part of its supply chain. Further, our suppliers are prohibited from using forced labour, child labour, bonded labour, indentured labour, and prison labour.

Measurement of Outcomes

- Along with standard induction processes, 15 new Dhiraagu Apprentices enrolled in the year, received training and soft skills development which were facilitated by experienced Dhiraagu managers.
- We recorded over 6,445 learning hours across the Company during the year.
- 60 managers from the Leadership Team and middle management completed an enhanced leadership development programme over 4 months. Also coaching was provided to Senior Leadership Team over 2 months. ■

Our Environment

We place great importance in raising awareness regarding environmental issues and climate change. Advocating for the protection and preservation of our natural environment and ensuring environmental sustainability is a pillar of Dhiraagu's CSR programme.

UNITED NATIONS GLOBAL COMPACT HUMAN RIGHTS PRINCIPLES

Principle 7:

Business should support a precautionary approach to environmental challenges.

Principle 9:

Business should encourage the development and diffusion of Environmentally friendly technologies.

Principle 8:

Business should undertake initiatives to promote greater environmental responsibility.

Our initiatives under our environment pillar support the United Nations Sustainable Development Goals on:



Affordable and Clean Energy
SDG 7



Responsible Consumption and Production
SDG 12



Climate Action
SDG 13



Life Below Water
SDG 14

Implementation

DRONES FOR RESILIENCE

The Drones for Resilience project was delivered to Addu City Council under our partnership with UNDP Maldives. Detailed, orthomosaic maps of all inhabited islands of Addu City, drones and training were provided, to enable data driven decisions and help build community resilience against climate change and environmental threats

PLASTIC NOON GOTHEH REWARDS

We partnered with Maldives Authentic Crafts Cooperative Society (MACCS) to support the pilot programme – Plastic Noon Gotheh Rewards- the first initiative of its kind to reward customers for using reusable bags.

PLASTIC AA NULAA

We partnered with Fushifaru Maldives to launch “Plastic Aa Nulaa” campaign to draw attention to raise awareness on the effects of single use plastics and empower communities to choose eco-friendly alternatives. Under the initiative, reusable tote bags were gifted to households in Lhaviyani Atoll Naifaru, Hinnavaru, Kurendhoo and Olhuvelifushi.

GOLDEN JUBILEE REEF HEALTH ASSESSMENT UNDERWATER PHOTO COMPETITION.

We supported the Ministry of Tourism to conduct the Reef Health Assessment Underwater Photo Competition in partnership with Ocean Geographic, as part of celebrating the Golden Jubilee of Maldives' Tourism. The objective was for the event to serve as a health check of Maldivian reefs to support conservation efforts and showcase the unique underwater beauty of Maldives.



WORLD OCEAN'S DAY, WORLD ENVIRONMENT DAY, AND WORLD CLEANUP DAY CELEBRATIONS

We celebrated World Oceans Day by hosting an awareness session with snorkelling and distributing of reusable bags to students from Muhiddin School and New Lagoon Swimming together with our Brand Ambassador Zoona Naseem and Moodhubulhaa Dive Centre.

On World Environment Day and World Cleanup Day, our team also joined beach cleanup activities in Kulhudhuffushi City, Alif Dhaal Atoll Dhidhdhoo, Haa Alif Atoll Thakandhoo and Kaafu Atoll Rasfari.

RENEWABLE ENERGY

We remain committed to low emission carbon-resilient business practices and seek to reduce our carbon footprint through increasingly relying on renewable energy to power our various systems. We take great pride in our role as one the largest producers and users of renewable energy in the country.

As part of our continuous efforts in increasing the solar footprint, we have installed 1.4MWp of grid tied PV solar in 2022. We plan to install additional 1MWp of solar by end of 2023.

This year's Mamen Inter-School Cycling Championship was the first event held in Maldives of its scale fully powered by renewable energy. The competition: organised by Dhiraagu together with local NGO Bike Maldives encourages children to take up a carbon neutral mode of transport, was 100-percent powered by solar energy through the use of portable power stations.

WASTE SEGREGATION

We introduced separate bins at the workplace, to segregate waste into biodegradables, plastic, and generic waste, in compliance with the new amendment to the national Waste Management Regulation which came into effect in June 2022.

ENERGY EFFICIENCY

Our Head Office is designed with sustainable green features and provides significant energy efficiencies. All the lights used in the building, including emergency lights are 99% LED lights. We have motion sensors to switch off the lights in common areas to ensure lights are switched off when not in use. High heat reflective glass is used in building facade to minimise heat entering the building. The office adopts central AC control, where air-conditioning is centrally turned off at pre-set times and is limited to official working hours.

Measurement of Outcomes

- Through the additional solar panel installations, we have produced 1.3GWh of renewable energy during the year, which resulted in an approximated reduction of 646 metric tons of CO2 emitted.
- For reference, the average household in Male' with two rooms consumes approximately 4,680 kWh per year. Therefore, our renewable energy production was equivalent to the consumption of 278 such households, and we estimate that this is equivalent to saving approximately 1,500 barrels of diesel.
- We have produced a total of 3.2GWh of renewable energy over the past 6 years, resulting an approximated reduction of 1,585 metric tons of CO2 emitted.
- The energy saving features incorporated in Dhiraagu Head Office resulted in an annual reduction of approximately 390,228 kwh of electricity, which is also equivalent to 276 metric tons of CO2 or 636 barrels of oil. ■

Our Governance

Governance plays an important role in supporting our business and helping us deliver on our strategy. Within the year 2022, we revised our policies and procedures to strengthen and maintain good corporate governance in our operations.

UNITED NATIONS GLOBAL COMPACT ANTI-CORRUPTION PRINCIPLES

Principle 10:

Business should work against corruption in all its forms, including extortion and bribery.

Our initiatives under our governance pillar support the United Nations Sustainable Development Goals on:



Responsible Consumption and Production
SGD 12



Partnerships for the Goals
SDG 17

Implementation

GIFTS AND HOSPITALITY POLICY

The aim of this policy is to ensure that the highest standards of integrity are maintained and that no improper motive can be suggested behind the offer or acceptance of gifts, hospitality or entertainment. This policy compliments the Company's Anti-Corruption and Anti-Bribery Policy.

ANTI-CORRUPTION AND ANTI BRIBERY POLICY

The aim of this policy is to ensure that the highest standards of integrity are maintained and that no improper motive can be suggested behind the action of a Company Personnel while laying down the expectations from other persons to refrain from causing the Company Personnel to breach this policy.

DISCLOSURE OF CONFLICTS OF INTEREST POLICY

The policy is designed to help the stakeholders under scope of this Policy to:

- identify situations, that present potential Conflicts of Interest and
- know a procedure that, if observed, will allow a transaction to remain valid and binding, even though the relevant persons may have a conflict of interest with respect to the transaction.

SUPPLIER CODE OF CONDUCT

From 2013 onwards, our suppliers and vendors sign on to our Supplier Code of Conduct when contracting with us and are expected to meet the standards detailed in it. Our Suppliers' Code of Conduct was revised in October 2022 and is modelled to set out our minimum standards in the areas of labour and human rights, health and safety, environment, and ethical dealings.

PROCUREMENT POLICY

The Procurement Policy was revised in April 2022 to strengthen the tendering processes and align the procurement process with our existing policies and procedures.

FRAUD RISK MANAGEMENT POLICY

The Fraud Risk Management Policy was revised in October 2022. The implementation of this policy establishes a framework for the prevention and detection of fraud and misconduct within the Company as well as the procedure for conducting internal investigations and taking corrective actions.

CONFIDENTIALITY OF BUSINESS INFORMATION POLICY

This policy advises all our people on their responsibility of preserving the confidentiality of Company's data and information during and after their service with the Company according to employment agreement, confidentiality agreements and the provisions of laws applicable to the Company.

Measurement of Outcomes

- All registered suppliers and vendors are bound by Suppliers' Code of Conduct and are mandated to adhere strict compliance to it.
- The revised Procurement Policy defined and established further guidelines on all tender processes. ■

Corporate Governance



We believe that to achieve our purpose, Dhiraagu must successfully execute its business strategy while maintaining the highest standards of operational performance and corporate governance. Our governance framework plays an integral role in supporting our business by providing the structure through which our business objectives are set, our performance is monitored, and the risks we face are managed. The Board of Directors regularly reviews and assesses our governance frameworks and processes to ensure that they are consistent with international best practice, in both form and substance.

Throughout the financial year ended 31 December 2022 and up to the date of publication of this Annual Report, we have complied with the principles and guidelines set by the Maldives Code of Corporate Governance, issued by Capital Market Development Authority (CMDA). Every effort was expended to ensure that we adhere with the compulsory provisions of the CMDA's CG Code. In the event of any variations, explanations are provided. Additionally, our internal Corporate Governance Code lays the foundation for our sound corporate governance principles and can be downloaded from our website. ■

Strategic role of the Board of Directors

BOARD OF DIRECTORS

The Board of Directors are appointed or elected by shareholders to protect and enhance the value of the Dhiraagu's assets in the interests of the Company and its shareholders. The Board is the overall and final body responsible for all decision-making within the Company and plays a critical role driving key decisions in relation to long-term strategic planning and direction of the business, including non-financial performance and our ability to create value for communities we serve. In addition to the matters the Board is required by law to approve, and as a body accountable to shareholders to protect and enhance the value of Dhiraagu's assets, the Board has oversight over the Company's financials and annual planning processes. It is also responsible for establishing our policies and strategy, overseeing matters ranging from long-term strategic planning and direction of the business, performance against our annual plan, the status of our material business risks and matters requiring Board approval, matters relating to our people, culture, and governance framework. The Board's role and responsibilities are detailed in the Board Charter which was amended in 2017.

CHAIRPERSON

The Chairperson is appointed by the Government of Maldives and is a non-executive director. The Board supports the separation of the roles of Chairperson and Managing Director. Our Chairperson has an overarching responsibility to provide leadership and effective guidance to the Board and to ensure the Company fulfils all its obligations as stipulated in the Articles of Association and relevant laws and regulations. The Chairperson's role is to take an active lead in promoting mutual trust, open discussion, constructive dissent, and support for decisions after they have been made by the Board.

CEO & MANAGING DIRECTOR

As the only executive Director on our Board the CEO & Managing Director is responsible to the Board for the overall day-to-day management and performance of the Company and the development and implementation of our strategy. Together with the Leadership Team, the CEO & Managing Director must provide the Board with accurate, timely and clear information on Dhiraagu's operations to enable the Board to perform its responsibilities and is responsible for ensuring that an appropriate framework exists for relevant information to be reported by the Leadership Team to the Board. Our 'Authority Matrix' which is approved by the Board, is a formal delegation of authority and sets out the powers delegated to the CEO & Managing Director and those specifically retained by the Board. The CEO & Managing Director is accountable to the Board for the exercise of the delegated authority, and reports to the Board on the exercise of such powers through regular reports, briefings, and presentations throughout the year.

Responsibilities of the Board of Directors

AS PART OF ITS OVERALL RESPONSIBILITIES TO SERVE THE LONG-TERM INTERESTS OF THE SHAREHOLDERS, THE BOARD

- reviews and approves, our strategic plans, management structure and responsibilities, and systems and controls framework,
- adopts the strategic guidelines for as proposed by management or, where appropriate, on its own initiative;
- reviews our performance considering our strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken; and
- assess major risks facing the business by reviewing and approving strategies for addressing such risks and ensures maintenance of a sound system of internal control and risk management.

THE BOARD ALSO ENSURES THAT PROCESSES ARE IN PLACE FOR MAINTAINING OUR INTEGRITY AND REPUTATION INCLUDING:

- the integrity of the financial statements;
- compliance with applicable legislation accounting and auditing principles, and corporate policies governing our business;
- the integrity of our relationship with our shareholders; and
- overseeing the process of disclosure and ensuring that the communications are fair, transparent, comprehensive, and timely.

Board composition & membership

The Board of Directors consists of 9 members, to ensure that our Board has representation from all our shareholders; 5 Directors are appointed by our major shareholder Beyon, 3 Directors are appointed by the Government of Maldives and one Director is elected by the public shareholders at the Annual General Meeting.

At the date of the approval of this report, there are 8 sitting Directors (7 Non-executive Directors and the CEO & Managing Director): Chairperson Ismail Waheed, Deputy Chairperson Ahmed Abdul Rahman, and Non-executive Directors, Mikkel Vinter, Faisal Qamhiyah, Faisal Al-Jalahma, Ahmed Mohamed Didi and Abdulla Abdul Raheem.

Faisal Al-Jalahma was appointed by Beyon as a Non-executive Director effective 7 March 2022, replacing Isa AISabea. Ahmed Mohamed Didi was elected by the public shareholders at the 33rd Annual General Meeting and replaces Imran Ali from 24 March 2022. Government appointed non-executive and independent Director Maryam Manal Shihab provided notice of her resignation in June 2022. The Government of Maldives appointed Abdulla Abdul Raheem on 2 August 2022. There were no other changes to the Board of Directors during the financial year and up to the date of this report. The names of our current Directors and details of their qualifications, experience, periods of service including the year of initial appointment and election, and directorships of other companies are set out in the Board of Directors section accompanying this Annual Report.

Appointments from Beyon and the Government of Maldives are received in writing from the respective shareholder, and they hold office until a written notice of their removal is provided.

The Public Director is elected by the public shareholders at the Annual General Meeting. He/she holds office for a term of two years from the meeting he/she is elected to the second Annual General Meeting following his/her election unless he/she resigns or is removed from office during the intervening period.

Director independence

More than half the Board comprises of non-executive directors (all Directors except the CEO & Managing Director) and the majority of such non-executive directors are independent directors as defined by CMDA's Corporate Governance Code. Whether independent or not, all Directors are required to act in the best interests of Dhiraagu and to exercise unfettered and independent judgment. Directors are required to ensure that they immediately advise of any new or changed relationships so the Board can consider and determine the materiality of the relationship. The Board also considers tenure when considering independence.

TENURE OF NON-EXECUTIVE DIRECTORS



NUMBER OF INDEPENDENT AND NON-INDEPENDENT DIRECTORS



Board meetings

The Board meets at least once every quarter. In addition, it meets whenever necessary between the scheduled meetings to discuss key strategic issues or urgent business. A total of 8 Board meetings were held in 2022.

At Board meetings, Directors engage in discussions with the Leadership Team on the strategic direction of the business to ensure that investment is directed towards the things that will lead to the best outcomes for Dhiraagu, its shareholders and the communities we serve.

Agendas for the meetings are set in advance after consulting with the Chairperson and Beyon to ensure adequate coverage of key issues. Board papers are shared prior to the meeting, providing an opportunity for Directors to review and prepare for the meetings. All Board meeting agendas have a

permanent provision for any other business where Directors can voice matters of pressing concern to the shareholders they represent.

Directors have access to the Leadership Team through the CEO & Managing Director or the Company Secretary. In addition to regular presentations at Board meetings, Directors may seek briefings from the Leadership Team on specific matters. The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and could retain, at Dhiraagu's expense, such legal, accounting, or other advisers, consultants, or experts as it considers necessary in the performance of its duties. All Board Committees also have access to independent professional advice on this basis.

Director	Position	Tenure	Q1	Q2	Q3	Q4
Ismail Waheed Chairperson	Non-executive and independent Director	29 Nov 2018 to date	● ○	● ● ●	●	● ● ●
Ahmed AbdulRahman Deputy Chairperson	Non-executive and independent Director	4 May 2020 to date	● ●	● ● ●	●	● ● ●
Ismail Rasheed CEO & Managing Director	Executive and non-independent Director	15 Sep 2015 to date	● ●	● ● ●	●	● ● ●
Mikkel Vinter Director	Non-executive and independent Director	4 May 2020 to date	● ●	● ● ●	●	● ● ●
Faisal Qamhiyah Director	Non-executive and independent Director	4 May 2020 to date	● ●	● ● ●	●	● ● ●
Faisal AlJalahma Director	Non-executive and independent Director	1 Mar 2022 to date	●	● ● ●	●	● ● ●
Ahmed Mohamed Didi Director	Non-executive and independent Director	24 Mar 2022 to date		● ● ●	●	● ● ●
Abdulla Abdul Raheem Director	Non-executive and independent Director	2 Aug 2022 to date				● ● ●
Isa AISabea Former Director	Non-executive and independent Director	1 Jan 2021 to 1 March 2022	●			
Imran Ali Former Director	Non-executive and non-independent Director	8 May 14 to 24 Mar 2022	● ●			
Maryam Manal Shihab Former Director	Non-executive and independent Director	13 Jul 2020 to 30 Jun 2022	● ●	● ○ ○		

Legends: Government of Maldives (orange), Beyon (light blue), Public Shareholder (grey)

33rd AGM

Key Board decisions in 2022

Certain material matters are reserved to the Board and therefore need approval by the Board. Key decisions made by the Board in 2022 include:

- Approval of potential increase in cost and next steps for the SEA-ME-WE 6 investment.
- Resolution to submit for shareholder’s consideration and approval the Audited Financial Statements for the year ended 31 December 2021.
- Resolution to submit for shareholder’s consideration and approval, the Annual Report for the year ended 31 December 2021.
- Resolution to submit for shareholder’s consideration and approval, the re-appointment of KPMG as the Company’s External Auditors for the year 2022.
- Resolution to submit for shareholder’s consideration and approval, a full year dividend of MVR 6.20 per share (total MVR 471m) to be declared as Full Year Dividend for 2021, comprising of MVR 2.07 per share paid as interim dividend in 2021, and MVR 4.13 per as final dividend for 2021.
- Resolution to submit for shareholder’s consideration and approval a Standing Resolution to declare Interim Dividend in 2022.
- Approval of 2021 Performance Bonus Payout.
- Resolution to submit for shareholder’s consideration nominations for the election of the Public Director representing the Public Shareholders of the Company.
- Review and revision of the Credit Control Policy.
- Appointment of Ahmed Mohamed Didi as a Member of the RNG Committee.
- Appointment of Ahmed Mohamed Didi as a Member of the Audit Committee.
- Approval of the proposed write-off of MVR 19m bad debt as per the Credit Control Policy.
- Approval of the Bonus KPIs and Performance Bonus Payout Plan for 2022.
- Review and revision of the Procurement Policy.
- Resolution to create the role of a Chief Technology and Information Officer (CTIO) and approving the appointment of Mohamed Musad to the position of the CTIO.

- Approval of a proposed novation of SEA-ME-WE 6 contracts to Beyon, and subsequent transfer back of the Maldives Branch and required capacity to Dhiraagu in order to reduce Dhiraagu’s investment costs.*
- Declared MVR 1.66 per ordinary share (total MVR 126m) as Interim Dividend for the year.
- Review and revision of the Code of Ethics.
- Review and revision of the Retirement and Redundancy Policy.
- Approval of the Domestic Submarine Cable System Expansion Project.
- Approval to seek \$55 million in financing from ADB and IFC across two facilities to enhance the digital infrastructure of Maldives.
- Appointment of Abdulla Abdul Raheem as a Member of the Audit Committee.
- Review and revision of the Acceptable Supplier Conduct Policy.
- Review and revision of the Fraud Risk Management Policy.
- Review and revision of the Whistleblowing Policy.
- Approval of Strategy and Business Plan for 2023.
- Approval to discontinue the DhiraaguTV service with effect from 29 January 2023, in the light regulatory challenges.
- Approval to offer managed IPTV/OTT network-as-a-service.
- Reverted the earlier decision made to novate the SEA-ME-WE 6 contracts to Beyon. The Board approved the proposed transfer of some of the access capacity on SEA-ME-WE 6 at cost to Beyon in order to reduce Dhiraagu’s investment costs.

* With Beyon’s decision to become a member of the SEA-ME-WE 6 consortium, therefore there was no longer a requirement to execute the novation of referred agreements and Dhiraagu continues to be a full member of the SEA-ME-WE 6 consortium. Beyon has committed to help Dhiraagu reduce the investment cost by taking up some of the excess capacity.

Board committees

The Board has two standing committees; the Audit Committee and the Remuneration Nomination and Governance Committee, which operate in accordance with approved Terms of References. The Board appoints members and the chairperson of each committee. Following each committee meeting, The Board receives a memorandum of the key deliberations, conclusions, and recommendations. The Board is also given a verbal report by the Chairperson of the committee on the outcomes of the meeting. An overview of the roles and responsibilities, composition, and membership as at 31 December 2022, are provided in the respective committee reports. Other committees may be established from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

Conflicts of interest

Directors are required to take all necessary steps to avoid actual, potential, or perceived conflicts of interest and to be sensitive to situations in which these may arise. In accordance with the Company’s Act (Law no 10/96) and our Articles of Association, Directors must declare any conflict of interest they may have, and follow the procedures set out in our Board Charter including, in certain circumstances, to abstain from participating in any discussion or voting on matters in which they have a material personal interest. As a practice, all Board and committee meeting agendas have a permanent provision for declaring a conflict of interest of any agenda item to be discussed at that meeting. In all instances where a conflict of interest arose or had the potential to arise, the respective Director excused himself/herself from the meeting of the Board and/or its subcommittee.

All material related to transactions of the majority shareholders and Directors are reviewed during the quarterly Board meetings. There were no substantial or material third party transactions made by the Directors or the Leadership Team during the year.

Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board through the Chairperson, on all matters relating to his/her duties as an officer of the Company. The Company Secretary reports to the CEO & Managing Director on all executive or administrative matters. All Directors have access to the Company Secretary. The Company Secretary’s role in respect of matters relating to the proper functioning of the Board includes record keeping of all decision, advising the Board and its Committees on governance matters, monitoring that Board and Committee policies and procedures are followed, coordinating all Board business, and providing a point of reference for dealings between the Board and the Leadership Team.

Directors’ shareholding

Details of Director’s shareholdings as at 31 December 2022 are disclosed below.

DIRECTOR	NO. OF SHARES HELD
Ismail Waheed	1,510
Ismail Rasheed	13,994
Ahmed Mohamed Didi	4,330

Internal control, risk oversight, and risk management

Our risk management approach centres on continuous assessment, monitoring, and reporting of risks which may impact the progress of delivering our strategic priorities. Risks together with their controls and treatment are regularly reported to the Audit Committee which assists the Board in its oversight function.

We remain committed to continuous improvement in our approach to managing risks and ensure that we maintain a strong, integrated risk and compliance culture.

- A risk and compliance function were established in 2016 and the Financial Controller has been temporarily overseeing the function since May 2022. We are in the process of recruiting a full time Risk and Compliance Officer to oversee all matters related to compliance and risk.
- The ‘Authority Matrix’ approved by the Board is in place and delegates approval limits for all business transactions and expenditures.
- A ‘Risks Register’ is maintained and reviewed by the Audit Committee and the Board every quarter.
- The Internal Audit function carries out annual audits, based on an Internal Audit Plan that is approved and reviewed closely by the Audit Committee.

Governance policy framework

To meet all the legal and regulatory obligations and compliance and to ensure that strong good governance is implemented, we have adopted various internal policies, procedures, and guidelines to promote ethical and responsible conduct and provide guidance to our Directors, and our people.

- Our Code of Ethics contains our code of conduct and recognises that our success depends on the ability to establish and maintain positive relationships, and emphasises the importance of the professionalism and ethics within and outside workplace and encourages fair, legally compliant, and honest dealings with or on behalf of the Company. The Code of Ethics was revised in July 2022.
- Our Disciplinary Policy and Procedure, establishes a transparent, fair, and consistent mechanism to deal with the consequence of failing to meet the required standards of behaviour and job performance.
- We also have a separate Committee to Prevent Sexual Harassment at the Workplace set up in accordance with the Anti-Sexual Harassment Act (Law No. 16/2014) and our Prevention of Harassment and Bullying at the Workplace Policy to safeguard our people and provide a safe working environment free from harassment and bullying, ensuring everyone is treated with dignity and respect.
- Our Grievance Policy and Procedure has been established to document and formalise a mechanism for employees to raise grievances regarding any work-related matters, so that such matters can be resolved timely and amicably. The policy further enhances transparency and consistency in dealing with grievances across our Company.
- Our 'Authority Matrix' delegates authority and sets approval limits for all business transactions and expenditures within our Company.
- Due to the nature of our business and the environment within which we operate, we may be exposed to risks. Risks that we may face are monitored, reported, and addressed regularly throughout the year. A 'Risks Register' is also maintained and reviewed by the Audit Committee and the Board every quarter.
- Our Procurement Policy was revised in April 2022 to strengthen the tendering processes and align the procurement process with our existing policies and procedures.
- From 2013 onwards, our suppliers and vendors sign on to our Supplier Code of Conduct when contracting

with us and are expected to meet the standards detailed in it. Our Suppliers' Code of Conduct was revised in October 2022 and is modelled to set out our minimum standards in the areas of labour and human rights, health and safety, environment, and ethical dealings.

- Our Gifts and Hospitality Policy ensures that the highest standards of integrity and conduct are maintained and ensure that Gifts and Hospitality are provided in an open and transparent manner. We refrain from making any political contributions either directly or indirectly to political parties, causes or individuals. Furthermore, our Donations and Sponsorships Framework is in place and establishes clear and transparent guidelines for all our donations and sponsorships.
- We have zero-tolerance for corruption and bribery. Our Anti-Corruption and Anti-Bribery Policy is designed to educate our people on the many forms bribes can take and how to avoid inappropriate circumstances, including where acceptance may or may be perceived to compromise independence or be construed as a bribe.
- Our Confidentiality of Business Information Policy and Disclosure of Conflicts of Interest Policy also contribute to addressing our commitment to comply with applicable laws and regulations concerning bribery, corruption, fraud, and any other prohibited business practices.
- We have a Whistleblowing Policy to encourage stakeholders to report any suspected or actual wrongdoings as soon as possible, with the assurance that their concerns will be properly investigated. By providing guidance on to how to raise those concerns, the policy also reassures stakeholders that they can raise concerns without fear of retaliation and that their confidentiality will be respected and maintained. The Whistleblowing Policy was revised in October 2022 to strengthen the reporting mechanism.
- The Fraud Risk Management Policy was revised in October 2022. The implementation of this policy establishes a framework for the prevention and detection of fraud and misconduct within the Company as well as the procedure for conducting internal investigations and taking corrective actions.
- We adopted a Policy on Insider Trading to comply with CMDA's Policy on Prohibition of Insider Trading. The policy imposes and provides guidelines, instructions, and the codes of conduct in trading our shares. It applies to our Directors, our people, and certain third-party agents and advisers. The policy is a cohesive guide to ensure that we follow the Maldives Securities Act (Law No: 2/2006) and its related regulations.

Legal & regulatory compliance

Dhiraagu has a separate legal department to fulfil our legal and regulatory obligation with a dedicated team of internal and external lawyers appointed to ensure that we continue to comply with relevant laws and regulations. Dhiraagu has not been given notice of, or prosecuted for, or convicted of, any significant breaches of any relevant laws or regulation during the financial year 2022.

Annual general meetings

Dhiraagu held its Annual General Meeting for the financial year ended 31 December 2021 using the virtual platform 'Fahivote'.

The registered attendance of Shareholders at the AGM was as follows:

Shareholders registered in person	71 shareholders
Shareholders registered by proxy	41 proxy holders
Total number of shareholders registered (in person and by proxy)	112 shareholders
Total number of shares represented	71,387,488 shares

The meeting was attended by shareholders (in person and by proxy) representing 93.93% of share capital which meets the quorum for the Annual General Meeting as required by the Articles of Association.

The Shareholders approved the following matters at the Annual General Meeting:

- Approved minutes of the 32nd AGM held virtually using Fahivote on 20 May 2021
- Approved the Director's Report and Annual Audited Accounts for the year ended 31 December 2021.
- Approved full year dividend of MVR 6.20 per share (total MVR 471m) made up of Interim MVR 2.07 per share paid as interim dividend in 2021, and final dividend of MVR 4.13 per share.
- Election of Ahmed Mohamed Didi as the Public Director of the Company's Board of Directors until the conclusion of the 35th Annual General meeting of the Company.
- Approved the appointment and remuneration of the External Auditors for the year 2022, to carry out the statutory audit for the year ending financial year 2022.

- Approved a standing resolution granting authority to the Board of Directors to declare any interim dividend in accordance with the Company's Dividend Policy during the financial year 2022.

The 34th AGM is scheduled to be held on Monday; 20 March 2023. The Notice and Agenda of the Annual General Meeting will be communicated and published in accordance with our legal and regulatory obligations.

Auditors

A tendering process was conducted by Beyon in 2022 to recommend an External Auditor. The tender covers one year, and is subject to shareholder approval at the Annual General Meeting. The Board ensures that regulatory requirements and CMDA Corporate Governance Code on audit partner rotation are strictly adhered to. The Audit Partner was last rotated in 2019. Our External Auditor Partner attends our Annual General Meetings and will be available to answer any shareholder questions about the conduct of our audit and the content of the auditor's report for the year ending 31 December 2022.

In accordance with the Audit Committee's recommendation the Board is proposing shareholders to recommend and re-appoint KPMG to carry out the statutory audit for the financial year 2023. The proposed remuneration is a maximum fee of US\$ 51,000 excluding GST and out of pocket expenses (capped at a maximum of 5% of fees).

Dividends

The Board recommends a full-year dividend of MVR 7.33 per share, amounting to MVR 557,080,000 to be declared as full-year dividend for 2022. The full year dividend comprises of:

- MVR 1.66 per share (total MVR 126,160,000) was paid as interim dividend in 2022, and
- MVR 5.67 per share (total MVR 430,920,000) as the final dividend for 2022 which will be proposed for shareholder approval at the 34th Annual General Meeting.

The final dividend for 2022 will be payable to all shareholders listed on the Company's shareholder register as at 4pm on 16 February 2023 (book closure date).

Declaration by the Board of Directors

In compliance with the requirements of the Securities (Continuing Disclosure Obligations of Issuers) Regulation 2019, the Board of Directors of Dhivehi Raajjeyge Gulhun PLC affirm that as at 3 March 2023:

- This Annual Report 2022 has been prepared in compliance with the Companies Act of the Republic of Maldives (Act No.: 10/96), the Maldives Securities Act (Act No.: 2/2006), the Securities (General) Regulations 2007, the Securities (Continuing Disclosure Obligations of Issuers) Regulations 2019 (Regulation No.: 2019/R-1050), CMDA's CG Code and the Listing Rules of the Maldives Stock Exchange
- The Annual Report 2022 has been approved by us and to the best of our knowledge and belief, we collectively confirm that the information presented in this Annual Report is a true and accurate representation and no that there are no other facts, the omission of which would make any statement herein misleading or inaccurate.
- Having been reviewed by the Audit Committee and approved by the Board of Directors, the accompanying financial statements give a true and fair view of the financial position of the Company and of its financial performance and its cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards ("IFRSs"). The Financial Statements have been certified by the CEO & Managing Director, the Chief Financial Officer, and the Chairperson of the Audit Committee in compliance to applicable laws and regulations.
- Having reviewed our strategy and business plan for 2023, and the audited financial statements for 2022, the Board affirms Dhiraagu's ability to continue as a going concern, and that we have adequate resources to continue in operation for the foreseeable future. We will continue to disclose, as applicable, matters related to going concern and use the going concern basis of accounting.
- We have conducted our business in compliance with the legal and regulatory obligations under the Maldives Company's Act (Law No. 10/96), the Maldives Telecommunications Law (Law No. 43/2015), the Securities Act (Law No. 2/2006), obligations under our operational licenses, the Maldives Stock Exchange Listing Rules and the CMDA's CG Code. With appropriate controls and governance procedures in place, Dhiraagu continues to comply with relevant laws, regulations, and industry codes.

- The Board of Directors places great emphasis to adopt the highest standards of professionalism and diligence to ensure that their roles and responsibilities are performed in an ethical, sustainable, and accountable manner with the utmost priority to create the best value for our shareholders while driving the long-term performance and sustainability of our Company.
- The Board of Directors of Dhiraagu and/or any of their associates did not have any significant interest in the equity or debt securities of the Company, or had any right to subscribe for equity or debt security of the Company; and
- There were no contract(s) of significant substance during or at the end of the accounting period in which a Board Director of the Company has a direct or indirect interest. Details of material contracts for the provision of services entered between Dhiraagu and Beyon or Dhiraagu and the Government of Maldives are provided in Note 26 "Related Parties Transactions" of the Audited Financial Statements as at 31 December 2022.



Ismail Waheed
Chairperson




Ismail Rasheed
CEO & Managing Director

Audit Committee Report

Composition & membership

As at 31 December 2022, the Board's Audit Committee was represented by the following members. All members were Non-executive directors and independent possessing sufficient accounting and financial knowledge which allowed them to discharge their duties, ensuring compliance with CMDA Corporate Governance Code and Dhiraagu Corporate Governance Code.

Director	Position	Tenure	Q1	Q2	Q3	Q4
Ahmed AbdulRahman Deputy Chairperson	Non-executive and independent Director	7 May 2020 to date	●	●	●	●
Ahmed Mohamed Didi Director	Executive and non-independent Director	12 Apr 2022 to date		●	●	●
Abdulla Abdul Raheem Director	Non-executive and independent Director	24 Oct 2022 to date				
Imran Ali Former Director	Non-executive and independent Director	17 Jul 14 to 24 Mar 2022	●			

Legends

Government of Maldives	Beyon	Public Shareholder
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Terms of reference

The Audit Committee is scheduled to meet once every quarter and provides a forum for communication between the Board, the Leadership Team and both the internal and External Auditors. The Committee is responsible for monitoring and advising the Board on matters relating to financial reporting, risk management, compliance, external audit, internal control, internal audit and matters that may significantly impact the financial condition or affairs of our business.

Meetings

The Audit Committee met 4 times during the financial year ended 31 December 2022. Other members of the Board may attend Audit Committee meetings and the Committee may invite the Leadership Team, the External Auditor, and others to attend meetings as it considers necessary or appropriate. All meetings during 2022, were attended by the CEO & Managing Director, the Chief Financial Officer, and the Internal Auditor. The meetings were also attended by the Head of Internal Audit at Beyon. The Company Secretary of the Board acted as the secretary of all the meetings.

Ahmed Mohamed Didi was appointed to the Audit Committee on 12 April 2022. There were only 3 meetings of the Audit Committee following his appointment.

There were no meetings of the Audit Committee in 2022 following Abdullah Abdul Raheem's appointment to the Committee on 24 October 2022.

There was only one Audit Committee before we bid farewell to Imran Ali on 24 March 2022.

With the amendments to CMDA's CG Code in September 2021, Imran Ali no longer qualified as an independent director as he had served more than six consecutive years on Dhiraagu's Board.

Key decisions

- Review and recommendation of Audited Financial Statements for the year ended 31 December 2022.
- Review and recommendation of quarterly financial reports for the financial year 2022.
- Recommendation on the appointment of KPMG as the Company's External Auditor for the financial year 2022.
- Review and recommendation for approval of the write-off of MVR 19m bad debt as per the Credit Control Policy.
- Review and recommendation of revisions to the Fraud Risk Management Policy.
- Review and recommendation of revisions to the Whistleblowing Policy.
- Review and monitoring of all Internal Audit activities every quarter.

All action points from the Committee's meetings were completed on a timely basis.

External audit

A tendering process was conducted in early 2020 to recommend an External Auditor. This tender covered three years and is subject to shareholder approval at the Annual General Meetings. The Board's recommendation to appoint KPMG as the External Auditor for 2022 was approved by shareholders at the 33rd Annual General Meeting.

The Audit Committee reviewed the non-audit services provided by KPMG and the explanation of how the provision of those non-audit services was compatible with auditor independence. The Committee is satisfied that appropriate measures are put in place by both KPMG and Dhiraagu to ensure the independence and objectivity of the External Auditor. The External Auditor has confirmed their compliance with the practice note of CMDA's CG Code.

All the Audited Committee meetings held during the year were attended by the External Auditor to provide independent assurance and present their opinion on the financial reports. The Audit Committee also met the External Auditor in a private session without the presence of the Leadership Team when reviewing the Audited Financial Statements for the year ended 31 December 2022. This practice gives the External Auditor the opportunity to share an independent view of their audit experience and opinion.

A tendering process was conducted by Beyon in 2022 to recommend an External Auditor. The tender covers one year and is subject to shareholder approval at the Annual General Meeting. The Board ensures that regulatory requirements and CMDA Corporate Governance Code on audit partner rotation are strictly adhered to. The Audit Partner was last rotated in 2019.

After review, the Audit Committee recommended the re-appointment of KPMG to carry out the statutory audit for the financial year 2023. The proposed remuneration is a maximum fee of US\$ 51,000 excluding GST and out of pocket expenses (capped at a maximum of 5% of fees).

Internal audit

During the year, the Audit Committee reviewed the effectiveness of internal audit controls undertaken by the Internal Audit Department. The Internal Auditor directly reports to the Audit Committee to ensure that the Board is provided with independent and objective assurance on the effectiveness of the governance, risk management, and internal control processes. The Internal Auditor has a parallel administrative reporting line to the CEO & Managing Director for day-to-day matters.

A total of 10 Internal Audits were carried out and presented during the year and the Audit Committee reviewed the effectiveness of the Company's internal controls including financial, strategic, operational, technical, IT and compliance

controls and procedures for identifying and managing risks. The outcomes and follow up actions of these audits were regularly reviewed at the Committee's meetings, and the Committee is satisfied with the progress and implementation of the action points.

Furthermore, the Audit Committee is satisfied with the progress of the Internal Audit function during the year 2022 and the adequacy of the internal control measures and procedures in place for identifying and managing risks.

Risk management

Dhiraagu's 'Risk Register' is prepared by the risk and compliance function which maintains processes identifying new and emerging risks for the business. Identified risks together with their controls and treatment were closely monitored by the Audit Committee every quarter and reported to the Board during the year. The Risk Register was considered when finalising the Internal Audit Plan. The requirement for disclosures and provisions on any material claims and litigations against the Company was monitored closely with support from the legal department as well as both external lawyers and the External Auditors when required.

The Audit Committee is satisfied with the progress of the Internal Audit function during the year ending 31 December 2022 and the adequacy of the internal control measures in place for risk management. The Audit Committee is satisfied that a sound system for risk management is in place and internal controls are operating effectively during the year ended 31 December 2022.



Ahmed Abdulrahman

Chairperson of Audit Committee]



Remuneration, Nomination & Governance Committee Report

Composition & Membership

The Board's Remuneration, Nomination and Governance (RNG) Committee was represented by the following Non-executive and independent Directors during year ending 31 December 2022.

Director	Position	Tenure	Q1	Q2	Q3	Q4
Ismail Waheed Chairperson	Non-executive and independent Director	3 Dec 2018 to date	●	●	●	●
Mikkel Vinter Director	Executive and non-independent Director	7 Jan 2021 to date	●	●	●	●
Ahmed Mohamed Didi Director	Non-executive and independent Director	12 Apr 2022 to date		●	●	●
Imran Ali Former Director	Non-executive and independent Director	17 Jul 14 to 24 Mar 2022	●			

Legends

Government of Maldives	Beyon	Public Shareholder
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Roles & Responsibilities

The RNG Committee was reconstituted in August 2013 to combine the three functions of remuneration, nomination, and governance. The consolidation was to facilitate effective and efficient discharge of the duties. The RNG Committee assists the Board in formulating remuneration policies, framework for nominating the Public Director, and monitoring the performance of our corporate governance framework and compliance with relevant regulations.

Meetings

The RNG Committee met 4 times during 2022. Other members of the Board may attend the RNG Committee meetings, and the Committee may invite the Leadership Team, and others to attend meetings as it considers necessary or appropriate. The CEO & Managing Director attended all the meetings and other members from the management were invited as and when required. The Company Secretary acted as the secretary of all the meetings.

Key decisions

- Review and recommendation of 2022 Performance Bonus Plan and 2021 Performance Bonus Payout.
- Nomination of candidate for the position of Public Director to hold office for a tenure of 2 years, ending at the conclusion of the 35th Annual General Meeting.
- Recommendation to appoint Mohamed Musad to the position of the Chief Technology & Information Officer.
- Review & recommendation of revisions to the Code of Ethics.
- Review and recommendation of revisions to the Retirement and Redundancy Policy.
- Review and recommendation of revisions to the Acceptable Supplier Conduct Policy.
- Review and recommendation of revisions to the Fraud Risk Management Policy.
- Review and recommendation of revisions to the Whistleblowing Policy.

All action points from the Committee meetings were completed on a timely basis.

Remuneration package of Directors & key executives

Board Directors are rewarded as per the Board Director's Remuneration Policy, which is regularly reviewed to ensure Director remuneration is competitive and compensates for the responsibilities assigned to each Director. The latest review of the Board Director's Remuneration Policy was conducted in February 2020 and during deliberations on whether there was a need to increase the Director's Fees it was decided to maintain the current rates and review the fees later (last review of Director's fees was in 2014).

The RNG Committee reviews and makes recommendations to the Board on Dhiraagu's overall remuneration strategy, policies, and practices, and monitors the effectiveness of Dhiraagu's overall remuneration framework. The remuneration for key executives is determined in consultation with Beyon based on individual scope of work, performance against agreed measures, market rates for comparable roles and other relevant factors. The Company's remuneration packages include fixed components and performance linked incentives which are designed to be competitive with the market, encourage sustainable performance and provide a retention element to retain key and critical talent. No stock options are included in the remuneration package of Board Directors or key executives.

Disclosure of remuneration of Directors and key executives as required by CMDA's CG Code, which includes details on level and mix of remuneration package, and individual remunerations paid to Board Directors and key executive, are withheld due to the competitive environment that Dhiraagu operates in. However, the aggregate remuneration (including short term benefits) for Directors and key executives in 2022 are disclosed as MVR 1.24m and MVR 24.66m respectively. The total remuneration paid to key executives includes payments for early retirement made in accordance with the Company's Retirement and Redundancy Policy. Payments for service contracts, notice period, severance fees and stock options did not form any part of the remuneration paid to Directors or key executives in 2022.

Board appointments

Our Articles of Association provide that the Board of Directors shall comprise of five Directors appointed by Beyon, three Directors appointed by the Government of Maldives and one Director elected by the public shareholders.

Board Directors representing the major shareholders are appointed through a letter of appointment.

The nomination process of the Director elected by the public shareholders is managed by the Board, through the RNG

Committee in accordance with our Articles of Association. As a part of the process, the RNG Committee establishes a criterion with respect to the qualifications, experience, skills, and expertise that candidates should possess which is published and shareholders are invited to apply for the post of Public Director. The Committee then, undertakes appropriate checks of potential candidates before it makes a recommendation for potential candidates to be nominated by the Board of Directors to put forward to the public shareholders for election at the Annual General Meeting. Application details and evaluation criteria can be viewed from our website. Names and profiles of candidates recommended for election are released along with the Notice of the AGM.

On 7 February 2022, shareholders were invited to apply for the post of Public Director. The deadline for applications was 24 February 2022. Unfortunately, due to an administrative oversight, the deadline was set for a period shorter than the 21 day period required by CMDA's CG Code. Initially the announcement was scheduled to be made on Thursday, 3 February and thus would have satisfied the requirement. However, when publication was delayed to 7 February, the period had not been extended accordingly. Ahmed Mohamed Didi was the only candidate who responded to the call for the Directorship. As the applicable rules and regulations allowed the evaluation process to continue with one applicant applying for the position, the RNG Committee reviewed and completed the evaluation. The Board of Directors recommended to nominate Ahmed Mohamed Didi to be elected as the Public Director at the 33rd Annual General Meeting. He was elected for a term of two years ending at the conclusion of the 35th Annual General Meeting.

The committee confirms that all Directors possess the required expertise to discharge their responsibilities effectively.

Orientation sessions are organised for all the new Directors accompanied by a meeting with the Leadership Team. During 2022, the following changes were brought to Dhiraaqu's Board of Directors:

- In March 2022, the Beyon appointed Faisal AlJalahma in replacement of Isa AISabea.
- Following the 33rd Annual General Meeting Ahmed Mohamed Didi was elected as the Public Director by shareholders, and we bade farewell to longstanding Public Director Imran Ali.
- Government appointed non-executive and independent Director, Maryam Manal Shihab provided notice of her resignation in June 2022.
- Abdulla Abdul Raheem was appointed by the Government of Maldives to the Board of Directors in August 2022.

Board diversity

Our Board represents a highly qualified and diverse set of experts with members from different professional and academic backgrounds.

Dhiraaqu is committed to promoting gender diversity at the Boardroom and encourages shareholders to nominate and appoint female representation to the Board in accordance with the Corporate Governance Code issued by CMDA. However, at the time of issuing this report, there are no female member on the Board of Dhiraaqu.

Effectiveness

Our Board Directors Performance Evaluation Policy requires Directors to carry out a self-evaluation of Board and its committees performance. The Board regularly discusses governance and performance issues and annually reviews its own performance as a whole against the Board Charter and each committee's performance against its respective charter. Further, Board evaluations are undertaken annually to seek feedback on a range of matters relating to Board performance, including its role and composition and engagement with management, shareholders and stakeholders. The collective results of the evaluation are then reported to the Board by the Chairperson. A Board evaluation was carried out in January 2023. The results of the evaluation were reviewed by the RNG Committee in February 2023 and the results were reported to the Board and discussed with the Directors.

The RNG Committee confirms that the Dhiraaqu Board and its committees discharged their responsibilities satisfactorily during 2022.



Ismail Waheed

Chairperson, Remuneration, Nomination and Governance Committee



▲ We encourage shareholders to participate at Annual General Meetings as it also provides an opportunity for shareholders to ask questions to the Board of Directors.

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHIVEHI RAAJJEYGE GULHUN PLC

OPINION

We have audited the accompanying financial statements of Dhivehi Raajjeyge Gulhun PLC (the "Company"), which comprise the statement of financial position as at 31st December 2022, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 6 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 financial statements in Maldives and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

REVENUE RECOGNITION – ACCURACY OF REVENUE RECORDED

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 3.13 and 4(c) of the financial statements).

RISK DESCRIPTION

Revenue recognition is one of the most complex area of accounting especially with the added complexity of the vast array of rapidly changing offers, complexity of billing systems, complexity of products and services and due to high volume of low value transactions captured by the billing systems.

OUR RESPONSE

Our audit procedures in this area included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls.

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W.J.C. Perera FCA
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M.N.M. Shameel FCA
Ms. C.K.T.N. Perera ACA



Independent Auditor's Report (CONT.)
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

KEY AUDIT MATTERS REVENUE RECOGNITION – ACCURACY OF REVENUE RECORDED (CONT.)

RISK DESCRIPTION

The majority of the Company's revenue is generated through the billing systems. Determining when and how much revenue is recognized from customer contracts has a significant impact especially on multiple arrangements and customer offers.

We identified revenue recognition as a key audit matter because of how much revenue is recognised from customers depend on the individual customer contract. Therefore, there is a potential risk that revenue is subject to overstate to meet the expectation of the management.

OUR RESPONSE

- Assisting by our IT specialists including, among others, those over the input of terms and pricing of different services; accuracy of the data captured by different systems and interface between the systems;
- Performing detailed analysis of the timing of revenue recognition through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the;
 - Adjustments which are outside of the normal billing process,
 - Revenue recognition on the bundled services offered,
 - Deferred revenue and cost on installation which is considered as a part of the overall performance obligation of the respective services.
- Evaluating the appropriateness of the allocation of the transaction price, including variable consideration to performance obligations and obtaining an understanding and the operating effectiveness of related controls.
- Assessing the appropriateness of the Company's accounting policies set out in notes 3.12 and 4(c), and adequacy of the disclosures for compliance with the revenue recognition requirements of the International Financial Reporting Standards.



Independent Auditor's Report (CONT.)
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

KEY AUDIT MATTERS (CONT.)

CAPITALIZATION OF ASSETS INCLUDING USEFUL LIVES, DEPRECIATION AND IMPAIRMENT

(Refer to the accounting policies and critical accounting estimates, assumptions and judgments in notes 3.3, 4 (a),(b) and (g) of the financial statements).

RISK DESCRIPTION

The Company continues to incur a significant level of capital expenditure in connection with the expansion of its network coverage and improvements to network quality. The carrying value of Property and Equipment as at 31st December 2022 was MVR 1,851 million.

There are number of areas where management judgment impacts the carrying value of Property and Equipment, and the related depreciation profiles.

The complex nature of the assets may result in inappropriate capitalization of the costs and inappropriate determination of the date and the values transferred from construction in progress to property and equipment.

Telecommunication industry is evolving continually due to changes in the technology. Further, the Company has significant number of physical assets related to telecommunication subject to the technological update. Therefore, technology changes would create obsolescence of Property and Equipment, which might require an impairment provision. We consider this area as key audit matter because determination of recoverable amount of Property and Equipment involves significant judgments and estimates. Therefore, an error in such estimates could result in material misstatements in the financial statements.

OUR RESPONSE

Our audit procedures in this area included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the capitalization of property and equipment, including the key internal controls over the estimation of useful economic lives of assets;
- Evaluating the appropriateness of capitalization policy and testing on a sample basis whether the cost capitalized meets the relevant criteria for capitalization and the depreciation is correctly calculated;
- Challenging the date of transferring construction-in-progress to Property and Equipment by examining the inspection reports and/or project progress reports, on a sample basis;
- Evaluating management's estimation of useful economic lives by considering our knowledge of the business;
- Inquiring the networks and the other relevant teams in order to assess on technological updates and actual replacements of assets, if any, with latest technology to identify any potential impairment indicators for the existing assets;
- Assessing whether there were impairment triggers giving rise to a need to perform a comprehensive impairment review of Property and Equipment based on the internal and external information assessed
- Challenging the management's positions of the impairment assessment as to whether or not a reasonable possible change to key operating assumptions could result in impairment;
- Assessing the adequacy of the financial statement disclosures included in notes 3.3, 4 (b) and 4 (g).



Independent Auditor's Report (CONT.)
To the Shareholders of Dhivehi Raajjeyge Gulhun PLC

OTHER INFORMATION

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report, but does not include in the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The Board is responsible for the preparation and the fair presentation of financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Company'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 the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting processes.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT.)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of Board of Directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is R.W.M.O.W. Duminda B. Rathnadiwakara.

Chartered Accountants
For and on behalf of KPMG Maldives

2nd February 2023
Male'

DHIVEHI RAAJJEYGE GULHUN PLC

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 st DECEMBER	NOTE	2022 MVR'000	2021 MVR'000
Revenue	7	2,586,136	2,527,171
Operating costs	8	(1,137,907)	(1,131,948)
Depreciation, amortization and impairment	13, 14 & 15	(396,334)	(396,391)
Impairment loss on trade receivables and contract assets	17.1	(20,684)	(22,842)
Other income	9	82,528	3,374
Results from operating activities		1,113,739	979,364
Finance income		23,973	14,656
Finance costs		(72,049)	(37,314)
Net finance costs	10	(48,076)	(22,658)
Profit before tax		1,065,663	956,706
Tax expense	11	(156,376)	(143,646)
Profit and other Comprehensive Income for the year		909,287	813,060
Earnings per share			
Basic and diluted earnings per share (MVR)	12	11.96	10.70

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 116 to 161. The Report of the Independent Auditors is given on pages 102 to 106. ■

DHIVEHI RAAJJEYGE GULHUN PLC

Statement of Financial Position

AS AT 31 st DECEMBER	NOTE	2022 MVR'000	2021 MVR'000
ASSETS			
Non-current assets			
Property and equipment	13	1,851,192	1,749,828
Right-of-use assets	14	316,771	287,645
Intangible assets	15	350,453	325,485
Deferred tax assets	11.2	9,869	3,709
Total non-current assets		2,528,285	2,366,667
Current assets			
Inventories	16	43,183	37,607
Trade and other receivables	17	653,612	625,675
Cash and cash equivalents	18	2,375,386	1,756,726
Total current assets		3,072,181	2,420,008
Total assets		5,600,466	4,786,675
EQUITY AND LIABILITIES			
Equity			
Share capital	19	190,000	190,000
Retained earnings		3,025,361	2,556,114
Total equity		3,215,361	2,746,114
Non-current liabilities			
Provisions	20	145,168	139,791
Loans and Borrowings	21.2	306,119	69,050
Lease liabilities	22.2	306,318	270,189
Total non-current liabilities		757,605	479,030
Current liabilities			
Trade and other payables	23	805,883	759,726
Loans and Borrowings	21.2	196,050	152,775
Lease liabilities	22.2	47,671	32,928
Amounts due to a related party	24	486,357	538,405
Current tax payable		91,539	77,697
Total current liabilities		1,627,500	1,561,531
Total liabilities		2,385,105	2,040,561
Total equity and liabilities		5,600,466	4,786,675

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 116 to 161. The Report of the Independent Auditors is given on pages 102 to 106.

These financial statements were approved by the board of directors and signed on its behalf by



Ahmed Abdulrahman
Chairperson of Audit Committee



Ismail Rasheed
CEO and Managing Director



Robin Wall
Chief Financial Officer

2nd February 2023 ■

DHIVEHI RAAJJEYGE GULHUN PLC

Statement of Changes in Equity

FOR THE YEAR ENDED 31 st DECEMBER 2022	NOTE	SHARE CAPITAL MVR'000	RETAINED EARNINGS MVR'000	TOTAL MVR'000
As at 1 st January 2021		190,000	2,292,534	2,482,534
Profit and Other Comprehensive Income for the year		-	813,060	813,060
TRANSACTIONS WITH OWNERS OF THE COMPANY DISTRIBUTIONS				
Dividends declared	19.2	-	(549,480)	(549,480)
As at 31 st December 2021		190,000	2,556,114	2,746,114
As at 1 st January 2022		190,000	2,556,114	2,746,114
Profit and Other Comprehensive Income for the year		-	909,287	909,287
TRANSACTIONS WITH OWNERS OF THE COMPANY DISTRIBUTIONS				
Dividends declared	19.2	-	(440,040)	(440,040)
As at 31 st December 2022		190,000	3,025,361	3,215,361

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 116 to 161. The Report of the Independent Auditors is given on pages 102 to 106. ■

DHIVEHI RAAJJEYGE GULHUN PLC

Statement of Cash Flows

	NOTE	2022 MVR'000	2021 MVR'000
FOR THE YEAR ENDED 31st DECEMBER			
Cash flows from operating activities			
Profit before Tax		1,065,663	956,706
Adjustments for:			
Net loss / (gain) on disposal of property and equipment	9	379	(2,680)
Interest on loans	10	19,762	4,613
Facility fee amortization	21.3	2,493	1,767
Interest on lease liabilities	10	31,410	25,471
Interest income	10	(23,973)	(14,656)
Depreciation	13	285,188	288,175
Impairment losses on property and equipment	13	-	193
Depreciation of right-of-use assets	14	46,758	43,573
Amortization of intangible assets	15	63,423	64,451
Impairment losses on intangible assets	15	963	-
Provision for slow-moving / obsolete inventories	16	1,250	786
Provision for impairment loss on trade and other receivables	17	20,684	22,842
Unwinding of interest on provisions	20	4,057	4,673
Operating profit before working capital changes		1,518,058	1,395,914
Changes in:			
Inventories		(5,479)	11,250
Trade and other receivables		(15,229)	73,795
Trade and other payables		(10,922)	(4,931)
Amounts due to a related party		(42,425)	43,667
Cash generated from operations		1,444,003	1,519,695
Tax paid		(148,694)	(127,877)
Interest paid	21	(12,200)	(4,080)
Net cash generated from operating activities		1,283,109	1,387,738
Cash flows from investing activities			
Purchase and construction of property and equipment	13	(315,064)	(299,332)
Purchase of intangible assets	15	(89,354)	(83,386)
Net proceeds from disposal of property and equipment	13	162	(1,137)
Interest received		23,560	14,067
Net changed in short term Investments exceeding three months	18.2	4,793	8,296
Net cash used in investing activities		(375,903)	(361,492)
Cash flows from financing activities			
Borrowings during the year	21	432,261	224,150
Loan facility fee paid	21	(5,705)	(4,626)
Payment of lease liabilities	22	(56,421)	(70,549)
Dividend paid during the year		(497,622)	(385,677)
Repayment of borrowings	21	(156,266)	-
Net cash used in financing activities		(283,753)	(236,702)
Net increase in cash and cash equivalents		623,453	789,545
Cash and cash equivalents at beginning of the year		1,749,433	959,888
Cash and cash equivalents at end of the year	18	2,372,886	1,749,433

Figures in brackets indicate deductions.

These financial statements are to be read in conjunction with the related notes which form an integral part of these financial statements of the Company set out on pages 116 to 161. The Report of the Independent Auditors is given on pages 102 to 106. ■

DHIVEHI RAAJJEYGE GULHUN PLC

Notes to the Financial Statements for the year ended 31st December 2022

1. Reporting Entity

Dhivehi Raajjeyge Gulhun PLC (the “Company”) was originally incorporated under the Limited Liability Companies Decree No. 1988/123 and presently governed under the Companies’ Act No. 10 of 1996 as a limited liability Company in the Republic of Maldives. The Company provides telecommunication services in the Maldives. The registered office of the Company is situated at Dhiraagu Head Office, Ameeney Magu, P.O. Box 2082, Male’ 20403, Republic of Maldives.

The Company is a listed Company in the Maldives Stock Exchange, in the Republic of Maldives with effect from 29th September 2011. ■

2. Basis of Preparation

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

(B) BASIS OF MEASUREMENT

The financial statements have been prepared based on the historical costs basis.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Maldivian Rufiyaa, which is also the Company’s functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest thousand except where otherwise indicated.

(D) GOING CONCERN BASIS OF ACCOUNTING

The financial statements have been prepared on a going concern basis.

(C) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in Note 4 to the financial statements. ■

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company. A number of new standards are effective from 1st January 2022, but they do not have a material effect on the Company’s financial statements. ■

3.1 Transactions in Foreign Currencies

Transactions in foreign currencies are translated to Maldivian Rufiyaa (functional currency) at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as at the reporting date are recognized in profit or loss.

Non-monetary assets and liabilities, which are stated at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the date of transaction. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the foreign exchange rates ruling at the dates that the fair value was determined. ■

3.2 Financial Instruments

(I) FINANCIAL ASSETS (NON-DERIVATIVE)

— RECOGNITION AND INITIAL MEASUREMENT

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company 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, 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.

— CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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 Company 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.

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 Company 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.

— BUSINESS MODEL ASSESSMENT

The Company 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;
- 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

— 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 Company considers the contractual terms of the instrument. This includes

CONT. 3.2 Financial Instruments, (i) Financial Assets (Non-derivative), –Assessment whether contractual cash flows are solely payments of principal and interest.

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 Company 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 Company’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 additional compensation for early termination of the contract.

– SUBSEQUENT MEASUREMENT AND GAINS AND LOSSES

– 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 de-recognition is recognised in profit or loss. Financial assets at amortised cost comprise trade and other receivables, Bank deposits and Investment in fixed deposits.

(II) FINANCIAL LIABILITIES (NON-DERIVATIVE)

– CLASSIFICATION, SUBSEQUENT MEASUREMENT AND GAIN AND LOSSES

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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.

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 de-recognition is also recognised in profit or loss. The Company has the

non-derivative financial liabilities such as trade and other payables and Amounts due to related party.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

– INTEREST RATE BENCHMARK REFORM

The basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or the financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met :

- The change is necessary as direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis

If any changes to financial asset or financial liability in addition to the changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first update the effective interest rate of the financial asset or financial liability to reflect the changes that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modification to the additional changes.

There were no changes were made to a financial asset or financial liability other than the changes to the basis for determining the contractual cash flows.

– DE-RECOGNITION – FINANCIAL ASSETS

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

– FINANCIAL LIABILITIES

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

– OFFSETTING

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(III) SHARE CAPITAL

– ORDINARY SHARES

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

– DIVIDENDS

Interim dividends to ordinary shareholders are recognised as a liability in the period in which they are declared and final dividends are recognised as a liability in the period which they are approved by the shareholders. ■

3.3 Property, Plant and Equipment

(I) RECOGNITION AND MEASUREMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalized borrowing costs.

The estimated costs of dismantling and removing an asset and restoring the site on which it is located are also included in the cost of property, plant and equipment. The corresponding obligation is recognised as a provision. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

(II) SUBSEQUENT COSTS

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(III) DEPRECIATION

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted

for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Buildings	5 to 40 years
Plant and equipment	
• Civil works, cables and ducting	5 to 40 years
• Network and electronic equipment	5 to 40 years
Vehicle and launches	4 to 7 years
Furniture and fittings	4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

– CAPITAL WORK IN PROGRESS

Assets under construction as at the year-end represents the costs incurred or accrued for the projects which are not commissioned for commercial operation as at the year end.

3.4 Intangible Assets

(I) RECOGNITION AND MEASUREMENT

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Costs that are directly associated with the purchase and implementation of identifiable and unique software products by the Company are recognized as intangible assets. Expenditures that enhance and extend the benefits of computer software programmes beyond their original specifications and lives are recognized as a capital improvement and added to the original cost of the software.

(II) SUBSEQUENT EXPENDITURE

Subsequent expenditure is only capitalized if costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company has sufficient resources to complete development and to use the asset.

CONT. 3.4 Intangible assets

(III) AMORTIZATION

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	3 to 10 Years
Licences	10 Years or licence term whichever is lower
Indefeasible right to use cable capacity	15 Years or cable life whichever is lower

— CAPITAL WORK IN PROGRESS

Capital work in progress as at the year-end represents the costs incurred or accrued for the projects which have not commenced commercial operations as at the year end. ■

3.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. ■

3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, bank demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. ■

3.7 Contract Assets related to the Enterprise Sales Projects

Contract assets related to the sales project represents the gross unbilled amount expected to be collected from customers for performance obligations satisfied to date. It is

measured at the consideration allocated to the performance obligations completed as at the reporting date recognised to date less progress billings and recognised losses.

Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred.

If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position. ■

3.8 Impairment**(I) NON-DERIVATIVE FINANCIAL ASSETS****— FINANCIAL INSTRUMENTS AND CONTRACT ASSETS**

The Company recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs for trade and other receivables.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due for the residential segment.
- The financial asset is more than 150 days past due for the Government segment.
- The financial asset is more than 120 days past due for the corporate segment.

The Company has rebutted the presumption of 90 days past due for the Government and corporate segment as the Company has assessed the previous years' collections and the historic collections at a considerable levels after 3 months period.

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 Company is exposed to credit risk.

— MEASUREMENT OF ECLS

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive)

— CREDIT-IMPAIRED FINANCIAL ASSETS

At each reporting date, the Company assesses whether financial assets carried at amortised cost 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:

- A breach of contract such as a default or being more than 180 days past due of the significant government customers who exceed MVR 100,000/-;
- A breach of contract such as a default or being more than 180 days past due of the significant corporate customers who exceed MVR 100,000/-;
- A breach of contract such as a default or being more than 365 days past due of the wholesale customers;
- It is probable that the contractual party will enter bankruptcy or other financial reorganisation;

— 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.

— WRITE-OFF

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off based on historical experience of recoveries of similar assets and based on the assessment carried out by the Company. For wholesale segment customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. ■

3.9 Employee Benefits**(A) DEFINED CONTRIBUTION PLANS**

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company contributes 10% of members' salary into the scheme with an additional, minimum, 4% of salary being contributed by the members.

(B) SHORT-TERM BENEFITS

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company 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 estimate reliably. ■

3.10 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the time value of money is material, 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 discount is recognised as finance cost.

Network and asset retirement obligation provision has been made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property, plant and equipment and restoring the sites on which they are located. ■

3.11 Leases

At inception of a contract, the Company 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 Company allocates the consideration in the contract to each lease component on

CONT. 3.11 Leases, (i) As a lessee.

the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes 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.

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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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 re-measurements 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re measured 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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 re-measured 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 Company presents right-of-use assets that do not meet the definition of investment property in "Right-of-use assets" and lease liabilities in "Lease liabilities" in the statement of financial position.

— SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with contract term less than one year considered as low-value assets or short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. ■

3.12 Events occurring after the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary. ■

3.13 Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in the contract with a customer. The Company recognise revenue when it transfers control over a good or service to a customer.

(A) SALE OF EQUIPMENT

Revenue from handset and other equipment sales is recognised when the product is delivered to the customer. In revenue arrangements from bundled contracts include more than one Performance Obligation (PO), the arrangement consideration is allocated to each performance obligation based on their relative standalone selling price (SSP).

(B) PROVISION OF SERVICES

Revenue for access charges, airtime usage and messaging by contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided accrued at the end of each period and unearned revenue from services to be provided in future periods deferred.

Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. Deferred revenue related to unused airtime is recognised when utilised by the customer. Upon termination of the customer contract, all deferred revenue for unused airtime is recognised in the profit or loss.

Revenue from interconnect fees is recognised at the time the services are performed. Revenue from data services is recognised when the Company has performed the related service and, depending on the nature of the service, is recognised either at the gross amount billed to the customer or the amount receivable by the Company as commission for facilitating the service.

(C) INSTALLATION REVENUE

Installation services are specific services and does not have a standalone value without the data/ internet services, it has not been considered as separate performance obligation.

The installation revenue is considered as part of the overall transaction price and is amortized over the expected tenure of the contracts with the customers.

(D) SALES PROJECTS

Installation, device sale and service provision are considered to be separate Performance Obligation as those are distinct goods/ services. The customer can obtain each of the said good/ service on a standalone basis from different vendors and each has a standalone value to the customer.

Standalone selling prices ("SSP") is determined for installation service, sale of device and provision of service. Accordingly, transaction price collected from the customers are allocated to each Performance Obligation based on relative SSP allocation and recognize revenue accordingly.

(E) CONTRACT COSTS

Contract costs that are incremental in obtaining a contract with a customer are capitalized and amortised over the period of related revenues. Applying the practical expedient per IFRS 15, the Company recognises incremental cost of obtaining a contract as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

(F) LOYALTY PROGRAMME

Revenue is allocated between the loyalty programme and other components of the Income. The amount allocated

to the loyalty programme is deferred and is recognized as revenue when the Company has fulfilled its obligations to supply the services under terms of the programme or when it is no longer probable that the points under the programme will be redeemed. ■

3.14 Expenditure

(A) FINANCE INCOME AND EXPENSE

Finance income comprise interest income on funds invested. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable. Finance costs comprise, unwinding of discounts on provisions, unwinding of discount on lease liabilities and foreign exchange losses that are recognised in profit or loss. Foreign exchange gains and losses are reported on net basis.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(B) OPERATING EXPENSES

All expenses incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to the profit or loss for the year.

Expenses incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenses. ■

3.15 Tax Expenses

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of the income taxes, and therefore accounting for them under IAS 37, provision, contingent liabilities and contingent assets.

(A) CURRENT TAX

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date.

(B) DEFERRED TAX

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rate enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary difference to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it no longer probable that the related tax benefits will be provided. ■

3.16 Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- Level 1: Quoted prices (Unadjusted) in active market for identical assets and liabilities

- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e as prices) or indirectly (i.e. derived from process)
- Level 3: Inputs for the assets or liability that are not used on observable market data (unobservable inputs)

(A) TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables, excluding construction contracts, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However, the Company has got short term receivables as at the reporting date.

(B) FINANCIAL LIABILITIES (NON-DERIVATIVE)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the risk adjusted discount rate. ■

4. Critical Accounting Estimates, Assumptions and Judgements

In the preparation of these financial statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Company. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company's most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgements, often as a result of the need to make estimates about the effect of matters that are uncertain.

(A) DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset's life or residual value is reflected in

the Company's financial statements when the change in estimate is determined

(B) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Company assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following;

- Obsolescence or physical damage;
- Significant changes in technology and regulatory environments;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the use of its assets or the strategy for its overall business;
- Significant negative industry or economic trends;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgement.

(C) REVENUE RECOGNITION

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties. As per the requirements of IFRS 15 Identification of the performance obligations, allocation of the consideration over the performance obligations, determination of the key assumption such as customer expected retention period.

(D) VALUATION OF RECEIVABLES

Note 3.7 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.

The provision for impairment losses for trade and other receivables reflects the Company's estimates of losses arising from the failure or inability of customers to make required payments. The provision is based on the individual assessment of the customers, lifetime expected credit loss of the trade and other receivables, customer credit-worthiness and the Company's historical write-off experience etc.

Changes to the provision may be required if the financial condition of its customers improves or deteriorates.

An improvement in financial condition may result in lower actual write-offs.

(E) INTERCONNECTION WITH OTHER OPERATORS

As part of the normal course of business, the Company interconnects with other telecommunications operators. In certain instances it uses estimates to determine the amount of revenue receivable from or expense payable to these other operators. The prices at which these services are charged are sometimes regulated and may be subject to retrospective adjustment. Estimates are used in assessing the likely impact of these adjustments. Adjustments to interconnect estimates are taken to operating profit in the period in which the adjustments are made.

(F) PROVISIONS

A provision is recognised when there is a present (legal or constructive) obligation in respect of a past event as explained in the accounting policy in Note 3.10 to the financial statements. Judgement is required to quantify such amounts.

(G) CAPITALIZATION OF PROPERTY, PLANT AND EQUIPMENT AND PROJECTS UNDER CONSTRUCTION

Assets are transferred to Property, Plant and equipment from assets under construction when they are ready for its intended use. The complex nature of the assets is such that judgment is required as to when that point is reached. Also, judgment is required to determine whether the costs incurred on those assets can be capitalized or can be recognized as an expense in profit or loss.

(H) LEASE TERM

Some leases related to Land and buildings and Network assets contain extension options exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control. ■

5. Standards Issued but not yet Effective

A number of new standards are effective for annual period beginning after 1st January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretation are not expected to have a significant impact on the Company's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statement 2)
- Definition of Accounting Estimates (IAS 8)
- Deferred tax related to assets and Liabilities arising from a single Transaction. (Amendments to IAS 12). ■

6. Segment Information

REPORTABLE SEGMENTS

The Company's operation is segregated into two reportable segments, which the Company operates and manages as strategic business units and organize by products and services. The Company measures and evaluates the reportable segments based on segment operating income, consistent with the Chief Operating Decision Maker's ("CODM") assessment of segment performance.

The Company makes capital allocation decisions based on the strategic needs of the business, needs of the network (mobile or fixed and broadband) providing services and to provide emerging services to the customers. The Company excludes from segment results the effects of certain items that management does not consider in assessing segment performance, primarily because of their non-operational nature.

The Following summary describes the operations of each reportable segment.

(1) MOBILE

Mobile operation primarily includes prepaid mobile, postpaid mobile, roaming, mobile equipment and mobile broadband which are provided to individuals, business and government customers.

(2) FIXED, BROADBAND AND ENTERPRISE

Fixed, Broadband and Enterprise primarily include fixed telephony, fixed and fiber broadband, lease circuits, data-coms, IP TV services, mobile money and enterprise infrastructure project. The Company provides these products and services to the individuals, businesses and government customers.

INFORMATION ABOUT REPORTABLE SEGMENTS

Segment information disclosed for the year ended 31st December 2022 and 2021 are as follows:

FOR THE YEAR ENDED 31st DECEMBER

	MOBILE		FIXED, BROADBAND AND ENTERPRISE		OTHERS		TOTAL	
	2022 MVR'000	2021 MVR'000	2022 MVR'000	2021 MVR'000	2022 MVR'000	2021 MVR'000	2022 MVR'000	2021 MVR'000
External Revenue	1,319,765	1,400,795	1,193,708	1,061,885	72,663	64,491	2,586,136	2,527,171
	<u>1,319,765</u>	<u>1,400,795</u>	<u>1,193,708</u>	<u>1,061,885</u>	<u>72,663</u>	<u>64,491</u>	<u>2,586,136</u>	<u>2,527,171</u>
Operating Costs	(519,962)	(554,959)	(583,230)	(546,039)	(34,715)	(30,950)	(1,137,907)	(1,131,948)
Depreciation and amortization	(185,678)	(226,029)	(122,828)	(122,280)	(87,828)	(48,082)	(396,334)	(396,391)
Impairment losses on trade and other Receivables	(10,554)	(12,659)	(9,549)	(9,599)	(581)	(584)	(20,684)	(22,842)
Net finance costs	(24,595)	(12,614)	(22,100)	(9,449)	(1,381)	(595)	(48,076)	(22,658)
Non-operating income	42,028	1,878	37,762	1,407	2,738	89	82,528	3,374
	<u>621,004</u>	<u>596,558</u>	<u>493,763</u>	<u>375,925</u>	<u>(49,104)</u>	<u>(15,633)</u>	<u>1,065,663</u>	<u>956,706</u>
Segment assets and liabilities								
Non-current assets	1,090,931	1,074,857	1,014,496	877,012	412,989	411,089	2,518,416	2,362,958
Current assets	378,783	396,307	302,606	255,207	15,406	11,768	696,795	663,282
	<u>1,469,714</u>	<u>1,471,164</u>	<u>1,317,102</u>	<u>1,132,219</u>	<u>428,395</u>	<u>422,857</u>	<u>3,215,211</u>	<u>3,026,240</u>
Non-current liabilities	744,225	460,229	-	-	13,380	18,801	757,605	479,030
Current liabilities	869,171	812,389	586,675	604,180	171,654	144,962	1,627,500	1,561,531
	<u>1,613,396</u>	<u>1,272,618</u>	<u>586,675</u>	<u>604,180</u>	<u>185,034</u>	<u>163,763</u>	<u>2,385,105</u>	<u>2,040,561</u>

Other operations include the customer equipment maintenance services, bulk SMS services, domain and webhosting and other adjacent services. None of these segments met the quantitative threshold for reportable segments in 2022 or 2021.

Revenue is shown on gross basis and before out-payments to other telecommunication companies and license payments

Reconciliation of total assets information on reportable segments to the total assets reported in the Statement of Financial Position. ■

	2022		2021	
	NON-CURRENT MVR'000	CURRENT MVR'000	NON-CURRENT MVR'000	CURRENT MVR'000
FOR THE YEAR ENDED 31 st DECEMBER				
Total assets for reportable segments	2,105,428	681,389	1,951,869	651,514
Total assets for other segments	412,988	15,406	411,089	11,914
Total assets for segments	<u>2,518,416</u>	<u>696,795</u>	<u>2,362,958</u>	<u>663,428</u>
Other unallocated amounts	9,869	2,375,386	3,709	1,756,580
Total assets as per the statement of financial position	<u>2,528,285</u>	<u>3,072,181</u>	<u>2,366,667</u>	<u>2,420,008</u>

7. Revenue

(A) REVENUE STREAMS

The Company generates revenue primarily from mobile and fixed, broadband and enterprise revenue. Other sources of revenue include customer equipment maintenance services and other adjacent services.

Revenue from contracts with customers

	2022	2021
	MVR'000	MVR'000
Revenue from contracts with customers	2,586,136	2,527,171

(B) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue by major products and service lines has been disclosed in the segment information under mobile, fixed, broadband and enterprise and other revenue. In the following table, revenue is disaggregated by timing of recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments. Revenue by major products and service lines are disclosed under segment information (See Note 6).

	REPORTABLE SEGMENTS							
	MOBILE		FIXED, BROADBAND AND ENTERPRISE		OTHERS		TOTAL	
	2022 MVR'000	2021 MVR'000	2022 MVR'000	2021 MVR'000	2022 MVR'000	2021 MVR'000	2022 MVR'000	2021 MVR'000
REVENUE BY TIMING OF RECOGNITION								
Products transferred at a point in time	26,781	39,630	38,464	50,292	4,546	4,427	69,791	94,349
Products and services transferred over time	1,292,985	1,361,165	1,155,244	1,011,593	68,116	60,064	2,516,345	2,432,822
Revenue with contracts with customers	1,319,766	1,400,795	1,193,708	1,061,885	72,662	64,491	2,586,136	2,527,171
	1,319,766	1,400,795	1,193,708	1,061,885	72,662	64,491	2,586,136	2,527,171

(C) CONTRACT BALANCES

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31/12/2022	31/12/2021
	MVR'000	MVR'000
Receivables (included in trade and other receivables)	365,464	327,490
Contract assets (included in trade and other receivables)	261,839	303,120
Contract liabilities (included in trade and other payables)	(113,363)	(106,361)

The contract assets primarily relate to the Company's right to consideration for services performed and work completed, but not billed at the reporting date on customer contracts and costs that were deferred on installations and infrastructure projects. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer and over the period of customer tenure expected in respect of the deferred cost.

The contract liabilities primarily relate to the advance consideration received from customers for contracts, for which revenue is recognized over time as the related performance obligations are fulfilled and to the unredeemed customer loyalty points.

7.1

Maldives Broadcasting Commission ("MBC") has declined to extend the rebroadcasting license renewal of the Company due to the amendment made to the eligibility criteria such that only 100% Maldivian owned Companies can have the license. Therefore, In December 2022, the Board of Directors has decided to discontinue Dhiraagu TV and DhiraaguPlay service with its license expiry on 29th January 2023. As a result, the Company has entered into an agreement with SS Network Pvt Ltd in December 2022 to continue its IPTV/OTT network rebroadcasting service. ■

8. Operating Costs

	2022 MVR'000	2021 MVR'000
Direct cost of services	375,573	410,842
Personnel costs (Note 8.1)	234,807	227,395
License fees	115,689	113,394
Support services	48,050	48,050
External publicity	27,979	23,353
Network costs	123,621	116,811
Property and utility costs	102,036	93,780
Professional fees	10,781	11,424
Other administrative expenses	99,371	86,899
	1,137,907	1,131,948

8.1 Personal Costs

	2022 MVR'000	2021 MVR'000
Wages, salaries and performance reward scheme	201,401	189,665
Defined contribution expense	13,915	13,631
Other personnel costs	19,491	24,099
	234,807	227,395

9. Other Income

	2022 MVR'000	2021 MVR'000
Gain on disposal of property, plant and equipment	-	2,680
Tax Refund (Note 9.1)	80,563	-
Miscellaneous income	1,965	694
	82,528	3,374

9.1

Maldives Inland Revenue Authority ("MIRA") has disputed the "WHT" paid in relation to the interconnection transaction for the period from 2013 to 2019. However, during the year 2022, the Company has received a tax refund of MVR 78.9/- Mn due to the favorable verdict declared for the appeal made in the supreme court. Additionally, "GST" tax refund of MVR 1.3/- Mn was received in relation to debt written off. ■

10. Net Finance Costs

	2022 MVR'000	2021 MVR'000
FINANCE INCOME		
Interest income on fixed deposits	13,792	9,368
Interest income on short term investments	10,181	5,288
	23,973	14,656
FINANCE COSTS		
Interest expenses on loans	(19,762)	(4,613)
Loan arrangement fees	(3,888)	(1,767)
Unwinding of interest on provisions	(4,057)	(4,673)
Interest on lease liabilities	(31,410)	(25,471)
Net Foreign exchange loss	(12,932)	(790)
	(72,049)	(37,314)
Net Finance Costs	(48,076)	(22,658)

11. Tax Expense

	2022 MVR'000	2021 MVR'000
Income tax expense (Note 11.1)	162,536	141,744
Adjustment in respect of previous year	-	(2,332)
Deferred tax asset (recognized) / reversed during the year (Note 11.2)	(6,160)	4,234
	156,376	143,646

11.1 Reconciliation between Accounting Profit and Taxable Income

	2022 MVR'000	2021 MVR'000
Accounting profit before tax	1,065,663	956,706
Disallowable expenses	396,841	398,695
Allowable expenses	(378,431)	(409,940)
Tax free allowance	(500)	(500)
Total taxable income	1,083,573	944,961
Income tax @ 15%	162,536	141,744

In accordance with the provisions of the Income Tax Act No. 25 of 2019 and subsequent amendments, the Company is liable for income tax at the rate of 15% on its taxable profits. ■

11.2 Deferred Tax Asset

	2022 MVR'000	2021 MVR'000
Opening balance	3,709	7,943
Deferred tax asset recognized / (reversed) on temporary differences	6,160	(4,234)
Closing balance	9,869	3,709

11.3 Deferred Tax Asset / (Liability) is Attributable for Following:

		2022		2021
	TEMPORARY DIFFERENCE MVR'000	TAX EFFECT MVR'000	TEMPORARY DIFFERENCE MVR'000	TAX EFFECT MVR'000
Property and equipment	(58,333)	(8,750)	(87,960)	(13,194)
Intangible assets	(119,778)	(17,967)	(120,477)	(18,072)
Provisions	243,910	36,586	233,165	34,975
	65,798	9,869	24,728	3,709

Deferred tax Assets and liabilities are calculated on all taxable and deductible temporary differences arising from the differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided at the rate of 15% (2021:15%). ■

11.4 Movement in Deferred Tax Balances

	BALANCE AS AT 1 st JANUARY 2022	RECOGNIZED IN PROFIT OR LOSS	DEFERRED TAX ASSET/(LIABILITY) AS AT 31 st DECEMBER 2022
Property and equipment	(13,194)	4,444	(8,750)
Intangible assets	(18,072)	105	(17,967)
Provisions	34,975	1,611	36,586
	3,709	6,160	9,869

12. Earnings per Share

BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per ordinary share is based on the profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

	FOR THE YEAR ENDED	
	2022	2021
Profit for the year attributable to the ordinary shareholders (MVR "000")	909,287	813,060
Weighted average number of ordinary shares outstanding ("000")	76,000	76,000
Basic and diluted earnings per share (MVR)	11.96	10.70

13. Property and Equipment

31st DECEMBER 2022

	BUILDING MVR '000	EQUIPMENT MVR'000	VEHICLES & LAUNCHES MVR '000	FURNITURE & FITTING MVR '000	CAPITAL WORK IN PROGRESS MVR '000	TOTAL MVR'000
Cost						
Opening Balance	433,368	4,189,976	10,588	20,579	187,548	4,842,059
Additions during the year	-	-	-	-	387,095	387,095
Capitalizations during the year	5,512	155,698	-	793	(162,003)	-
Disposals during the year	(1,507)	(166)	-	(2)	-	(1,675)
Closing Balance	437,373	4,345,507	10,588	21,370	412,640	5,227,478
Accumulated Depreciation						
Opening Balance	222,556	2,843,057	9,933	16,686	-	3,092,232
Charge for the year	17,631	264,906	655	1,996	-	285,188
Disposals during the year	(1,038)	(94)	-	(2)	-	(1,134)
Closing Balance	239,149	3,107,869	10,588	18,680	-	3,376,286
			-	2,690	412,640	1,851,192

13.1

Capital work in progress represents the costs incurred mainly on the projects such as Network expansion and submarine cable project (SEA-ME-WE-6) which were in progress as at 31st December 2022. ■

13.2

The Company has fully depreciated property, plant and equipment as at 31st December 2022 amounted to MVR.1,810,170,910/-. ■

31st DECEMBER 2021

	BUILDING MVR '000	EQUIPMENT MVR'000	VEHICLES & LAUNCHES MVR '000	FURNITURE & FITTING MVR '000	CAPITAL WORK IN PROGRESS MVR '000	TOTAL MVR'000
Cost						
Opening Balance	428,877	3,918,667	10,588	19,732	245,807	4,623,671
Additions during the year	-	-	-	-	227,273	227,273
Provision for Impairment loss	-	-	-	-	(193)	(193)
Capitalizations during the year	4,491	280,000	-	847	(285,338)	-
Disposals during the year	-	(8,691)	-	-	-	(8,691)
Closing Balance	433,368	4,189,976	10,588	20,579	187,548	4,842,060
Accumulated Depreciation						
Opening Balance	204,630	2,584,343	9,038	14,506	-	2,812,517
Charge for the year	17,926	267,174	895	2,180	-	288,175
Disposals during the year	-	(8,460)	-	-	-	(8,460)
Closing Balance	222,556	2,843,057	9,933	16,686	-	3,092,232
			655	3,893	187,548	1,749,828

13.3

Capital work in progress represents the costs incurred mainly on the projects such as network expansion to new islands and resorts which were in progress as at 31st December 2021. ■

14. Right-of-use Assets

Right-of-Use assets related to leased properties that do not meet the definition of investment property are presented as Right-of-Use asset (See note 3.11). ■

	2022	2021
Opening Balance	408,848	322,836
Additions during the year	75,884	86,012
Closing Balance	484,732	408,848
Accumulated depreciation		
Opening Balance	121,203	77,630
Charge for the year	46,758	43,573
Closing Balance	167,961	121,203
Carrying amount as at 31st December	316,771	287,645

14.1

Right-of-use assets will be depreciated over 1 year to 35 years based on their lease period. ■

13.4

The Company has of fully depreciated property, plant and equipment as at 31st December 2021 amounted to MVR.1,536,494,938/- ■

15. Intangible Assets

31st DECEMBER 2022

	INDEFEASIBLE RIGHTS OF USE MVR'000	LICENSES MVR '000	SOFTWARE MVR '000	WORK IN PROGRESS MVR '000	TOTAL MVR'000
Cost					
Opening Balance	108,065	136,788	375,284	45,777	665,914
Additions during the year	-	-	-	89,354	89,354
Capitalizations during the year	10,273	1,731	31,129	(43,133)	-
Disposals during the year	-	(2,847)	(66)	-	(2,913)
Provision for Impairment	-	-	-	(963)	(963)
Closing Balance	118,338	135,672	406,347	91,035	751,392
Accumulated Amortization and impairment loss					
Opening Balance	27,724	63,258	249,447	-	340,429
Amortization for the year	7,859	19,050	36,514	-	63,423
Disposals during the year	-	(2,847)	(66)	-	(2,913)
Closing Balance	35,583	79,461	285,895	-	400,939
Carrying amount as at 31st December	82,755	56,211	120,452	91,035	350,453

15.1

Capital Work in progress represents the costs incurred mainly on CRM Project and Open API project which were in progress as at 31st December 2022. ■

15.2

The Company has fully amortized intangible assets as at 31st December 2022 amounted to MVR 217,956,738/- ■

31st DECEMBER 2021

Cost

	MVR'000	MVR '000	MVR '000	SMVR '000	MVR'000
Opening Balance	77,425	103,865	363,584	37,704	582,578
Additions during the year	-	-	-	83,386	83,386
Capitalizations during the year	30,640	32,923	11,750	(75,313)	-
Written-off during the year	-	-	(50)	-	(50)
Closing Balance	108,065	136,788	375,284	45,777	665,914
Accumulated Amortization					
Opening Balance	21,684	44,445	209,899	-	276,028
Amortization for the year	6,040	18,814	39,597	-	64,451
Write-off during the year	-	-	(50)	-	(50)
Closing Balance	27,724	63,259	249,446	-	340,429
	80,341	73,529	125,838	45,777	325,485

15.3

Capital work in progress represents mainly the costs incurred for IP Capacity BBG and implementation of new CRM platform which were in progress of development as at 31st December 2021. ■

15.4

The Company has fully amortized intangible assets as at 31st December 2021 amounted to MVR.193,162,583/- ■

16. Inventories

	2022 MVR'000	2021 MVR'000
Cost of inventories	57,844	52,364
Provision for slow moving / obsolete inventories (Note 16.1)	(14,661)	(14,757)
	43,183	37,607

16.1 Provision for Slow-Moving / Obsolete Inventories

	2022 MVR'000	2021 MVR'000
Opening Balance	14,757	14,542
Written-off during the year	(1,346)	(571)
Provision made during the year	1,250	786
Closing Balance	14,661	14,757

17. Trade and Other Receivables

	2022 MVR'000	2021 MVR'000
Trade receivables	365,464	327,490
Contract Assets	261,839	303,120
	627,303	630,610
Provision for impairment loss on trade receivables and contract assets (Note 17.1)	(103,906)	(100,183)
	523,397	530,427
Prepayments	88,593	73,134
Other receivables	42,256	22,748
	130,849	95,882
Allowance for impairment loss on other receivables (Note 17.1)	(634)	(634)
	130,215	95,248
Carrying amount	653,612	625,675

The receivables are considered to be held within held to collect business model consistent with the Company's continuing recognition of receivables. ■

17.1 Allowance for Impairment Loss on Trade and Other Receivables

MOVEMENTS IN THE ALLOWANCE FOR IMPAIRMENT IN RESPECT OF TRADE RECEIVABLES AND CONTRACT ASSETS

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year and movement of the impairment of other receivables are as follows.

	TRADE RECEIVABLES AND CONTRACT ASSETS		OTHER RECEIVABLES	
	2022 MVR'000	2021 MVR'000	2022 MVR'000	2021 MVR'000
Opening Balance	100,183	77,341	634	634
Provision for the year	20,684	22,842	-	-
Bad debt written-off during the year	(16,961)	-	-	-
Closing Balance	103,906	100,183	634	634

18. Cash and Cash Equivalents

	2022 MVR'000	2021 MVR'000
Cash in hand	3,194	3,845
Balances with banks	1,106,506	732,000
Short term Investments (Note 18.1)	1,265,686	1,020,881
Cash and bank balance in the statement of financial position	2,375,386	1,756,726
Short-term Investments with maturities exceeding three months (Note 18.2)	(2,500)	(7,293)
Cash and cash equivalents in the statement of cash flows	2,372,886	1,749,433

18.1 Short Term Investments

INVESTMENT TYPE	INVESTED CURRENCY	MATURITY	INDICATIVE RATE	31/12/2022 MVR'000	31/12/2021 MVR'000
Investment in Treasury Bills	MVR	3-6 MONTHS	3.50%	303,186	153,588
Investment in Fixed Deposits	MVR	3-6 MONTHS	1.5%-2.8%	960,000	860,000
	USD	3-6 MONTHS	1.50% -3.75%	-	4,793
Mobile Money Deposits (Note 18.3)	MVR	NA	NA	2,500	2,500
				1,265,686	1,020,881

18.2 Short-term Investments Maturities Exceeding Three Months

Short term deposits - amortized cost	2,500	7,293
--------------------------------------	-------	-------

Short term deposits are classified as amortized cost at the interest rates of 1.5% to 2.5% and mature within 6 to 7 months. ■

19.Share Capital

19.1 SHARE CAPITAL

Authorized share capital 80,000,000 ordinary shares of MVR 2.5 each	200,000	200,000
Issued and fully paid share capital 76,000,000 ordinary shares of MVR 2.5 each	190,000	190,000

19.2 Dividends

The holders of ordinary shares are entitled to dividend, as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company. The board of directors has declared dividends for the year as follows.

	PER SHARE MVR'000	2022 DIVIDEND MVR'000	PER SHARE MVR'000	2021 DIVIDEND MVR'000
Dividend declared - 1 st tranche	4.13	313,880	5.16	392,160
Dividend declared - 2 nd tranche	1.66	126,160	2.07	157,320
		440,040		549,480

20.Provisions

Network and asset retirement obligation (Note 20.1)	145,168	139,791
Movement during the year		
Opening Balance	139,791	136,925
Provision made during the year	1,320	2,241
Unwinding of discounts on provisions	4,057	4,673
Disposals made during the year	-	(4,048)
Closing Balance	145,168	139,791

18.3

Under the National Payment System Act, the Company has made MVR 2,500,000/- deposit with Maldives Islamic Bank "MIB" as the equivalent Mobile Money issued as at 31st December 2022. This deposit does not carry interest and has no maturity period. ■

20.1 Network and Assets Retirement Obligation

The provisions of network and asset retirement obligations represent the provisions made for the best estimate of the present value of the unavoidable future cost of dismantling and removing the items of property and equipment and restoring the sites on which they are located. The following assumptions have been used to calculate the network and asset retirement obligation as at reporting date.

Useful life (years)	15	15
Expected rate of increase of the dismantling cost	3.5%	3.5%
Discount rate	10%	10%

SENSITIVITY ANALYSIS

An increase / decrease of 1% of the below variables would have increased or (decreased) the profit or loss by following amounts. This analysis assumes that the other variables remain constant. ■

Expected rate of increase of the dismantle cost (Change 1%)	4,072,323	(4,399,745)
Discount rate (Change by 1%)	3,806,957	(4,169,480)

21. Loans and Borrowings

Opening balance	224,683	-
Obtained during the year	432,261	224,150
Interest for the period	19,762	4,613
Interest paid during the year	(12,200)	(4,080)
Repayment of capital during period year	(156,266)	-
	508,240	224,683
Unamortized facility fee (Note 21.3)	(6,071)	(2,859)
Closing balance	502,169	221,825

2022	2021
15	15
3.5%	3.5%
10%	10%

EFFECT TO PROFIT OR LOSS

INCREASE	DECREASE
4,072,323	(4,399,745)
3,806,957	(4,169,480)

2022 MVR'000	2021 MVR'000
-----------------	-----------------

224,683	-
432,261	224,150
19,762	4,613
(12,200)	(4,080)
(156,266)	-
508,240	224,683

(6,071)	(2,859)
502,169	221,825

21.1 Sources of Finance

HSBC Bank - Term Loan (Note 21 . 4)
HSBC Bank - Import Loan (Note 21 . 5)
International Finance Corporation (Note 21 . 6)
Asia Development Bank (Note 21 . 7)

	2022 MVR'000	2021 MVR'000
	70,010	105,354
	142,202	119,329
	209,930	-
	86,098	-
	508,240	224,683

21.2 Maturity Analysis

NON CURRENT LIABILITY

Term loan
Unamortized facility fees

	2022 MVR'000	2021 MVR'000
	310,718	69,904
	(4,599)	(854)
	306,119	69,050

CURRENT LIABILITIES

Term loan
Import loan
Interest Payable
Unamortized facility fees

	49,344	54,603
	140,086	99,644
	8,092	533
	(1,472)	(2,005)
	196,050	152,775

21.3 Facility Fee Amortization

Opening balance
Facility fees paid during the year
Amortization during the year
Closing balance

	2022 MVR'000	2021 MVR'000
	2,859	-
	5,705	4,626
	(2,493)	(1,767)
	6,071	2,859

21.4

As per the term loan facility letter dated 9th April 2021, the Company has obtained a loan of US\$ 8,000,000/- from HSBC Bank at rate of 3 months Libor plus 4.75% (2021 : Libor plus 4.75%) per annum. The loan is repayable in 30 equal monthly installment of US\$.266,666.67/- (excluding interest) with 6 months grace period. ■

21.5

As per the letter dated 3rd June 2021, the Company has obtained a import loan facility of US\$ 12,000,000/- from HSBC Bank at rates of 3 months Libor plus 4.75% and SOFR plus 5% per annum starting from 14th November 2022 (2021 : Libor plus 4.75%). ■

21.6

As per Loan Agreement dated 30th June 2022 with the IFC, the Company has obtained a loan of US\$ 15,909,000/- at rate of 3 Months SOFR Plus 6.57% per annum. The loan is repayable in 5 years starting from April 2025. ■

21.7

As per Loan Agreement dated 5th July 2022 with the ADB, the Company has obtained loan facility of US\$ 9,091,000/- at rate of 3 Months SOFR Plus 6.57% per annum. The loan is repayable in 5 years starting from April 2025. ■

22. Lease Liabilities

LEASES AS LESSEE

The Company leases land , buildings and network assets . The leases typically run for a period of 1 to 35 years , with an option to renew the lease after non - cancellable period . Information about leases for which the Company a lessee is presented below .

Opening Balance
Additions during the year
Interest on lease liabilities

	2022 MVR'000	2021 MVR'000
	303,117	262,183
	75,883	86,012
	31,410	25,471

Payments of lease liabilities
Closing balance

	(56,421)	(70,549)
	353,989	303,117

22.1 Maturity Analysis Contractual Undiscounted Cash Flows

Less than one year
One to five years
More than five years
Total undiscounted lease liabilities

	2022 MVR'000	2021 MVR'000
	65,241	49,663
	214,574	175,731
	254,177	215,480
	533,992	440,874

22.2 Lease Liabilities included in the Statement of Financial Position

	2022 MVR'000	2021 MVR'000
Current	47,671	32,928
Non-current	306,318	270,189
	353,989	303,117

EXTENSION OPTIONS

Some land and buildings and network assets related to Land and buildings and Network assets contain extension options exercisable by the Company before the end of the contract period. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether is reasonably certain to exercise the option if there is a significant event or significant changes in circumstances within control

AMOUNTS RECOGNIZED IN PROFIT OR LOSS IN RELATION TO LEASES

	2022 MVR'000	2021 MVR'000
Interest on lease liabilities	31,410	25,471
Depreciation of ROU assets	46,758	43,573
	78,168	69,044

AMOUNTS RECOGNIZED IN CASH FLOW

Total cash outflow for leases	56,421	70,549
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23. Trade and Other Payables

	2022 MVR'000	2021 MVR'000
Trade payables	51,876	86,110
Contract Liabilities	113,363	106,361
Accruals and payables	559,985	442,897
Dividend payable	19,866	67,825
Refundable deposits from customers	26,809	26,114
Customer loyalty points	3,008	1,601
Other Payables	30,976	28,818
	805,883	759,726

24. Amounts due to a Related Party

	2022 MVR'000	2021 MVR'000
BTC Islands Limited - Immediate Parent	486,357	538,405

25 . Financial Instruments and Risk Management

FINANCIAL RISK MANAGEMENT OVERVIEW

The Company has exposure to the following risks from its use of financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

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

RISK MANAGEMENT FRAMEWORK

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

Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

TREASURY POLICY

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance. Day to day management of treasury activities is delegated to the Company's treasury function ("Treasury"), within specified financial limits for each type of transaction and counterparty.

To the extent that the Company undertakes treasury transactions, these are governed by Company policies and delegated authorities.

The key responsibilities of Treasury include funding, investment of surplus cash and the management of interest rate and foreign currency risk. The majority of the Company's cash resources (including facilities) and borrowings are managed centrally by Treasury.

(I) CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

The carrying amount of financial assets of the Company represents the maximum credit exposure. In relation to deposits held, the management seeks to reduce the credit risk by ensuring the counterparties to all but a small proportion of the Company's financial instruments are the core relationship banks. The counterparties are selected in compliance with Company Treasury Policy. The types of instrument used for investment of funds are prescribed by the Board. These policies contain limits on exposure for the Company as a whole to any one counterparty.

CONT. 25. Financial instruments and risk management
(i) Credit Risk

Impairment Losses on financial assets and contract assets recognized in profit or loss were as follows;

Impairment loss on trade receivables and contract assets arising from contracts with customers

2022
MVR'000

20,684

2021
MVR'000

22,842

— TRADE AND OTHER RECEIVABLES
AND CONTRACT ASSETS

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company establishes a provision for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. The allowance for impairment represents the specific loss component that relates to individually significant exposures.

The maximum exposure to credit risk of trade receivable and contract asset at the reporting date for each segment was:

	2022 MVR'000	2021 MVR'000
Consumer Segment	75,815	87,091
Corporate Segment	180,824	174,050
Government Segment	87,593	76,114
Wholesale Segment	199,115	206,384
	543,347	543,639

CARRYING AMOUNT

The maximum exposure to credit risk of the financial assets at the reporting date was:

	2022 MVR'000	2021 MVR'000
Trade receivables and contract assets	523,397	530,427
Other receivables	41,622	22,114
Cash at banks	1,106,506	732,000
Short term Investments	1,265,686	1,020,881
	2,937,211	2,305,422

CARRYING AMOUNT

— EXPECTED CREDIT LOSS ASSESSMENT FOR THE
CUSTOMERS AS AT 31st DECEMBER 2022 AND 31st
DECEMBER 2021

Exposures within each credit risk grades are segmented by the type of the customers.

The Company uses an allowance Matrix to measure the ECLs of trade receivables and contract asset of individual customers, which comprise a very large number of small customers except for its wholesale segment.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the type of the customer.

— CONSUMER SEGMENT

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for consumer customers segment as at 31st December 2022 and 31st December 2021.

31st DECEMBER 2022

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT* MVR'000	LOSS ALLOWANCE MVR'000
0 - 30 days past due	2%	45,227	1,041
31 - 60 days past due	48%	1,689	813
61 - 90 days past due	69%	1,110	761
More than 90 days past due	99%	27,789	27,511
		75,815	30,126

31st DECEMBER 2021

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT* MVR'000	LOSS ALLOWANCE MVR'000
0 - 30 days past due	2%	44,162	1,016
31 - 60 days past due	48%	2,061	992
61 - 90 days past due	69%	1,583	1,085
More than 90 days past due	99%	39,285	38,892
		87,091	41,985

* Gross carrying amount exclude of GST

Loss rates are based on actual credit loss experience over seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The Company has assessed individual consumer customers and recognized a specific provision of MVR 198,950/- as at 31st December 2022 (31st December 2021 : MVR 300,291/-).

CONT. 25. Financial instruments and risk management
(i) Credit Risk

— CORPORATE SEGMENT

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for corporate customers segment as at 31st December 2022 and 31st December 2021.

31st DECEMBER 2022

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT* MVR'000	LOSS ALLOWANCE MVR'000
1 - 30 days past due	2%	57,816	1,224
31 - 60 days past due	12%	13,184	1,531
61 - 90 days past due	21%	7,931	1,648
91 - 120 days past due	39%	6,266	2,424
More than 120 days past due	70%	40,634	28,444
		125,831	35,271

31st DECEMBER 2021

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT* MVR'000	LOSS ALLOWANCE MVR'000
1 - 30 days past due	2%	40,370	855
31 - 60 days past due	16%	6,513	1,058
61 - 90 days past due	21%	6,002	1,247
91 - 120 days past due	39%	5,757	2,227
More than 120 days past due	70%	47,899	33,529
		106,541	38,917

* Gross carrying amount exclude of GST

Loss rates are based on actual credit loss experience over past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

— EXPECTED CREDIT LOSS ASSESSMENT FOR
INDIVIDUAL SPECIFIC CORPORATE CUSTOMERS AS
AT 31st DECEMBER 2022

All customers' receivables more than MVR 100,000/- which are aged for a period of more than 6 months are assessed for specific impairment based on the assessment, specific impairment is made for those customers.

The Company has assessed individual corporate customers amounting to MVR 58,292,452/- and recognized a specific provision of MVR 19,371,960/- as at 31st December 2022 (31st December 2021: MVR 5,693,221/-)

— GOVERNMENT SEGMENT

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for government customers segment as at 31st December 2022 and 31st December 2021.

31st DECEMBER 2022

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT* MVR'000	LOSS ALLOWANCE MVR'000
1 - 30 days past due	3%	15,517	518
31 - 60 days past due	7%	3,753	274
61 - 90 days past due	13%	3,314	442
91 - 120 days past due	26%	2,723	702
121 - 150 days past due	38%	2,357	895
More than 150 days past due	45%	28,853	12,984
		56,517	15,815

31st DECEMBER 2021

	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT* MVR'000	LOSS ALLOWANCE MVR'000
1 - 30 days past due	3%	10,413	348
31 - 60 days past due	7%	3,844	281
61 - 90 days past due	13%	3,290	439
91 - 120 days past due	26%	3,135	808
121 - 150 days past due	33%	3,036	992
More than 150 days past due	45%	18,444	8,300
		42,161	11,167

* Gross carrying amount exclude of GST

Loss rates are based on actual credit loss experience over past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

— EXPECTED CREDIT LOSS ASSESSMENT FOR
INDIVIDUAL SPECIFIC GOVERNMENT CUSTOMERS
AS AT 31st DECEMBER 2022

All customers' receivable more than MVR 100,000/- which are aged for a period of more than 6 months are assessed for specific impairment based on the assessment, specific impairment is made for those customers.

The Company has assessed individual government customers amounting to MVR 32,941,320/- and recognized a specific provision of MVR 592,208/- as at 31st December 2022 (31st December 2021: MVR 1,010,457/-).

CONT. 25. Financial instruments and risk management
(i) Credit Risk

— **WHOLESALE SEGMENT**

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for wholesale customers segment as at 31st December 2022 and 31st December 2021.

	EXTERNAL CREDIT RATING	WEIGHTED AVERAGE LOSS RATE	GROSS CARRYING AMOUNT* MVR'000	IMPAIRMENT LOSS ALLOWANCE MVR'000
31st DECEMBER 2022				
Grades 1 - 6: Low risk	BBB- to AAA	0.23%	123,861	287
Grades 7 - 9: Fair risk	BB- to BB+	0.00%	20,946	-
Unrated customers			54,308	2,389
			199,115	2,676
31st DECEMBER 2021				
Grades 1 - 6: Low risk	BBB- to AAA	0.04%	143,673	54
Grades 7 - 9: Fair risk	BB- to BB+	0.00%	5,622	-
Unrated customers			57,089	1,359
			206,384	1,413



— **EXPECTED CREDIT LOSS ASSESSMENT FOR INDIVIDUAL SPECIFIC WHOLESALE CUSTOMERS AS AT 31st DECEMBER 2022**

Specific provision would be made for any of the following indicators;

- - If the customer (roaming or carrier partners) declare bankruptcy, the full amount receivable should be provided, unless there is a high probability of recovering the debt.
- If the customer is having known financial problems, it would considered for specific provision.
- - If there are on-going disputes for the receivable amounts from a customer, the amount receivable shall be assessed for the possible risk and management would decide on the provision required on case-by case basis.
- - If the debt from any roaming partner is aged more than 12 months, the amount which is aged more than 12 months, after netting off any payables from respective operator will be assessed for impairment.

The Company has recognized a specific impairment of MVR 2,389,364/- as at 31st December 2022 (31st December 2021: incremental impairment of MVR 1,359,408/-).

— **SHORT TERM INVESTMENTS**

The Company limits its exposure to credit risk by investing in short term deposits with selected banks and investing in treasury bills. In respect of the short term investments, the Company has not recognized any allowance for impairment based on the materiality ground.

— **CASH AND CASH EQUIVALENTS**

The Company held cash and cash equivalents of MVR.2,375,386/- as at 31st December 2022 (31st December 2021: MVR.1,756,726/-). The company limits its exposure to credit risk by maintaining its cash balances in selected banks.

The Company has not recognized any allowance for impairment for the bank balance based on the materiality ground.

CONT. 25. Financial instruments and risk management

(II) LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company'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, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's exposure to liquidity risk as at the reporting date is against the following liabilities.

	CARRYING AMOUNT MVR '000	CONTRACTUAL CASH FLOWS MVR '000	WITHIN ONE YEAR MVR '000	1 TO 2 YEARS MVR '000	2 TO 3 YEARS MVR '000	3 TO 4 YEARS MVR '000	OVER 4 YEARS MVR '000
31st DECEMBER 2022							
Financial Liabilities							
Trade and other payables	689,512	689,512	689,512	-	-	-	-
Amounts due to a related party	486,357	486,357	486,357	-	-	-	-
Lease liabilities	353,989	533,992	65,241	60,569	57,547	50,467	300,168
Loan and Borrowings*	502,169	502,169	191,451	20,542	38,690	58,035	193,451
		2,212,030	1,432,561	81,112	96,237	108,502	493,619
31st DECEMBER 2021							
Financial Liabilities							
Trade and other payables	651,764	651,764	651,764	-	-	-	-
Amounts due to a related party	538,405	538,405	538,405	-	-	-	-
Lease liabilities	303,117	440,874	49,663	52,789	43,142	41,365	253,915
Loan and Borrowings*	221,825	238,891	154,247	63,555	21,088	-	-
		1,869,934	1,394,079	116,344	64,230	41,365	253,915

* Loans and borrowings excludes unamortized facility fees & future interests .

The Company manages its own liquidity to meet its financial obligations of servicing and repaying external debt, dividends, Company costs and strategic initiatives. The principal source of liquidity for the Company is its operating cash inflows from the business, supported by bank finance.

The Management produces liquidity forecasts on a regular basis to ensure the utilization of current facilities is optimized that medium-term liquidity is maintained and for the purpose of identifying long-term strategic funding requirements. The Directors also regularly assess the balance of capital and debt funding of the Company.

CONT. 25. Financial instruments and risk management

(III) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, equity prices and interest rates will affect the Company'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 optimizing the return.

— (A) INTEREST RATE RISK

Treasury may seek to reduce volatility by fixing a proportion of this interest rate exposure whilst taking account of prevailing market conditions as appropriate

— EXPOSURE TO INTEREST RATE RISK

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

FIXED RATE INSTRUMENTS

Financial Assets - Short term investments

VARIABLE RATE INSTRUMENTS

Financial liabilities - Loans

SENSITIVITY ANALYSIS

Variable Rate Instruments

— FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED-RATE INSTRUMENTS

The Company does not account for any fixed-rate financial assets at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

— (B) CURRENCY RISK**— EXPOSURE TO CURRENCY RISK**

The Company is exposed to the risk of available foreign currency for capital and operational purposes and also to the risk of movements in exchange rates in relation to foreign currency transactions (US Dollars, Euro, Sterling Pounds and Singapore Dollars). The Company receives certain collections such as roaming and interconnect in terms of foreign currency and on the other hand, the Company makes certain payments such as capex payments, dividends, out payments, roaming settlements, payments relating to group management in terms of foreign currencies. Currency risk is

CARRYING AMOUNT

	2022 MVR'000	2021 MVR'000
Financial Assets - Short term investments	1,265,686	1,020,881
Financial liabilities - Loans	508,240	224,683
	2022	2021
	100BP INCREASE	100BP INCREASE
Variable Rate Instruments	5,082	2,247
	100BP DECREASE	100BP DECREASE
	(5,082)	(2,247)

■

managed by the Company's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Company also monitors its exposure to movements in exchange rates on a net basis. The Company currently does not use forward foreign exchange contracts and other derivative and financial instruments to reduce the exposures created where currencies do not naturally offset in the short term.

The Company's exposure to foreign currency risk was as follows (based on notional amounts) :

	US'000	EURO'000	SGD '000	GBP '000
Cash and bank balances	892	9	2	1
Trade and other receivables	11,869	81	-	7
Amount due to related party	(1,569)	-	-	-
Trade and other payables	(13,196)	(144)	(116)	(12)
Loans and Borrowings	(32,566)	-	-	-
Net statement of financial position exposure	(34,570)	(54)	(114)	(5)

31/12/2022

■

	US'000	EURO'000	SGD '000	GBP '000
Cash and bank balances	4,775	1	25	154
Trade and other receivables	12,442	838	-	37
Amount due to related party	(4,320)	-	-	-
Trade and other payables	(18,101)	(181)	(441)	(13)
Loans and Borrowings	(14,386)	-	-	-
Net statement of financial position exposure	(19,590)	658	(416)	178

31/12/2021

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The following significant exchange rates were applied during the year :

	AVERAGE RATE		SPOT RATE	
	2022	2021	2022	2021
US\$ 1 : MVR	15.42	15.42	15.42	15.42
Euro 1 : MVR	16.26	18.49	16.40	17.43
SGD 1 : MVR	11.18	11.62	11.45	11.38
GBP 1 : MVR	19.07	21.48	18.54	20.71

■

CONT. 25. Financial instruments and risk management
(b) Currency risk, Exposure to currency risk

— SENSITIVITY ANALYSIS

A strengthening/ (weakening) of the MVR, as indicated below, against the foreign currencies as at the end of each period would have increased / (decreased) profit or loss by the amounts shown right.

US\$ (10% Movement)	
Euro (10% Movement)	
SGD (10% Movement)	
GBP (10% Movement)	

	YEAR ENDED 2022		YEAR ENDED 2021	
	STRENGTHENING MVR "000"	WEAKENING MVR "000"	STRENGTHENING MVR "000"	WEAKENING MVR "000"
	(53,307)	53,307	(30,207)	30,207
	(88)	88	1,217	(1,217)
	(127)	127	(483)	483
	(10)	10	382	(382)

(IV) CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

(V) ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value since the carrying amount is a reasonable approximation of fair value. ■

31st DECEMBER 2022

Financial assets not measured at fair value	
Balance with banks	
Short term investments	
Trade and other receivables and contract assets	
Financial liabilities not measured at fair value	
Trade and other payables	
Loans and Borrowings	
Amounts due to related party	
Lease liability	

31st DECEMBER 2021

Financial assets not measured at fair value	
Balance with banks	
Short term investments	
Trade and other receivables and contract assets	
Financial liabilities not measured at fair value	
Trade and other payables	
Loans and Borrowings	
Amounts due to related party	
Lease liability	

CARRYING AMOUNT

FINANCIAL ASSETS AMORTIZED COST MVR'000	OTHER FINANCIAL LIABILITIES MVR'000	TOTAL MVR'000
1,106,506	-	1,106,506
1,265,686	-	1,265,686
501,824	-	501,824
2,874,016	-	2,874,016
-	689,512	689,512
-	502,169	502,169
-	486,357	486,357
-	353,989	353,989
-	2,032,027	2,032,027
732,000	-	732,000
1,020,881	-	1,020,881
486,112	-	486,112
2,238,993	-	2,238,993
-	651,764	651,764
-	221,825	221,825
-	538,405	538,405
-	303,117	303,117
-	1,715,111	1,715,111

26. Related Party Transactions

26.1 Parent and Ultimate Holding Company

Parent of the Company is BTC Islands Limited, a Company incorporated in the United Kingdom and the ultimate parent is Bahrain Telecommunications Company BSC (Batelco), a Company incorporated in Bahrain. ■

26.2 Transactions with BTC Islands Limited

BTC Islands Limited had a 52% shareholding in the Company as at 31st December 2022 (31st December 2021: 52%). Transactions with BTC Islands Limited included support fees for technical services, and payments for outsourcing services for certain supplier invoices. Transactions with BTC Islands Limited during the years, and outstanding balances as at the year ends, are as follows:

TRANSACTIONS	YEAR ENDED 2022 MVR'000	YEAR ENDED 2021 MVR'000
Dividends	228,821	285,730
Management fee	43,245	43,245
	272,066	328,975
	2022 MVR'000	2021 MVR'000
BALANCES OUTSTANDING		
Amounts payable in respect of expenses incurred	24,191	66,615
Amount payable in respect of Dividend	462,166	471,790
	486,357	538,405

26.3 Transactions with Key Management Personnel

KEY MANAGEMENT'S REMUNERATION

Key management includes Directors and Executive committee members that have regular access to inside information and have the power to make managerial decisions affecting the future development and business prospects of the Company. Employee costs include key management remuneration as follows:

	YEAR ENDED 2022 MVR'000	YEAR ENDED 2021 MVR'000
Directors Fees	1,242	1,094
Salaries to Executives	15,436	15,664
Short term Benefits to Executives	4,631	3,477
	21,309	20,235

26.4 Transactions with the Government of Maldives

The Government of Maldives has a 41.8% shareholding in the Company as at 31st December 2022 (31st December 2021: 41.8%). Transactions with the Government of Maldives included license fees (on gross revenue less out-payment charges to other telecommunications operators) and the rentals of assets owned by the Government of Maldives. Transactions with the Government of Maldives during the year, and outstanding balance as at the year end are as follows:

INDIVIDUALLY SIGNIFICANT TRANSACTIONS	YEAR ENDED 2022 MVR'000	YEAR ENDED 2021 MVR'000
TRANSACTIONS		
License fees	115,688	113,398
Rentals on land space	12,328	9,590
Dividends	183,949	229,698
	311,965	352,686
	2022 MVR'000	2021 MVR'000
BALANCES OUTSTANDING		
Amounts payable in respect of rentals on land space	6,568	5,454
Amounts payable in respect of license payments	10,360	9,924
Amounts payable in respect of Dividends	17,579	65,764
	34,507	81,142

COLLECTIVELY, BUT NOT INDIVIDUALLY, SIGNIFICANT TRANSACTIONS

Dhivehi Raajjeyge Gulhun PLC has transactions with entities directly or indirectly controlled by the Government of Maldives through its authorities, agencies, affiliations and other organizations, collectively referred to as government entities. The Company has transactions with other government related entities including but not limited to sales, purchases, rendering of services, lease of assets and use of public utilities. ■

27. Board of Directors' Responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements. ■

28. Comparative Figures

Comparative figures of the financial statements have been reclassified to confirm with current year classifications. ■

29. Commitments and Contingencies

CAPITAL COMMITMENTS

The Company had capital commitments at the end of the financial period relating to the purchase of property and equipment and acquisition and development of intangible assets of MVR.150,753,703/- (31st December 2021: MVR 70,155,147/-)

CONTINGENCIES

No contingencies as of reporting date which require adjustments to/ or disclosure in these financial statements. ■

30. Events Occurring after the Reporting Date

No circumstances have arisen since the reporting date which require adjustments to/ or disclosure in these financial statements other than disclosed below. ■

30.1

On 2nd February 2023, the Board of Directors of the Company has proposed a final dividend of MVR 5.67/- per share which is to be put forward for approval at the next Annual General Meeting of the shareholders. ■

<u>Company Registration Number</u> C-0024/1988	<u>CEO and Managing Director</u> Ismail Rasheed	<u>External Auditors</u> KPMG
<u>Place of incorporation</u> Male', Republic of Maldives	<u>Chief Financial Officer</u> Robin Wall	<u>External Counsel</u> Mohamed Shahdy Anwar Partner, S&A LLP
<u>Head Office</u> Dhivehi Raajjeyge Gulhun Plc Dhiraagu Head Office, Ameenee Magu P.O Box 2082, Male' 20403, Republic of Maldives.	<u>Manager Internal Audit</u> Hussain Rameez	<u>Tax Advisors</u> CTL Strategies LLP
<u>Tel: +960 3322802</u> <u>Fax: +960 3322800</u>	<u>Director Legal & Company Secretary</u> Hazrath Rasheed Hussain	
<u>Website: www.dhiraagu.com.mv</u>		
<u>Email: 123@dhiraagu.com.mv</u> <u>investor-relations@dhiraagu.com.mv</u>		

Our Annual Report has been prepared in accordance Companies Act of the Republic of Maldives (10/96), listing rules of Maldives Stock Exchange, the Securities Act of the Republic of Maldives (2/2006), the Continuing Disclosure Obligations of Issuers regulation (2019/R-1050) and the Corporate Governance Code of Capital Market Development Authority requirements.

Unless otherwise stated, the terms 'we', 'us', 'our' and 'Dhiraagu' refers to Dhivehi Raajjeyge Gulhun Plc. Our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and reference to a year, unless otherwise indicated, refers to the financial year ending 31 December 2022.

Any forward-looking statements are based on current expectations or beliefs, as well as assumptions about future events. These can generally be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect', 'estimate', 'intend', 'objective', 'plan', 'shall', 'will', 'will continue', 'may' or any other words or phrases of similar import. Similarly, statements that describe objectives, plans or goals are also to be considered as forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others the economic and business conditions in the Maldives and the World, technological changes, factors affecting competitive market and regulatory forces, the effect of the availability of foreign exchange and its fluctuations, future interest rates and changes in the tax regime. All forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. By their nature, forward-looking statements are only estimates and as such we cannot guarantee future results, levels of performance or achievement.



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