Intelligently International

AD Ports Group
Integrated Annual Report and Accounts 2023

AD PORTS GROUP

AD Ports Group is a leading regional enabler of trade, industry and logistics, which pursues value-enhancing expansion and synergistic growth.

As a strategic gateway to Abu Dhabi, the economic engine of the UAE, the Group operates a growing, internationally integrated ecosystem of Ports, Economic Cities & Free Zones, Maritime & Shipping, Logistics and Digital services.

Our vision
To drive global trade through an integrated global portfolio of leading world-class ports, industrial zones, maritime assets, and logistics supply chains.

Our mission
To position Abu Dhabi at the frontier of global trade, by establishing and managing new world-class global logistic value chains, driving operational excellence by leveraging digital technologies, meeting stakeholders' dynamic needs, forging relationships, and maximising synergies and shareholder value.

Watch our video
https://adports.group/2023ar-p2-2

Our values

Ready to respond

Eager to collaborate

Safe, secure & sustainable

Innovative for excellence

Fair & committed

Discover more online at
www.adportsgroup.com

Strategic Report
2-77

Corporate Governance Report
78-109

Financial Statements
110-208

Strategic Report


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At a Glance

Founded in 2006, AD Ports Group is a premier global facilitator of trade, industry and logistics linking Abu Dhabi to the world.

The Group generates about a quarter of the Emirate's and 13% of the UAE's non-oil GDP, according to Oxford Economics. Listed on the Abu Dhabi Securities Exchange (ADX) since 2022, AD Ports Group is 75.42% owned by ADQ, an Abu Dhabi sovereign investment and holding company.

The Group's five business clusters – Ports, Economic Cities & Free Zones, Maritime & Shipping, Logistics and Digital – are active in 46 countries around the world, located primarily in the Middle East, Northern Africa, the Indian Subcontinent, Southeast Asia, Central Asia, and Europe.

Key facts

Exclusive developer and regulator of ports and related infrastructure in Abu Dhabi

One of the **world's fastest-growing** vertically integrated ports and logistics groups

High-quality revenue generated by long-term contracts

Strategic trade gateway to the UAE, the Arabian Gulf, and the Red Sea

A global **end-to-end logistics business** and major automotive logistics provider in Europe

Khalifa Port **is one of the world's top three most efficient, deep-sea ports** accommodating the largest ships

ADPORTS on Abu Dhabi Securities Exchange

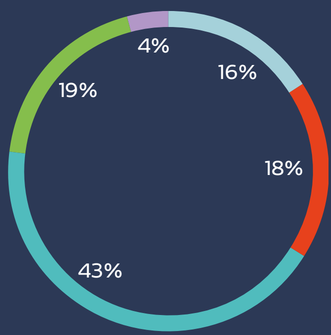
Watch our video
https://adports.group/2023ar-p4

Revenue (AED)

11.68 Bn

+112% year-on-year

Revenue composition by Cluster (%)

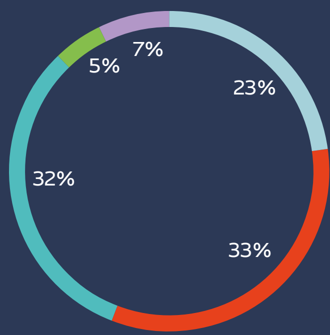


EBITDA (AED)

2.67 Bn

+23% year-on-year

EBITDA composition by Cluster (%)



Ports · EC&FZ · Maritime & Shipping · Logistics · Digital

Net Profit (AED)

1.36 Bn

+6% year-on-year

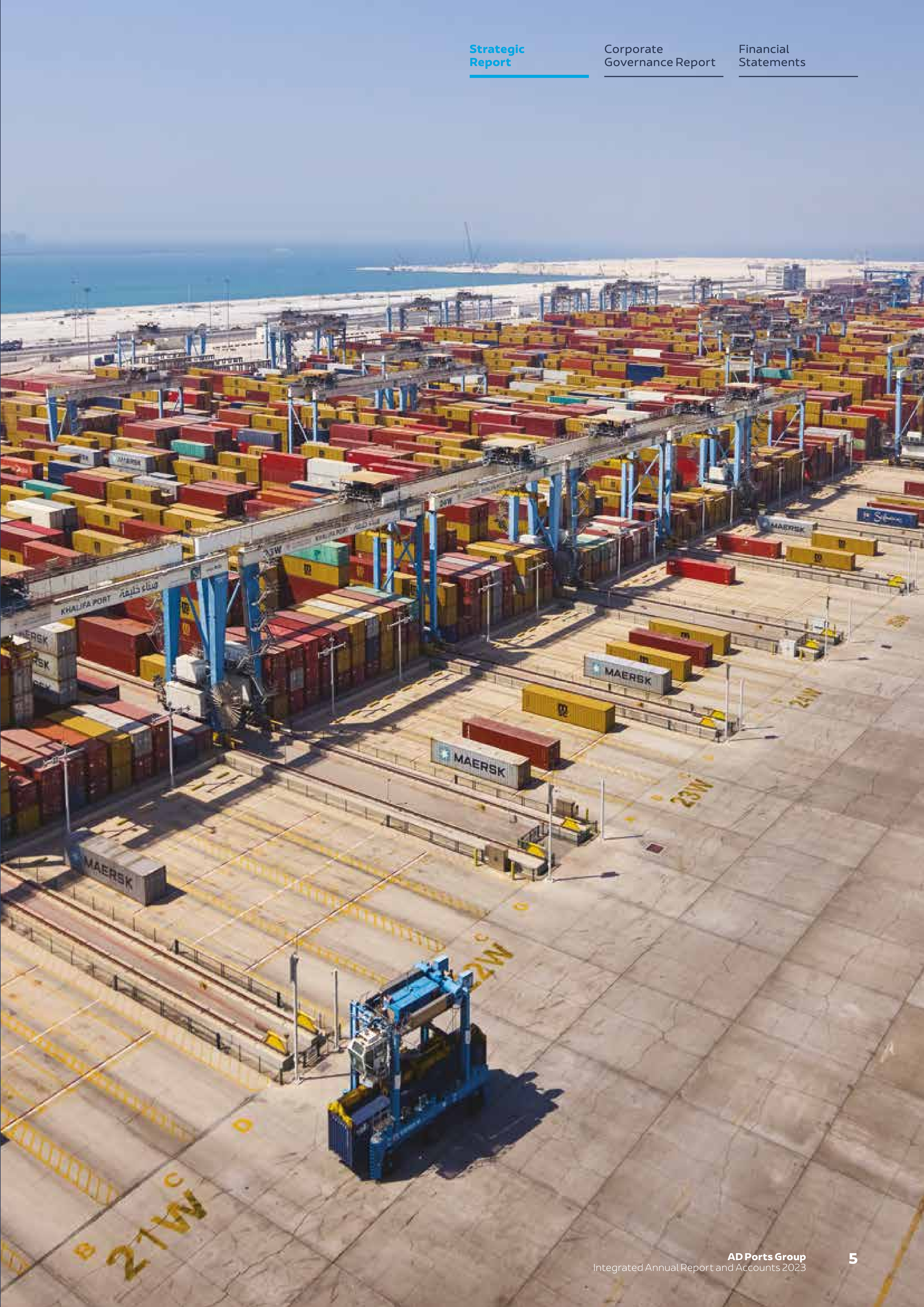
Total Assets (AED)

55.61 Bn

+44% year-on-year

Net Debt / EBITDA

4.4x


KHALIFA PORT
ميناء خليفة
MAERSK
MAERSK
MAERSK
23W
24W
22W
21W

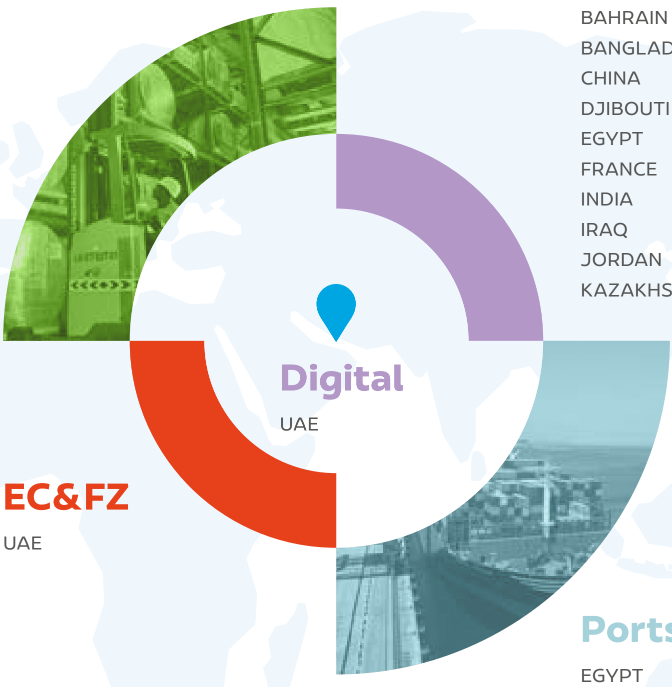
AD Ports Group's international footprint and reach

AD Ports Group is one of the fastest-growing enablers of trade, industry and logistics, whose integrated businesses are helping societies grow and prosper around the world. Our diverse staff of 6,794 employees are dedicated to leading the future of global trade with innovative, end-to-end supply chain solutions, world-class infrastructure, and smart new routes for a changing world.

The international footprint of the Group increased dramatically in 2023, following the integration of Spain-based Noatum, a global provider of integrated ports, maritime, and logistics services with presence across 27 countries, and a series of ports, terminals, maritime and shipping agreements in Jordan, Egypt, Pakistan, Republic of Congo, Kazakhstan and Uzbekistan, which more than doubled our revenue, extending our global reach to 46 countries.

Logistics

ALGERIA
ARGENTINA
CHILE
CHINA
COLOMBIA
HONG KONG
INDIA
INDONESIA
JAPAN
KENYA
MALAYSIA
MEXICO
NETHERLANDS
PERU
RWANDA
SINGAPORE
SOUTH KOREA
SPAIN
TAIWAN
TANZANIA
THAILAND
TURKEY
UAE
UGANDA
UK
USA
UZBEKISTAN
VIETNAM



Digital

UAE

EC&FZ

UAE

Maritime & Shipping

ALGERIA
BAHRAIN
BANGLADESH
CHINA
DJIBOUTI
EGYPT
FRANCE
INDIA
IRAQ
JORDAN
KAZAKHSTAN
KSA
KUWAIT
MALAYSIA
MOROCCO
OMAN
PAKISTAN
PORTUGAL
QATAR
SINGAPORE
SOMALIA
SOMALILAND
SOUTH KOREA
SPAIN
SUDAN
THAILAND
TURKEY
UAE
VIETNAM
YEMEN

Ports

EGYPT
JORDAN
PAKISTAN
REPUBLIC OF CONGO
SPAIN
UAE

2023 Highlights

Increasing international presence

The Group accelerated its expansion into the Middle East, the Indian Subcontinent, Central Asia, and Africa, agreeing to develop terminals in Republic of Congo and Egypt, build up oil shipping capabilities in Kazakhstan's Caspian Sea and Black Sea, set up a new logistics base in Uzbekistan and ship vehicles made in China to Khalifa port and beyond.

Expansion of ports, terminals infrastructure

The start of cruise services in Jordan, and concession cruise terminals in Egypt, and Pakistan's container terminal in Karachi, have started driving international revenue for the Ports Cluster, whilst cargo expansions at South Quay and Khalifa Port Logistics have broadened the service offering in Abu Dhabi together with boosted capacity and volumes.

KEZAD's record growth and diversification

EC&FZ added 5 km^2 of gross new land leases from major new tenants such as PRAN Foods, Al Ghurair Foods, and Al Jazeera Steel, as Khalifa Economic Zones Abu Dhabi (KEZAD) rapidly drove up occupancy after doubling warehouse capacity in 2022 whilst building up industry communities such as Abu Dhabi Food Hub, Global Auto Hub-Abu Dhabi, and Metal Park.

Acceleration of maritime activities, fleet

The Maritime & Shipping Cluster invested in roll-on/roll-off (ro-ro) capacity, purchased 10 vessels to bolster offshore operations in the Middle East and Asia, helped Kazakhstan ship oil across the Caspian Sea and entered the drydocks business with SAFEEN Drydocks.

Transformation of logistics business

The integration of Spain-based logistics companies Noatum and the purchase of Sesé Auto Logistics gave the Group a powerful end-to-end vertical offering in the European automotive sector. Revenue from the Logistics Cluster rose almost fivefold, becoming the second-largest contributor to Group revenue.

Leveraging of digital efficiencies

The opening of the Abu Dhabi Digital District in Zayed Port, and acquisition of TTEK Inc., a provider of customs and border management solutions, enhanced the value of Maqta Gateway's Single Window solution, amidst a range of efficiencies developed by the Digital Cluster.

International recognition

The Group won a sustainability award for preserving the Ras Ghanada coral reef; Khalifa Port was named the world's 3rd most efficient container port; Abu Dhabi Cruise Terminal was voted the world's best; and KEZAD won a UN award for attracting investment in renewable energy and clean technologies.

Intelligently International

AD Ports Group follows a strategy of intelligent internationalisation, which is the selective, value-enhancing expansion of the Group's trade, industry and logistics platform in the Middle East, Northern Africa, the Indian Subcontinent, Southeast Asia, Central Asia, and Europe.

Our strategy does not seek growth for growth's sake, but to reinforce AD Ports Group's platform in key markets. The approach is guided in part by our desire to support UAE trade with its major partners, which influenced our decisions to develop ports and terminals in Jordan, Pakistan, Egypt, and the Republic of Congo, and to enter into activities with new partners in Kazakhstan and Uzbekistan.

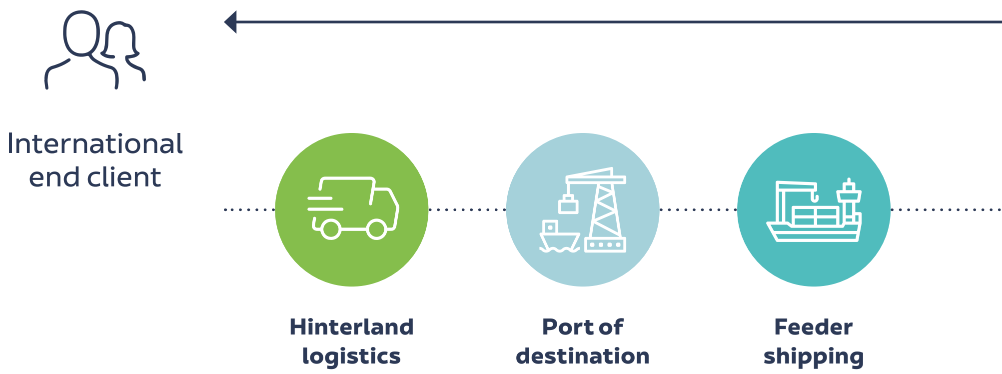
Our results-oriented strategy also reflects the imperatives of the post-Covid-19 world, and the recent geopolitical tensions environment, in which companies are increasingly localising and dispersing production to minimise supply chain disruptions. The Middle East, and Abu Dhabi in particular, are benefiting from this trend, prompting global companies such as PRAN Foods, Change Foods, and Emtelle, to decide to invest hundreds of millions to locate new facilities in KEZAD.

Key Geographies

1. Middle East
2. Indian Subcontinent
3. Southeast Asia
4. Africa
5. CIS countries (not including Russia)
6. Turkey

Densifying existing trade/ economic routes/corridors

We continue to develop our vertically integrated ecosystem, focusing on an end-to-end presence and capabilities across the entire supply chain from origin to end destination.



We serve the commodities, food and auto industries, amongst others, with a focus on project and bulk cargo, and ro-ro vessels.

Together with our selective geographic expansion, we are continuing to develop our vertically integrated ecosystem in the UAE and wherever else we operate to offer an end-to-end presence and capabilities across the entire supply chain, from origin to end destination.

Providing a critical service to our ports and maritime customers was a reason, for example, we entered the dry docks business in 2023 by launching SAFEEN Drydocks at Khalifa Port.

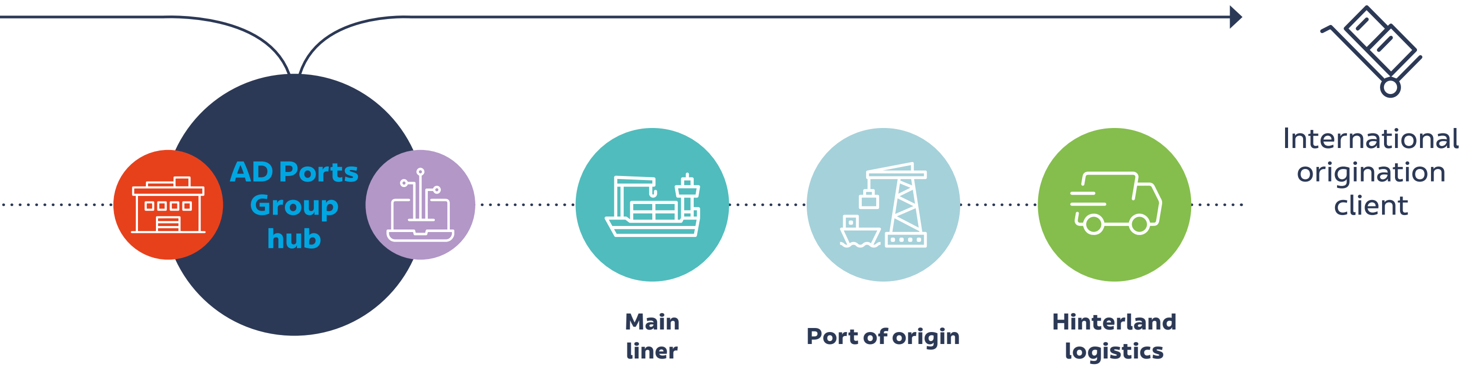
Boosting our capacity in feeder container shipping was why we integrated Global Feeder Shipping (GFS) in early 2024, allowing us to capture demand for regional shipping in the Red Sea, Arabian Gulf and Indian Subcontinent. Opening Jordan's first passenger cruise terminal in Aqaba and making a commitment to operate the cruise terminals in Safaga, Hurghada and Sharm El Sheikh, Egypt, will generate Group revenue growth for years to come.

As we look to fill market gaps, we are diversifying and specialising our infrastructure and our services to attract the value-added chains of entire industries, such as metals, commodities, foods, and automobiles.

That is the reason why KEZAD almost doubled its warehouse capacity towards the end of 2022 and throughout 2023, and still managed to raise the utilisation of its built-asset portfolio to 87%, and why the Group invested more than AED 330 million to lay infrastructure for industry communities such as Abu Dhabi Food Hub, Global Auto Hub-Abu Dhabi, and Metal Park.

It is also the reason the Group expanded the South Quay general cargo and Khalifa Port Logistics areas, increasing the handling capacity of chemicals, bulk cargo, project cargo, livestock, and liquid terminals, whilst also boosting ro-ro, where the number of vehicles handled through Khalifa Port set a record in 2023.

That is the logic of intelligent internationalisation – expansion with a beneficial purpose, and most importantly, with a value-enhancing benefit, to AD Ports Group and its shareholders.



Chairman's Statement

His Excellency Falah Mohammed Al Ahbabi Chairman, AD Ports Group

Staying the course in challenging seas

"Through bold, value-enhancing acquisitions, and strategic expansions in the Arabian Gulf, Red Sea, Caspian Sea, Africa, and around the world, AD Ports Group in 2023 transformed itself into a world-class facilitator of global trade and logistics. In a year of rising global market uncertainty, the Group's record revenue and profits underlined, once again, its resilience and core strength, as well as its value to shareholders."

In 2023, as global shipping routes were roiled by supply chain disruptions and geopolitical conflicts, AD Ports Group successfully steered clear of these shoals to significantly drive shareholder value through a bold expansion that has turned the diversified ports, maritime and shipping, logistics, and economic cities and free zones platform into one of the best performing new stocks in the Middle East.

Not only did the Group drive record revenue and profit, but it also delivered a transformative year of unprecedented global expansion in geographies that have been developing strong economic and trade links with the UAE, marked by strategic acquisitions that enhanced the Group's connectivity, capacity and international presence.

The bold decisions to acquire global leaders such as Noatum, an integrated Spain-based logistics provider that gave the Group presence across 27 countries, and Global Feeder Shipping, which elevated the Group to the dominant feeder shipper in the Arabian Gulf, were significant milestones.

The concession agreements to manage and develop ports and terminals in Pointe Noire in the Republic of Congo, and in Karachi, Pakistan, and Safaga, Egypt, broadened the Group's maritime, ports and logistics infrastructure, and when factoring in Noatum, has increased the Group's cross-cluster geographic presence to 46 countries at the end of 2023, multiplying the services it can offer to new and existing customers.

All five business clusters took the Group into new, profitable directions in 2023, underscoring the diversity and synergistic dynamism of AD Ports Group, one of the world's leading facilitators of global trade and logistics, and an emerging driver of sustainable trade, logistics and economic development.

The Ports Cluster opened a new cruise terminal in Aqaba, Jordan, and agreed to operate three other cruise terminals in Safaga, Hurghada, and Sharm El Sheikh, Egypt, and expanded Khalifa Port's South Quay and Khalifa Port Logistics general cargo areas, whilst scaling up transshipments, which resulted in a record volume of containers and vehicles handled during 2023. Another noteworthy development in the Ports Cluster was the 50-year concession agreement to manage, operate and develop three berths at Karachi Port's East Terminal, where AD Ports Group will lead the development of the terminal infrastructure at Pakistan's most important Arabian Gulf port.

The Economic Cities & Free Zones Cluster added 5 km^2 of gross new land leases, integrated Al Eskan Al Jamae to create Abu Dhabi's largest staff accommodation provider company, and signed lease agreements with PRAN Foods and Al Ghurair Foods to bolster KEZAD's growing food vertical in line with the UAE national food security strategy. The Cluster also doubled its warehouse capacity, whilst building up the infrastructure of industry-focused communities Metal Park, Global Auto Hub-Abu Dhabi and Abu Dhabi Food Hub.

The Maritime & Shipping Cluster started investing in roll-on/roll-off capacity, purchased 10 vessels to bolster its offshore operations in the Middle East and Asia, began a collaboration with Kazakhstan to ship its oil across the Caspian Sea to global markets, and entered the dry-docking business with SAFEEN Drydocks.

The Logistics Cluster was transformed and fortified by the Noatum acquisition, which not only expanded the Group's presence to new markets around the world, but also gave the Group a powerful end-to-end vertical service offering in the automotive sector in Europe through the subsequent purchase of Spain-based Sesé Auto Logistics, a rail and road logistics provider for finished vehicles.

The Digital Cluster opened its new headquarters in the new Abu Dhabi Digital District in Zayed Port, and through its acquisition of TTEK Inc., a provider of customs and border management solutions, greatly enhanced the value of Maqta Gateway and expanded its activities onto three continents.

Whilst 2023 was a standout year in all aspects for AD Ports Group, and a fitting reward to investors following the initial public offering and stock listing in 2022, I believe the best is yet to come.

I want to express my deep gratitude to our wise leadership, who have unequivocally supported the growth of AD Ports Group through a series of transformative acquisitions that have broadened the Group's business horizons, and greatly enhanced its value to shareholders.

I am also grateful for the hard work and dedication of the Board, our employees, our partners, and of course, our growing list of domestic and international customers, who are increasingly placing their trust in AD Ports Group for their maritime, shipping, industrial, trade and logistics development needs.

AD Ports Group will continue in 2024 to pursue a strategy of bold, disruptive, sustainable value-enhancing growth, seizing business opportunities to drive the growth of Abu Dhabi as one of the world's leading hubs for trade and investment.

His Excellency
Falah Mohammed Al Ahbabi
Chairman, AD Ports Group

Group CEO's Statement

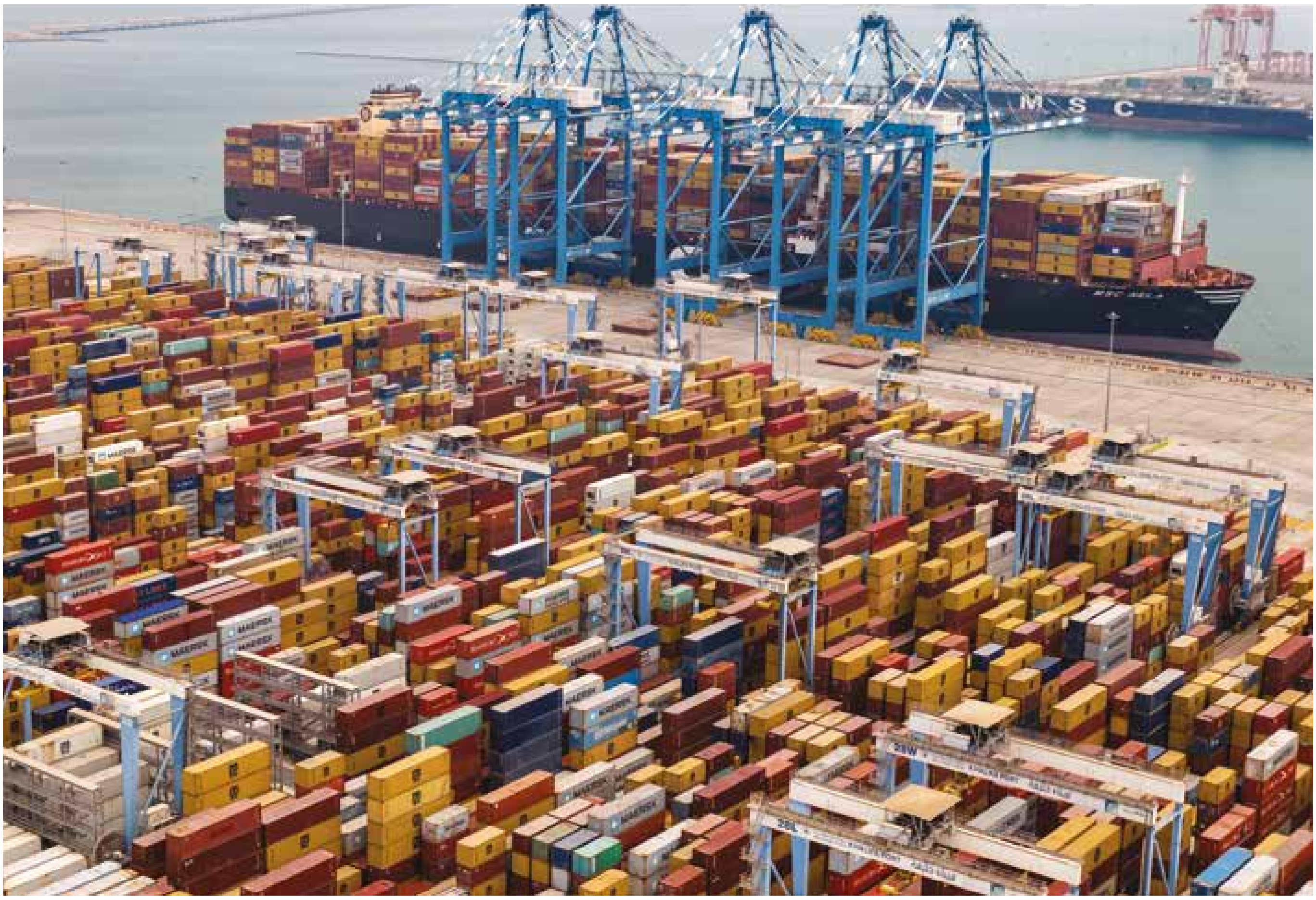
Captain Mohamed Juma Al Shamisi
Managing Director and Group CEO,
AD Ports Group

Bigger, better and more profitable

"

2023 was one of the most dynamic periods of growth in the history of AD Ports Group. We expanded our maritime, shipping and ports footprint into Jordan, Egypt, Pakistan, the Republic of the Congo, Uzbekistan, and Kazakhstan, and in addition we transformed our logistics business by acquiring Spain-based Noatum, an integrated provider active in 27 countries and a leader in serving the automotive sector in Europe."

AD Ports Group expanded rapidly in 2023 through selective acquisitions and bold new partnerships, enhancing its connectivity, capacity, and international presence, and driving record financial performance during a pivotal year that strengthened the Group's ability to compete globally in trade and logistics.



Revenue more than doubled to a record AED 11.7 billion in 2023, from AED 5.5 billion in 2022. Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA), rose 23% to AED 2.7 billion from AED 2.2 billion in 2022. Total Net Profit rose 6% to a record AED 1.3 billion from AED 1.2 billion in 2022.

Geographically, the Group entered exciting strategic new markets, as it intensified its shipping and port activities across the Middle East in Egypt and Jordan in the Red Sea, into Africa, Pakistan, and to the Caspian Sea and the Black Sea in Central Asia through bold partnerships and ventures in Kazakhstan and Uzbekistan.

By forging value-enhancing partnerships that support UAE trade and bolster Abu Dhabi's role as the leading facilitator for global commerce and logistics in the Middle East, AD Ports Group leveraged the Group's diverse capabilities in its Ports, Economic Cities & Free Zones (EC&FZ), Maritime & Shipping, Logistics and Digital Clusters to provide unique, compelling end-to-end solutions for local, regional and global clients.

In a year of superlatives, it is difficult to single out the top achievements of 2023, but several ground-breaking events and developments, designed to enhance shareholder value and better serve our customers, deserve special mention.

The inauguration of the Aqaba Cruise Terminal in Jordan, and the signing of a 30-year concession agreement to develop and operate a multipurpose terminal in Safaga, the first in southern Egypt, strengthened the Group's maritime operations in the Red Sea, following the acquisition of Transmar and TCI in 2022. Also, the Group's 30-year concession to develop and operate a multipurpose terminal facility at Pointe Noire Port, in the Republic of Congo, added another piece of the puzzle to our strategy.

The 50-year concession to operate and upgrade a container terminal in Karachi represents a significant investment in the ports and maritime infrastructure of the Indian Subcontinent and will drive growth, promote trade diversification, and strengthen bilateral ties between Pakistan and the UAE.

The integration that began in the second half of 2023 of Noatum, a Spain-based global logistics services provider and a key player in the European automotive sector with a strong presence in the Mediterranean and a commercial footprint in 27 countries, has transformed our logistics business, giving it scale, expertise, and new reach. The purchase of Sesé Auto Logistics, a European rail and road logistics provider for finished vehicles made on the heels of the Noatum acquisition, allowed the Group to broaden its offering with end-to-end automotive logistics solutions from the factory to the showroom floor.

KEZAD Group, which leads the EC&FZ Cluster, recorded another banner year, adding 5 km^2 in new gross land leases and started the development of infrastructure of vertical communities such as the Metal Park, Global Auto Hub-Abu Dhabi and Abu Dhabi Food Hub, to continue to attract top-tier tenants such as PRAN Foods and Al Ghurair Foods, which are building new production facilities not only to serve the local and regional Arabian Gulf markets, but to export across the Middle East and North Africa region.

Our Digital Cluster successfully pursued its transformative agenda in 2023, transitioning from serving the Group's clusters to leading the charge in the digitalisation of the UAE trade ecosystem. The Cluster's acquisition of a border control and customs management solutions provider, TTEK Inc., strengthened the Group's flagship Maqta Gateway Single Window solution, making it easier and more cost-effective to do business with the Group in general, and in Abu Dhabi specifically.

In a challenging year for the maritime and logistics industry, buffeted by supply chain shortages, geopolitical conflicts around the world, and a normalisation in freight rates, AD Ports Group expanded boldly yet selectively, seizing opportunities to profitably deploy further investments and provide long-term growth by strengthening existing business segments such as shipping, with the completion of the completion of the Global Feeder Shipping acquisition, and Offshore & Subsea, with the acquisition of an additional 10 vessels, and by entering promising new businesses, such as dry docking with SAFEEN Drydocks.

Whilst pursuing a strategic path of intelligent internationalisation, AD Ports Group invested close to AED 7 billion in both organic and inorganic investments during 2023 to lay the groundwork for future growth and extend the Group's global presence in line with our goal of bettering the lives of our stakeholders and the communities in which we operate.

The USD 200 million (AED 734 million) purchase of 10 new offshore vessels from E-NAV gave the Group additional capacity to service its oil and gas and renewable energy clients in the Middle East and Southeast Asia, and the AED 955 million purchase of three crude oil tankers and five bulk carriers enabled the Group to transport Kazakhstan's oil across the Caspian Sea to western markets, and to transport general cargo and dry bulk from the UAE across the Indian Ocean to Bangladesh and Southeast Asia.

In a major endorsement of our strategic development plans, AD Ports Group in April 2023 secured a USD 2 billion (AED 7.34 billion) corporate lending facility from a syndicate of 13 banks. Demand for the facility was 3.7x oversubscribed, a resounding endorsement of AD Ports Group's strong financial position and the trust the banking sector has placed in our company's robust long-term financial performance.

Our commitment to sustainability principles guided our expansion in 2023, as the Group agreed to work with Masdar, the UAE's leading alternative energy developer, to explore jointly creating a green hydrogen hub at KEZAD that would support the UAE's National Hydrogen Strategy to produce 1.4 million tonnes per annum of the clean-burning fuel by 2031, and 15 million tonnes by 2050. The opening of the Sila Community Harbour and Al Fiyay Island Marina in Abu Dhabi's Al Dhafra region, which strengthened the maritime community, exemplified our commitment to investing in the UAE.

In an eventful year, AD Ports Group received several accolades for its achievement in business and commitment to sustainability. The Best Sustainability Initiative Award at the Abu Dhabi Sustainability Group (ADSG) Awards recognised the Group's innovative approach to preserving the Ras Ghanada coral reef and biodiversity in the Arabian Gulf. Khalifa Port was named the world's 3rd most efficient port in the prestigious Container Port Performance Index published by the World Bank and S&P. Abu Dhabi Cruise Terminal was voted Best Cruise Terminal in the World by the World Cruise Awards. KEZAD Group won a United Nations Investment Promotion Award for its role in attracting investment in renewable energy and clean technologies.

To top it off, AD Ports Group was designated an official "Great Place to Work" and received coveted "We Invest in People" Platinum Accreditation from Investors In People (IIP), a recognition held by a mere 2% of IIP-accredited organisations globally. Finally, AD Ports Group became the first location in the Middle East and North Africa region to host the World Ports Conference of the International Association of Ports and Harbors (IAPH), the leading industry group.

The global gathering that drew the world's top minds in trading and logistics to Abu Dhabi was a ringing endorsement of the Group's success in 2023 and a tribute to the wise leaders of the UAE, whose vision and guidance continue to power the Group's strategic expansion and its growing role as a leading catalyst for sustainable development through global connectivity.

In closing, I want to express my heartfelt thanks to our Board for their unwavering support; to our employees for their hard work and commitment; to our shareholders; and to our customers, for the trust they placed in AD Ports Group to handle their cargo, to locate their businesses in our economic cities and free zones, and for allowing us to deliver their ports, maritime & shipping, logistics and digital service needs.

Captain Mohamed Juma Al Shamisi
Managing Director and Group CEO,
AD Ports Group


Globally
Connected

Year in Review 2023

AD Ports Group had one of its most eventful years ever in 2023, more than doubling revenue through a set of transformative acquisitions and bold new agreements that expanded the Group's operations and reach to 46 countries, generating new business opportunities in Europe, the Red Sea, the Arabian Gulf and Central Asia.

January

Maritime & Shipping

A strategic agreement with the Kazakh National Oil Company KazMunayGas helped Kazakhstan transport its oil to western markets, as well as develop a marine fleet and coastal infrastructure on the Caspian Sea and the Black Sea, whilst expanding AD Port Group's reach into Central Asia.

Ports

The inauguration of a new cruise terminal in Aqaba, Jordan, marked the first project with Aqaba Development Corporation to build up the city's tourism, logistics and transport sectors, and expanded the Group's cruise business in the Red Sea.

EC&FZ

An agreement with Emerging World FZC to open a 42,000 m^2, AED 110 million food production facility for PRAN-RFL in KEZAD was an important contributor to 5 km^2 of gross new land leases added to the Group's Economic Cities & Free Zones Cluster (EC&FZ) during the year.

February

Ports

Fujairah Terminals successfully handled three, 528-tonne gas turbines for the Fujairah F3 Power Plant Project, the largest combined-cycle power plant (CCPP) facility in the UAE, part of the Group's ongoing effort to promote energy efficiency and sustainability in the region.

March

Logistics

A joint venture between AD Ports Group and SEG ENERA Group, one of the largest multisectoral holding companies in Uzbekistan, called "ADL-Ulanish" was formed to provide end-to-end global logistics services across Uzbekistan.

Ports

A 30-year agreement to develop and operate Safaga Port, and two separate 15-year agreements to develop two cement terminals in Al Arish and West Port Said ports, marked a major expansion of the Group's activities into Egypt.

Maritime & Shipping

The launch of regular container shipping services from Khalifa Port to the main ports of Qatar and Kuwait, and the start of dedicated ro-ro services to Kuwait's Shuwaikh Port, helped drive a sharp rise in feedering transshipments in the Arabian Gulf, following the integration of Global Feeder Shipping.

April

EC&FZ

The ground-breaking by Emtelle in KEZAD to build one of the world's largest facilities to manufacture, distribute, and conduct R&D of blown fibre units and ducted network solutions, will strengthen the EC&FZ Cluster tenant base. The three-phase development is a KEZAD Build-to-Suit solution. Emtelle plans to invest approximately USD 50 million (AED 183.5 million) in the facility.

Entire Group

The signing of a USD 2 billion (AED 7.34 billion) general corporate credit facility with a syndicate of 13 regional and international banks, which was 3.7x oversubscribed, helped reinforce the Group's strategic expansion and represented a strong endorsement of the Group's financial performance.

Digital

The acquisition of TTEK Inc., a provider of customs and border management solutions, strengthened the flagship Maqta Gateway Single Window of the Digital Cluster, making it easier and more cost-effective to do business with the Group worldwide.

May

Maritime & Shipping

The expansion of AD Ports Group's fleet with the purchase of five bulk carriers and three crude oil tankers furthered the Group's strategic global objective to enhance the Maritime Cluster's shipping division. The five bulk carriers purchased for AED 459 million are part of a long-term agreement with Saif Powertec, signed in April 2022, for movement of general cargo and dry bulk cargo between Fujairah Port in the UAE and Bangladesh, the Indian subcontinent, Southeast Asia, and other global destinations. The purchase of three crude oil tankers, with a total transaction value of AED 496 million, are part of a seven-year vessel pooling agreement signed in December 2022 with KazMorTransFlot (KMTF), a subsidiary of Kazakh National Oil Company (KazMunayGas), for the international transport of crude oil.

Ports

Khalifa Port was ranked the third most efficient container port in the world in the prestigious Container Port Performance Index (CPPI) published by the World Bank and S&P Global Market Intelligence.

June

Ports

A 50-year concession to operate and upgrade a container terminal in Karachi marked a significant investment in the ports and maritime infrastructure of the Indian Subcontinent that will drive growth, promote trade diversification, and strengthen bilateral ties between Pakistan and the UAE.

A 30-year agreement to develop and operate a multipurpose terminal in Congo's Pointe Noire Port will see AD Ports Group invest around USD 220 million (AED 807 million) allocated for Phase 1 in the first 30 months of the project.

Maritime & Shipping

The decision to begin providing dry dock services at Khalifa Port by establishing SAFEEN Drydocks positioned the Group in a fast-growing market, and demonstrated again its ability to create profitable new businesses that seize growth opportunities and expand Group revenues.

Ports

An agreement with Crystal Offshore, a Singapore-based provider of one-stop logistics solutions to the marine and offshore industries, to build a 20,000 m² office and fabrication area for repairs and refits to jack-up rigs, will expand the services offered to Khalifa Port customers.

EC&FZ

An agreement with Spain's Tubacex Group, a maker of stainless-steel tube solutions for the energy sector, will develop a first-of-its-kind in the Middle East 50,000 m² state-of-the-art manufacturing facility in KEZAD.

July

Logistics

The consolidation of Spain-based Noatum, a global provider of integrated port operations, maritime, and logistics services with presence across 27 countries, 16 terminals, and 127 international locations, fundamentally transformed and multiplied the Group's logistics business, expanding its global reach to 46 countries.

Ports

Agreements with Shandong Port Group, a conglomerate based in one of China's most important auto industry export hubs, increased transport of vehicles to Khalifa Port, which expanded the South Quay and Khalifa Port Logistics general cargo areas, to handle a record number of autos and containers.

August

EC&FZ

Work to install roads, drainage, landscaping, and irrigation within the 288,000 m² KEZAD AL Ma'mourah economic zone, along with infrastructure upgrades to KEZAD Musaffah (ICAD 1), were among AED 97 million the Group invested during the year to expand and enhance the value of KEZAD.

September

Entire Group

His Highness Sheikh Hamdan bin Zayed Al Nahyan inaugurated the Sila Community Harbour and Al Fiyay Island Marina in the Al Dhafra Region, which were created by Abu Dhabi Maritime for the Department of Municipalities and Transport as part of the Group's commitment to UAE community development.

October

EC&FZ

KEZAD Group's commitment to sustainable development and its efforts to attract investments in renewable energy and other clean technologies was recognised with the United Nations Investment Promotion Award 2023 for promoting investments in the energy transition.

Logistics

Logistics Cluster leader Noatum's purchase announcement of Sesé Auto Logistics, a finished vehicles services provider active in five countries in Europe, gave the Group the ability to leverage its diverse businesses and sell, for the first time, end-to-end services to global automakers from the factory to the showroom floor.

Entire Group

The Group's co-hosting of the prestigious World Ports Conference of the International Association of Ports and Harbors (IAPH), the first time the event was ever held in the Middle East, brought the industry's best minds to Abu Dhabi to explore the sustainability benefits of "Reinventing Ports".

November

Maritime & Shipping

The purchase of 10 vessels for USD 200 million (AED 734 million) from E-NAV bolstered the Group's offshore operations in the Middle East and Asia, and created income from inherited blue-chip oil and gas contracts.

The purchase of the last two of five oil tankers acquired during the year under the Group's joint venture with Kazakhstan national oil company KazMunayGas accelerated delivery of Kazakhstan oil across the Caspian Sea to Azerbaijan and opened a new strategic transport corridor to supply energy to the west.

December

Logistics

A joint venture formed with Kazakhstan Railways (Kazakhstan Temir Zholy JSC) increased the Group's strategic role in enhancing rail connectivity and marine shipping in Central Asia and created synergy potential with the Group's ADL-Ulanish logistics joint venture with SEG Enera Group in Uzbekistan.

Entire Group

For its outstanding commitment to cultivating an exceptional workplace environment, AD Ports Group was designated an official "Great Place to Work" and received the coveted "We Invest in People" Platinum Accreditation from Investors In People (IIP), a recognition held by a mere 2% of IIP-accredited organisations globally.

Maximising Synergies

Noatum integration case study

The 2023 consolidation of Noatum, a Spain-based integrated logistics provider to automakers in Europe, illustrates the value-enhancing benefits of AD Port Group's selective growth strategy. Noatum is expected to generate AED 130-190 million in synergies for the Group through 2025. The benefits will be spread across the Group, but initially mostly within the Maritime & Shipping Cluster and the Ports Cluster.

noatum
PART OF AD PORTS GROUP

Maritime & Shipping

The Group is leveraging Noatum's shipping commercial representation, catering, manpower, repair, vessel husbandry and other agency support services it had to purchase before from third parties.

Automotive vertical

With Sesé Auto Logistics, Noatum gives the Group a compelling vertical automotive logistics offering in the Mediterranean to drive ro-ro vehicle shipping volumes.

Geographic reach

The Group is benefiting from Noatum's asset-light operating model and 127 international locations in 27 countries in Europe, Asia, Africa, North America, and South America.

Ports and terminals expansion

Noatum's 15 terminals in Spain provide scalability and growth potential for the Group in ro-ro, dry bulk, general cargo and container shipping and logistics.

Financial strength

With 69% of its revenues from Europe, and nearly 75% of revenue denominated in Euros or US Dollars, Noatum brought income diversity and internal hedging.

Network expansion

Noatum is providing new shipping service routes and revenue source opportunities for recently acquired Group shippers Global Feeder Shipping, Transmar and TCI.

27
Countries across 5 continents

15
Terminals in Spain

127
International locations

+4,200
Employees

Investment Case

Vertically integrated business model

Our ecosystem of five clusters: Ports, Economic Cities & Free Zones, Maritime & Shipping, Logistics, and Digital, provide stability and a platform for predictable long-term growth.

Robust strategy for growth

The Group's growth strategy is driven by a de-risked approach, given its stable and highly predictable revenues and its supportive macro and top-down story.

Our growth strategy with complementary drivers – the operational ramp-up of existing assets, and M&A activity domestically and internationally – is well supported by our improving cash flow generation and quality asset base, and will ensure resilient expansion through economic and industry cycles.

With clear outcomes and objectives, the Group's growth strategy sets out to consolidate its position in Abu Dhabi and the UAE, deliver focused regional expansion, and expand globally to become a leading logistics and trade services player.

The Group has transformed itself in a short period of time from a regional and Abu Dhabi-focused player into a company with 147 offices and a geographic footprint and reach in 46 countries around the world. The Group is now working on scaling up its world-class capabilities further to create a truly globalised go-to logistics and trade services provider.

Major acquisitions such as Noatum in logistics and Global Feeder Shipping have been massive milestones in our recent growth, but there will be more to come.

The Group is applying a focused inorganic expansion strategy that is built around well-defined criteria to proactively pursue opportunistic complementary, synergetic, and value-added investments. Inorganic investments will primarily concern logistics, maritime, and port assets to enhance customer relationships, influence trade routes, improve connectivity, expand the logistics footprint, and build our larger Abu Dhabi-based assets. These select opportunities will also have to offer appropriate scale and strong and stable management, whilst being financially attractive.

Building a global powerhouse

Vertically integrated business model

Our ecosystem of five Clusters: Ports, Economic Cities & Free Zones, Maritime & Shipping, Logistics and Digital provide stability and a platform for predictable long-term growth.

World-class assets

Investors are attracted to our world class assets, infrastructure, and investments, such as our state-of-the-art container, ro-ro (roll-on, roll-off vehicle), general cargo and cruise facilities. Our UAE land bank of more than 550 km^2 for industrial development – two-thirds the size of Singapore – is a significant strength. We plan to turn KEZAD into one of the world's largest economic and industrial free trade zones.

Our mix of landlord and operating business models and our diversified revenue streams are key value propositions for investors. Although we are a global trade company, we are exposed to different market cycles and dynamics and conduct a significant portion of our business with a de-risked approach.

Smart thinking

We continue to leverage technology to make our operations more efficient. Digital innovations are a cornerstone of our operations and enhance value across our Group every year. Through Maqta Gateway – a wholly owned subsidiary of AD Ports Group – the Digital Cluster has developed a series of digital platforms since its inception in 2016. Designed to catalyse and streamline global trade through integrated digital solutions, the Cluster's work has cemented the Group's fast-growing global reputation as an international end-to-end trade and logistics enabler.

Solid financial base

The long-term nature of our contract business, which is typically longer than 15 years, underpins around 65% of our revenue. Our well-balanced capital structure and solid financial position are reflected in our A+ investment grade credit ratings from Fitch and S&P Global, and are further aided by our diversified portfolio and partnership model.

Our organic capital expenditure commitment to expand Khalifa Port and its connectivity, to diversify and increase the capacity of our Maritime & Shipping Cluster and develop our Economic Cities & Free Zones, will set the stage for further growth. In February 2022, we raised AED 4 billion through our direct listing, and in 2023 our shares rose 11% during the year, whilst the Abu Dhabi Equities Index (ADX) fell 5%.

Looking ahead, we aim to fund development through bond issuances as the predominant long-term funding vehicle, including the USD 2 billion (AED 7.34 billion) corporate lending facility from a syndicate of 13 banks secured in 2023.

65%

of revenue from long-term nature of our contract business

Shareholder support

Our anchor shareholder, Abu Dhabi Developmental Holding Company (ADQ), with a 75.42% stake, is deeply aligned with our growth plans, including international expansion. We are on a long-term investment journey and have the full support of our shareholders. Since our direct listing, we have more than doubled our foreign investor base to 8% through 2023.

AD Ports Group is committed to maximising shareholder value as it leverages its unique business ecosystem to bring about one of the world's leading integrated ports and logistics trade hubs, driven to set the standard for excellence at the forefront of a changing industry.

Experienced management

Our investors can rely on our highly experienced management team, who consistently identify and capitalise on opportunities to drive our ambitious growth strategy forward. This decisive approach has enabled the Group to execute value-accretive, transformative acquisitions such as GFS and Noatum. A key aspect of our inorganic growth strategy is to ensure acquired companies possess exceptional managerial expertise, which contributes to the overall quality and success of our expanding operations.

Post-Covid-19 Rebound

Shipping rates normalised as segmental supply-demand dynamics remained uneven

A positive year for the tanker, offshore, bulk and ro-ro segments, but not for the container market

With the exception of the container market, for which rates softening due to the gradual regularisation of supply chains post Covid-19, and the more significant increase in the vessel fleet supply, market conditions remained relatively strong in the tanker, offshore, bulk, and ro-ro segments, supported by China's reopening and the resulting 3% increase in global trade volumes.

The UAE stood out with exceptional macro performance

GDP in the UAE grew 3.7% in the first half of 2023, as non-oil sector growth vastly outperformed overall growth. Non-oil growth surged 5.9% in the first six months of 2023, according to the UAE Ministry of the Economy. UAE economic growth is projected to accelerate to 3.7% in real terms in 2024, up from 3.4% in 2023 on a full-year basis, according to the World Bank, boosted by the country's robust non-oil sector.

Shipping rates vary by cycle

Although shipping rates in 2023 remained on average 33% above the industry's 10-year trend, according to Clarksons Research, there were notable disparities between the different shipping segments. Energy shipping, including tankers, had another strong year, and the offshore segment continued its recovery. Ro-Ro rates remained at all-time highs. Despite a difficult start of the year, bulkers experienced a better fourth quarter. In the container segment, trade lanes concerning the Group, for example routes in the Middle East, Indian Subcontinent, Sub Saharan Africa, and to a lesser extent, Asia, faired much better than mainlane East-West routes, which were deeply affected.

Seaborne trade volumes recovered

Broadly, there was a return to growth for global seaborne trade in 2023, amidst easing of supply chain disruptions post Covid-19 and a growth in the world fleet supply by 3.2%, according to Clarksons Research. Global seaborne trade volumes rose 3% during 2023 to 12.4 billion tonnes, and rose 5% in total tonne-mile trade, a reflection of volume and distance, to 62.3 billion tonne-miles.

The top performing trades by volume in 2023 were cars (+15%), LPG (+6%) and, supported by China's reopening, dry bulk (+4.3%), whilst container volumes remained weak. A 5% increase in global seaborne tonne-mile trade amidst the redistribution of Russian oil flows represents the biggest growth since 2017.

Fleet market overview

In the tankers market, 2023 was another very strong year, with average tanker earnings remaining elevated, with continued support from longer-haul trades following the redistribution of Russian oil flows post-Ukraine conflict, according to Clarksons.

In the Very Large Crude Carrier (VLCC) segment, earnings rose 80% year-on-year on the back of rebounding Chinese crude imports and increased Atlantic exports, whilst earnings in the Suezmax and Aframax sectors remained very robust, exceeding VLCC earnings for a third consecutive year, according to Clarksons. For bulkers, 2023 was a softer year as earnings declined amidst reduced fleet inefficiencies and impacts from cumulative fleet growth over recent years, offsetting firmer demand trends.

In the containers segment, freight and charter rates dropped back in 2023 as the market "normalised" from exceptional 2021-22 levels, with average freight rates down but still above pre-Covid-19 levels in 2019. The outlook suggested that rates would "bump along at the bottom" in 2024, but with the disruption in the Red Sea, Shanghai to Europe box freight rates have trebled but remain at a low level.

In offshore oil and gas, markets continued to strengthen in 2023, with the Clarksons Offshore Index, which tracks OSVs, rigs and subsea vessels, rising to its highest level in over 15 years. Offshore wind markets had a more mixed 2023, suffering from inflation pressures and project delays, but the underlying longer-term outlook for wind remains positive.

In the chemical tankers market, conditions generally remained strong in 2023, with swing tonnage continuing to trade in the cost-per-purchase market, though some easing was seen from record levels in late 2022.

2024 outlook

The Red Sea disruptions that started at the end of December have significantly altered market perspectives for 2024, with a positive impact expected on both volumes and rates. With about 30% of global container trade transiting through the Suez Canal, re-routing has caused a multiple-fold increase in rates for the concerned routes and a knock-on effect across the shipping and logistics industry as a whole. With no sign of abatement, the Red Sea disruptions have allowed the absorption of capacity coming online in the container shipping sector as re-routing around Africa has increased transit time for container movement on the mainlane Asia-Europe route by about 50%. Main line shipping companies and global consumer companies have increasingly relied on regional feeders like Transmar, SAFEEN Feeders, and GFS, all asset owners and part of the Group, as an alternative to move cargo around in the Red Sea region and the extended Middle East region.

Container shipping oversupply largely absorbed by Red Sea disruptions

Overcapacity in the container shipping segment is expected in 2024 due to a large number of vessels coming into service, despite slowing freight demand, according to BMI/Fitch. However, with nearly half of the cargo ships and tankers being diverted away from the Suez Canal to alternative routes around the Cape of Good Hope, transit time for container movement on the mainlane Asia-Europe route has increased by about 50%. As a result, the expected oversupply situation in 2024 should be largely absorbed by the Red Sea disruptions, which show no sign of abatement. Higher freight rates for longer is a possible scenario as the Red Sea disruptions are directly linked to the conflict in the Middle East.

Logistics consolidation is likely to continue going forward

The post-pandemic supply chain shift from “just-in-time” to “just-in-case” strategies will accelerate over the coming decade, largely driven by new trade and investment policy rules for advanced sectors in major markets and national security considerations, according to BMI/Fitch.

Companies will try to lower their reliance on distant suppliers and limit their exposure to emerging geopolitical risks, alongside efforts to expand operations into low-cost manufacturing hubs. The long-term trajectory for global trade will be dominated by the push towards regionalisation (near-shoring) and localisation (reshoring).

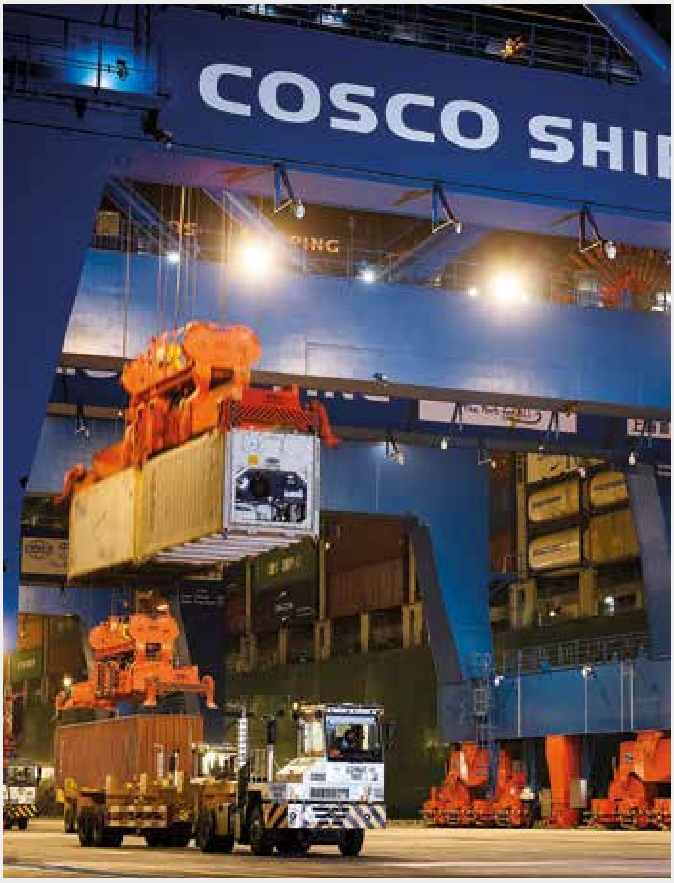
Friend-shoring will also increase trade flows among geopolitical allies and boost international market access. The rapid digitalisation of the logistics sector through automation and enhanced analytics will be key to future-proofing supply chains and improving trade efficiency.

Large logistics firms will consolidate their market share and increase investment in boosting their end-to-end trade capabilities and developing clean energy transport systems.

Sources:
1. BMI/Fitch Logistics & Freight Megatrends to 2050
2. BMI/Fitch Logistics & Freight Key Themes For 2024
3. BMI Global Macro & Industry Key Themes for 2024
4. Clarksons Research 2023 Shipping Market Review
5. UAE Ministry of Economy

AD Ports Group well positioned

The Group is well structured and has built solid foundations to support the ongoing diversification of its port-centric logistics global footprint, capturing the growth in regional and domestic sourcing and manufacturing in the wake of the Covid-19 pandemic and ongoing global geopolitical disruptions. Assets such as our warehousing, free zones and intermodal infrastructures in the Red Sea, Arabian Gulf and Mediterranean can support the re- and nearshoring of supply chains. With assets in Pakistan, Spain, Jordan, Egypt, Congo, Central Asia and the UAE, AD Ports Group is well-placed to benefit in today’s challenging markets.



Business Model

Our vertically integrated operations allow us to generate synergies across our five core business Clusters.

We leverage our sources of competitive advantage...

...to operate our unique business ecosystem to develop one of the world's leading integrated ports and logistics trade hubs...

World-class assets
Well-invested assets and unrivalled capacity including state-of-the-art container, ro-ro, general cargo and cruise facilities, and a land bank of more than 550 km^2 for industrial development.

Innovative technology
Digital solutions that increase the efficiency and productivity of maritime business interactions, fostering transparency and access to real-time information, including the Advanced Trade and Logistics Platform (ATLP), the official single window for trade in Abu Dhabi.

Strategic partnerships
Joint ventures and partnerships within the UAE and internationally, with industrial leaders and strong institutional support from the Emirate of Abu Dhabi.

Respected reputation
Recognition by numerous prestigious industry bodies and global leaders in maritime trade and logistics.

Streamlined processes enabling customer satisfaction and cost benefits through our five Clusters

Underpinned by:

Strong culture and values

Robust risk management

...creating value for our stakeholders

Our Digital Cluster provides advanced, smart and innovative digital solutions to stakeholders within trade and logistics communities.

Digital

Our Logistics Cluster provides end-to-end supply chain and freight solutions to local and international clientele.

Logistics

Our Economic Cities & Free Zones Cluster serves over 2,000 customers, providing a hub for manufacturing, logistics and trade.

Economic Cities & Free Zones

Customers
We build long-lasting partnerships with our customers, collaborating with them to meet their goals, providing high quality, efficient and value-added services.

Employees
We provide a safe, rewarding and inspiring place for employees to work and develop their careers.

Investors
We manage risk prudently and provide attractive returns to our shareholders, investing in our assets for long-term growth.

Communities and society
We are an enabler of trade, industrialisation and economic diversification, supporting Abu Dhabi’s aims to be a leading global hub for trade and logistics. We provide jobs, skills and training in the communities in which we operate, and are committed to social and environmental sustainability.

Sustainability focus

Responsible governance

Our Strategy

Strategic Outcomes

Maximum returns and portfolio synergies

- Spain-based logistics firm Noatum is expected to generate AED 130-190 million in Group synergies through 2025.
- The integration of Global Feeder Shipping is capturing the growing Gulf market for transshipments.
- Specialist Sesé Auto Logistics completed a new end-to-end vertical auto logistics solution in Europe.

Maximum customer 'stickiness'

- The launch of SAFEEN Drydocks filled a market gap and enhanced the attractiveness of Khalifa Port.
- Customs and border software maker TTEK improved the Maqta Gateway Single Window Solution.
- The collaboration with China's Shandong Group drove record volumes of autos at Khalifa Port.

Superior supply chain outcomes

- Transmar, Global Feeder Shipping and TCI began selling shipping services to Europe through Noatum.
- The Group sold a full range of port and terminal services through Noatum it had previously outsourced.
- The expansion of the Group's offshore and cargo fleets generated new business to Europe and Asia.

Multilayer geographic expansion strategy

Consolidate position in Abu Dhabi and the UAE

– Become the dominant ports and maritime group in the Gulf and Red Sea
– Establish Abu Dhabi and the UAE as the Middle East's leading regional trading and industry hub

Focused regional expansion

– Promote Abu Dhabi as the leading hub for East-West trade between Europe, Africa, and Asia

Expand globally to become the leading logistics and trade services player

– Further the development of KEZAD as a leading Middle East industrial and trade hub
– Expand through acquisition to build a global footprint of major routes and facilities

Consolidate position in Abu Dhabi and the UAE

2023 Activity

- We invested hundreds of millions to double warehouse capacity and build new community infrastructure in our Ports and Economic Cities & Free Zones Clusters, to capture business and reduce overcapacity risk.
- We completed major expansions to the South Quay and Khalifa Port Logistics areas to drive an increase in ro-ro and general cargo volumes and diversify our operations from container shipping.
- We steered a record volume of vehicles through Khalifa Port by our agreement with Shandong Group, developer of a Chinese export hub, to expand internationally and reduce geographic cluster risk.
- We promoted KEZAD as a global green energy hub by recruiting business tenants that are assembling EV-autos and exploring the future of green hydrogen in Abu Dhabi.

Future Plans

- We plan to commercialize and drive up utilization of existing and upcoming assets, sweating our assets to maximise value.
- We will continue to consolidate our position in Abu Dhabi across all clusters as foreign direct investments in the UAE continue to soar in line with the government's aggressive strategy to diversify the economy away from the oil and gas sector.

In action: Al Eskan Al Jamae

The purchase of Al Eskan Al Jamae transformed the EC&FZ Cluster by creating an integrated staff accommodation company that is the largest in Abu Dhabi with over AED 7 billion in total net asset value and a residential community with more than 136,000 managed beds.

Staff accommodation is now the second-largest source of EC&FZ Cluster revenue after land leases, and a growing generator of new income from facilities management, health, leisure, and community services.

Focused regional expansion

2023 Activity

- The opening of a passenger cruise terminal in Aqaba, Jordan, and our plans to operate three other cruise terminals in Egypt established the Group as a driver of Red Sea tourism.
- Our agreement to operate, expand and digitalise port projects in Karachi, Pakistan, helped drive container volumes of the Group to a record in 2023, and broadened our geographic mix.
- A 50-year concession agreement to develop and manage the Atlantic port in Pointe Noire, Republic of the Congo, gave the group an important foothold in Africa, increasing our ties to the world's fastest growing continent.
- Maritime and logistics agreements in Kazakhstan and Uzbekistan expanded our Group's focus into two key Central Asian markets, reducing our exposure to cyclical developments in the Middle East.

Future Plans

- We will continue our selective, value-enhancing expansion strategy to open up new opportunities in the Arabian Gulf and the Indian subcontinent.
- The Middle East and North Africa (MENA) region is key to the UAE and AD Ports Group as it includes some our major trading partners, especially on the export and re-export side. Developing a network of assets, densifying connectivity, and improving trade and logistics capacity across the MENA region is a key value proposition for international customers that have been increasingly investing resources to increase exposure or develop their business in the region.

In action: Global Feeder Shipping

Our integration of Global Feeder Shipping (GFS) allowed the Group to seize an industry trend and capture rising demand for local shipping in the Red Sea and Arabian Gulf.

A collaboration between GFS and one of the container line customers of newly acquired Noatum Maritime also generated significant savings for GFS during the year, one of many value-adding Noatum benefits to Group revenues and earnings.

Expand globally to become a leading logistics and trade services player

2023 Activity

- In 2023, the Group diversified geographically and in its service offerings, more than doubling revenue and generating record net profit through bold, transformative acquisitions like Noatum and GFS.
- In a sign of the Group's financial stature, AD Ports Group in April 2023 secured a USD 2 billion (AED 7.34 billion) corporate lending facility from a syndicate of regional and international 13 banks, hedging its liquidity risk.
- In November 2023, the Group became the first co-host in the Middle East and North Africa of the annual conference of the International Association of Ports and Harbors focusing on sustainable port development and resilience.
- In 2023, the Group became the first global maritime, trading and logistics company to support Kazakhstan in transporting its oil across the Caspian Sea to western markets, opening a new global energy transport route.

Future Plans

- We will also leverage trade flows between the UAE and Africa, Southeast Asia, CIS countries, and the Mediterranean, not only in the container business, but also in other segments and clusters, including bulk and general cargo, ro-ro, offshore services, logistics, and digital services.

In action: Collaboration with Kazakhstan

A milestone in the Cluster's global growth was the January 2023 signing of a ground-breaking collaboration with the national oil and shipping companies of Kazakhstan, KazMunayGas (KMG) and KazMotTransFlot (KMTF), respectively.

The Group is developing the central Asian country's marine fleet and infrastructure in the Caspian Sea and the Black Sea and has acquired a fleet of shallow-water vessels and oil tankers to help Kazakhstan export oil across the Caspian Sea to Azerbaijan.

Stakeholder Engagement

Stakeholder		Why they matter
Customers	We aim through our maritime, logistics and industrial trading activities to provide innovative, end-to-end solutions to our customers around the world, tailored to their individual needs.	Simply put, our customers are at the core of everything we do, so we strive in all of our endeavours to make sure our customers are satisfied and have a good reason to continue doing business with us.
Our People	The 6,794 employees of the Group are the lifeblood of our company, and the reason for AD Ports Group's success and growth. Through our human capital policies, we provide an industry leading standard of employee care and career development, which is regularly recognised for top quality.	The maritime, logistics and trade sectors are increasingly digitalised, but at its heart, the AD Ports Group is and will remain a synergistic team of motivated, highly trained, high-performing individuals who are actively pursuing personal and corporate excellence.
Investors	Our investor stakeholders provide the financial resources that are driving the global expansion of AD Ports Group and Abu Dhabi as a leading international trade hub.	Delivering shareholder value and providing positive societal benefits are core principles of the Group, which guide our growth strategy in the UAE and abroad through prudent and profitable channels.

How we engage	How they benefited
We use state-of-the-art customer relations management tools to stay in close contact with our clients, reaching out and evaluating their feedback, and exploring ways to be better at what we do.	• We acquired Noatum, a multinational provider of integrated port operations, maritime, and logistics services, and transformed our global service offerings to Group clients. • We expanded our off-shore and cargo fleets, providing greater service in the Arabian Gulf, Red Sea, and Southeast Asia. • We integrated new customs and border control management software from TTEK Inc., which made it easier for customers to use the Group's Maqta Gateway Single Window solution. • We began regular general cargo and ro-ro service to Qatar and Kuwait, boosting regional trade.
We offer a range of best-practice outreach, employee assistance and career development training programmes to our diverse workforce, which is made up of more than 100 nationalities. We also seek their feedback regularly, and act on it when necessary to improve workplace excellence.	• We introduced a Hybrid Workplace Flexibility Guide to better support managers and employees as they adapt to new ways of working that embrace flexibility, promote inclusion, and drive innovation. • We launched an Employee Assistance Programme (EAP) for Group employees delivering high-quality support for a range of personal and work-related problems through in-person and online counselling. • We invested significantly in holistic wellbeing, and offered a differentiated benefits package which included many physical, emotional, social, and financial wellness programmes including counselling. • We introduced mental wellbeing support, flexible fitness benefits, savings and investment tools, and back-up on-site childcare by providing workplace daycare to give working parents peace of mind. • We incorporated the Group's Environmental, Social and Governance (ESG) strategy into our HR Strategy to empower every person in every cluster to achieve more.
Our investor relations outreach was intended to educate the market on key developments, but also widen the investor audience. Our business execution in 2023 made the Group's shares (ticker: ADPORTS) one of the most successful in the UAE during the year.	• The value in AD Ports Group increased after Group revenue more than doubled and profit set new records during 2023, amidst a broad-based growth in all business clusters. • The international expansion of the Group in 2023 to 46 countries around the world diversified the Group's revenue sources and provided a path for resilient future earnings growth. • The expansion of the Group's foreign investor base, which doubled in 2023 to more than 8%, is a testimony to investors' confidence in the Group's strategy and performance delivery. • The expansion of the Group's ports, terminals, maritime and shipping infrastructure in 2023 in Abu Dhabi, Egypt, Jordan, and Pakistan during the year will drive future revenues from the Arabian Gulf and Red Sea. • The acquisition of Spain's Noatum transformed the Group into a regional power in automotive logistics in the Mediterranean, expanding the AD Ports footprint into Europe, opening new growth channels.

Stakeholder Engagement continued

Stakeholder		Why they matter
Communities	We seek to improve the lives of all communities in which we operate, and our business strategy targets sustainable, environmentally sound development of the world's ports, maritime and trade infrastructure.	Our people and their families live in the communities in which we work, in the UAE and around the world. A basic part of our passion is to improve the local environment wherever we are present.
Governments and regulators	AD Ports Group complies with all laws and regulations of the UAE and the 46 countries in which we operate. Domestically, the Group seeks to align its business activities in maritime and shipping, ports, industry, and logistics to support the UAE's trade development goals with major partners.	The vision, guidance, and support from the wise leaders of the UAE continues to inspire the Group's strategic expansion and its role as a catalyst for sustainable development. We support the country's Comprehensive Economic Partnership Agreements with nations such as India, Indonesia and Turkey.

How we engage	How they benefited
We conduct our business under exacting environmental and social standards in the UAE and all jurisdictions in which we operate, under strict ESG guidelines.	• The residents of Lower Egypt benefited from the Group's commitment to develop three port terminals in an environmentally sensitive way to reduce impacts from construction and operations. • The residents of Abu Dhabi benefited by the ongoing work of the Group to preserve biodiversity and the Ras Ghanada coral reef in the Arabian Gulf, which was awarded a top honour in 2023. • Residents of the UAE's Al Dhafra region benefited from the Group's development of the Sila Community Harbour and Al Fiyay Island Marina, which created jobs and strengthened the maritime community. • The residents of the UAE benefited from the opening of AgTech Park in Al Ain, an indoor, multi-purpose vertical farming platform for fresh produce developed by KEZAD. • The UAE and Arabian Gulf stand to benefit from the Group's decision to explore building a green hydrogen production hub with alternative energy developer Masdar at KEZAD to create the clean-burning fuel.
The Group supports the economic and sustainability goals of the UAE and all countries in which we do business. Our support for building a hydrogen production facility in KEZAD supports the UAE National Hydrogen Strategy. In Egypt, for example, we are developing a multipurpose port in Safaga in line with Egyptian environmental regulations to limit its impact on the Red Sea ecosystem.	• We committed to Egypt that the Group would develop the ports infrastructure of Safaga in line with Egyptian regulations to limit environmental impact on the Red Sea ecosystem. • We agreed with Pakistan to manage, operate and develop its main port in Karachi for 50 years in a sustainable manner to boost UAE-Pakistan regional trade and cooperation. • We developed and opened a state-of-the-art passenger cruise terminal in Aqaba that enabled Jordan to launch and sustainably develop a thriving Red Sea tourism sector. • We expanded the non-oil industrial base of the UAE by attracting billions of dirhams worth of investment to our economic cities and free trade zones to diversify and grow the national economy.

Human Capital and Emiratisation

Driven by our people, who are at the heart of our success, 2023 was a year of significant change at AD Ports Group, as we nearly doubled our workforce through new acquisitions and global expansion. By the end of the year, the Group had 6,794 employees and over 100 nationalities.

As the Group grew, we ensured that our corporate culture remained grounded in a growth mindset, focused on cultivating common goals that value what each employee contributes to the Group's overall success. We launched a continuous ongoing review and update of our integrated processes and practices to support how we connect with our people as we roll out our strategic transformation.

For our efforts, in promoting best-in-class standards in Human Capital & Emiratisation (HC&E) aligned with the top global benchmarks, the Group received several major awards and recognitions during 2023.

Awards and recognitions

The Group again received the Investors In People (IIP) "We Invest in People" Platinum Accreditation, awarded to only 2% of IIP-accredited organisations globally, for outstanding commitment to cultivating an exceptional workplace environment.

IPP gave our Group an 87% rating compared to the 77% industry average. We also received a coveted Great Place to Work® certification, recognising the pride and enjoyment our employees take, regardless of position, in working at AD Ports Group.

The Group also added a series of world-class certifications, recognising its use of best practices. We received an ISO 30414:2018 Human Resource Management certification, reflecting the Group's care and career development of employees. The certification body Bureau of Veritas has confirmed that AD Ports Group HC & E Unit is the first organization to be certified in the UAE. Our ISO 30401:2018 Knowledge Management designation endorsed AD Ports Group's robust framework for effectively capturing, sharing, and fostering a culture where knowledge is used to drive innovation, enhance decision-making, and improve overall performance. In addition, the Group received two awards in 2023 from the Stevie International Awards for Great Employers.

Employee engagement and wellbeing

We also continued to listen and gather feedback directly from our workforce, and actively took steps to support employee wellbeing and safety. In 2023, AD Ports Group excelled in engagement scores, outperforming global benchmarks, with 75% of our employees participating in the 2023 employee engagement survey measuring commitment, recommendation, happiness, and work pride. Results showed outstanding scores in the Happiness and Pride categories. The Group's Pride level was in the top 10% globally with a satisfaction rate of 91%, and the Happiness level was also strong, with AD Ports Group in the top 25%, with a satisfaction rate of 84%.

In terms of promoting employee wellbeing and safety, we introduced a Hybrid Workplace Flexibility Guide to better support managers and employees as they adapt to new ways of working that embrace flexibility, promote inclusion, and drive innovation. We also launched an Employee Assistance Programme for Group employees that focused on delivering high-quality support for a range of personal and work-related problems through in-person and online counselling services, amongst others.

We invested significantly in holistic wellbeing, and offered a differentiated benefits package which included many physical, emotional, social, and financial wellness programmes including counselling through the EAP, mental wellbeing support, flexible fitness benefits, savings and investment tools, and back-up on-site childcare by providing workplace daycare to give working parents peace of mind.

6,794
Employees

100+
Number of Nationalities

66.6%*
Emiratisation rate

73%/27%
Male/Female excluding Blue Collar workers

* Value shown represents only UAE-based parts of the Group

Inclusivity & diversity
We incorporated the Group ESG strategy into our HR Strategy to empower every person in every cluster to achieve more. We think of diversity and inclusion as core to our business model, informing our actions to enhance diversity and equal opportunity across gender, age, nationality, and People of Determination to ensure representation of people at different levels.

Women and youth representation
During the year, the Group Women's Committee was restructured to support women in all clusters, through programmes such as GLOW, which empower and enable the proactive participation of female leaders within the organisation through professional development and personal growth.

The Group also established the AD Ports Group Youth Council in 2023 to empower young talent and nurture leadership capabilities as a bridge to our executive management.

AD Ports Group proudly has a diverse workforce that comprises over 100 nationalities. We also support Emiratisation in UAE-based operating companies, where 66.6% of employees are UAE nationals.

Talent management
Our growth mindset culture begins with valuing learning over knowing, seeking out new ideas, driving innovation, embracing challenges, learning from failure, and improving over time. We offer a wide range of learning and development opportunities, and our learning philosophy focuses on providing the right methods of learning, not just formal instruction, at the right time, in the right way.

In talent management, we launched several successful measures during 2023.

Our new Onboarding Programme Platform allowed new employees to be engaged and welcomed from their first day at AD Ports Group, using interactive gaming with 10 information modules.

Our "Living Our Values Campaign" communicated AD Ports Group culture for growth and success. During 2023, 460 employees participated in workshops, webinars, and online trainings to familiarise themselves with our values, and make a positive impact in our organisation and the wider community.

Our "Living our Competency Framework Campaign" integrated our competency framework to our performance management process and enabled a fuller understanding of how better to apply our core leadership and technical competencies from hire to retire, by setting performance goals, identifying skills gap, and providing constructive feedback to ensure a high-performance culture across the group.

Our learning management system improved the administration, documentation, tracking, reporting, automation, and the delivery of educational courses, training programmes, e-learning platforms, learning materials and development programmes.

Human Capital and Emiratisation continued

We developed a concept for our skills-based Talent Marketplace platform, which will be implemented in 2024 to support the identification and allocation of talents in a single platform relevant to all AD Ports Group employees. This helped to unlock the potential of our people, drive innovation, scale profitability and enhance a culture of continuous learning and career growth opportunities within AD Ports. The platform raised the visibility of available talent skills across the Group, whilst boosting engagement through lateral and vertical mobility.

Our new Succession Planning Model, which was developed with the active participation of our current leaders, prepared the Group to better address its future leadership challenges. Sessions were held to create a competency-based succession planning model based on critical mission roles that were identified using standard criteria across the group. Talent review sessions were then held to assess potential successors and their professional development requirements. We identified 106 critical and leadership roles across the group, and a strong talent pipeline of 211 potential successors.

Building capabilities

In 2023, we also designed targeted programmes to ensure that there are no skills gaps, whilst fostering an employee-driven agile learning environment. Skills development has been embedded into our annual budget, and leaders have committed to ensuring that skills development continues across the employee life cycle. Learning opportunities of more than 45,500 hours were made available across all levels at AD Ports Group and were offered across all positions and departments. A priority was placed on ensuring access to learning is available to everyone, providing opportunities to explore and develop. During the year, the average number of training hours per employee was 30.15 hours.

Coaching and mentoring were enhanced during the year as we covered more than 200 sessions to help our people adapt to the new growing culture, learn new behaviours, overcome barriers, share insights and experiences, and foster engagement. A youth development initiative was created called Voyagers of Discovery, a one-year programme to empower young Emiratis in their personal, social, and professional lives in a ports trading environment. During 2023, 33 UAE nationals went through the programme.

Workforce Breakdown*:

32%
Generation X

58%
Generation Y

8%
Generation Z

2%
Baby Boomers

30.15 hours
Average training per employee in 2023

* All values shown represent only UAE-based parts of the Group

In partnership with Charted Institute of Personnel and Development (CIPD), we customised a programme for line managers to build people manager capabilities and offer all employees opportunities to refine leadership skills through differentiated leadership development programmes. The focus was on the line manager journey from the hiring to development, performance management and succession stages. We covered 2,400 hours to train line managers on how to achieve better business outcomes.

We also implemented a learning journey programme for the entire Human Capital team across the Group to enhance our capability to accelerate organisational excellence and keep pace with our growth journey. The programme successfully covered 1,900 hours of learning.

We also developed a pool of high-potential employees in building their skills and capabilities to help shape our organisation's future. 27 of our high-potential emerging leaders participated in an immersive learning journey over six weeks, which included a learning bootcamp experience, managerial virtual simulation modules, self-paced online digital courses, as well as group coaching sessions.

In our C-level executive development initiative, 12 of our C-level executive employees experienced a unique leadership development programme to help them reflect on their leadership styles and embrace global leadership behaviours. The objective was to strategically reflect on their own personal leadership styles, moving from good to great, to sustainably lead the Group as a global organisation in the future, building a common leadership language, and creating a nexus for future leaders in AD Ports Group.

Employing technology & data

To elevate the employee experience and enhance our internal transactional processes, the HR Shared Service adopted a number of tools during the year to ensure a prompt response to our people accessing the "Ask HR Shared Services" platform. We successfully implemented the Oracle Fusion Cloud System to enhance the employee's experience. This resulted in achieving 90% of our Service Level Agreements, which underlines the commitment of our Shared Service to different stakeholders.

Human Capital & Emiratisation also designed advanced data visual tools during the year to give leadership prompt access to employee data and analytics through advanced business intelligence dashboards, which supported strategic decision-making.

Outlook

Looking ahead to 2024, HC&E will continue to support the entire AD Ports Group by nurturing a growth mindset and a growth strategy through reskilling and upskilling our employees to meet the future needs of the company. These efforts will include promoting the AD Ports Group corporate DNA through a Group-wide culture, delivering world-class Human Capital services that capture value and synergies, and powering human impact through data and technology to help people realise their top potential.

Clusters

Ports

The Ports Cluster expanded regionally and globally in 2023, opening one of the world's most modern cruise terminals and clinching transformative agreements to develop and operate world-class port and terminal facilities in Pakistan, Republic of Congo, and Egypt. Record results were driven by strong growth in transshipments through Khalifa Port, the launch of a new dry docking business, and income from the expanded South Quay general and Khalifa Port Logistics bulk, liquid, and energy cargo areas.

As the Cluster expanded internationally, its reputation for quality service continued to grow as Khalifa Port was named one of the top 3 most efficient container ports in the world by the World Bank and S&P, and the Ports Cluster earned a Guinness World Record for the strength of its global brand.

As global markets recovered from the Covid-19 pandemic and semiconductor shortages, the Ports Cluster drove record volumes of container, general cargo and, significantly, roll on-roll off business through Khalifa Port, where the volume of auto imports and transshipments rose to a record 245,000, boosted by a new partnership with Shandong Ports Group, a Chinese auto export hub.

Ports continued

The Ports Cluster generated record revenue in 2023 by diversifying and leveraging synergies from a maturing business ecosystem serving one of the world's elite deep-water ports, a hub for 25 shipping lines, including three of the largest, at the crossroads of Europe, Africa, the Middle East, and Asia.

Leveraging the Group's global expansion, the Ports Cluster took major steps during 2023 to pursue its goal of becoming a truly international multipurpose port business, adding dry docking services to serve a fast-growing market, and laying the groundwork, through foreign partnerships, for the growth to come.

In a year of superlatives, the Ports Cluster in 2023 generated record revenue and earnings by driving forward its international expansion, capturing new income from the strong upswing in transshipments within the Arabian Gulf and leveraging the benefits of digital solutions and enhanced efficiency.

As part of AD Ports Group, the Ports Cluster continued to lead future growth for the rest of the Group by reaching multi-year agreements in Pakistan, Republic of Congo, and Egypt to build, operate and manage new state-of-the-art ports and terminal facilities, and by expanding its successful international cruise line business from Abu Dhabi to Jordan and Egypt in the Red Sea.

The significant investments in infrastructure and superstructure represented by these showcase international projects will not only generate new revenue and business opportunities over the next 10 years, but also increase the Group's global footprint, expanding its ability to grow robustly and profitably.

In 2023, the Ports Cluster also advanced the Group's strategic imperative to become a fully integrated end-to-end provider of global trade solutions by seizing opportunities from shifts in international markets, such as the growth in transshipment services. As demand for transshipment rose in the auto sector, the Cluster closed deals with shipping lines to capture these revenues, leading Autoterminal Khalifa Port to handle a record volume of 212,000 autos in 2023, 26% of those transshipments.

To lay the foundation for further expansion of Khalifa Port, the Cluster in 2023 completed two major expansions, the extension of the South Quay general cargo area, with now 3 km of sea wall, 1 million m^2 logistics yard and 75,000 m^2 of warehouse storage, and the opening of Khalifa Port Logistics Group, a bulk cargo facility handling and storing chemicals, green energy exports, and a liquid and gas terminal.

For its extraordinary efforts, the Cluster received a series of prestigious awards and recognitions for its leadership, operating efficiency, and willingness to go the extra mile to build its global brand identity.

Operationally, the **Ports Cluster** saw container throughput grow to 4.91 million Twenty-foot Equivalent Units (TEUs) in 2023, +13% year-on-year, driven by higher overall utilisation of 54% in 2023 compared to 51% in 2022, and 58% versus 55% at Khalifa Port specifically.

General cargo volumes rose by 26% year-on-year to reach 40.0 million tonnes in 2023, compared with 31.7 million tonnes in 2022.

Ro-ro volumes jumped almost fourfold year-on-year to 777,000 vehicles, capturing six months of Noatum's volumes, whilst cruise passenger volumes soared 183% year-on-year despite the Red Sea disruptions impacting operations at the Aqaba Cruise Terminal in Q4 2023 (accounting for 11% of total cruise passenger volumes in 2023).

40.0 Mn

tonnes of general and bulk cargo handled

4.91 Mn

twenty-foot equivalent units (TEUs) of total container throughput

597,000

cruise passengers received in Abu Dhabi

Clusters continued

Financial headlines

The Ports Cluster's revenue grew by 40% year-on-year to AED 1.59 billion in 2023, fuelled by strong growth of 27%, 214%, and 25% year-on-year in general cargo, ro-ro, and cruise revenues. The Ports Cluster contributed 13.6% to consolidated Group revenue in 2023, and its EBITDA amounted to AED 827 million, implying an EBITDA margin of 52%, slightly diluted from 56% in 2022 due to the change in business mix from international activities.

This growth was bolstered by the six-month contribution of Noatum for the general cargo and ro-ro performance, whilst the cruise passenger business continued its resurgence in the post-Covid-19 era, especially in the UAE.

Container concession fees at Khalifa Port delivered a healthy revenue growth of 7% year-on-year in 2023, underpinned by a steady container volume growth of 6% year-on-year from the two operational container terminals, Abu Dhabi Terminals, and CSP Abu Dhabi Terminals, a concession agreement between AD Ports Group and COSCO SHIPPING Ports.

Additional container revenues, including that from the container terminal in Karachi Gateway Terminal Limited (KGTL) and Noatum's container activities in Spain, further boosted performance in the container segment.

Adjusting for the M&A effect, primarily from Noatum's Terminals business in Spain and KGTL in Pakistan (both contributing for six months, from July 2023 onwards), Ports Cluster revenue increased by 6% year-on-year in 2023.

Container, cargo volumes

The volume of containers handled by the Cluster rose to a record in 2023, driven in part by higher utilisation of port facilities, especially at Khalifa Port, as well as the consolidation of results from the Cluster's agreement with Karachi Port Trust to expand bilateral trade and develop, expand and digitalise port projects in Pakistan. The consolidation of Karachi results, which commenced on 21 June 2023, raised Cluster container volumes by 243,000 TEUs during the year, driving strong growth in revenue and EBITDA.

Additionally, COSCO Shipping Ports Limited (CSP), one of three leading global shippers at Khalifa Port with Mediterranean Shipping Company (MSC) and CMA CGM, demonstrated strong double-digit growth in both local and transshipment short haul and long-haul container shipments.

General cargo had an extremely strong year, with record volumes in Abu Dhabi and strong performance by the Group's Transcargo International (TCI-Egypt) unit, a Cairo-based terminal operator and specialist in container, break bulk and project cargo handling, storage, and trucking. Record demand was also observed in the steel and projects sectors. With several major oil and gas projects coming online in the Arabian Gulf, the outlook for general cargo is promising.

Regional expansion

The Cluster expanded its regional footprint in 2023 through a series of groundbreaking multi-year international agreements to develop and manage new terminals and ports, which expanded the Group's geographic reach and set the stage for years of future income and revenue growth.

Under a 50-year concession agreement, the Ports Cluster began to manage, operate and develop the KGTL, including berths 6-10 at Karachi Port's East Wharf. Over the next 10 years, the Cluster will deepen berths, extend quay walls and container storage, and overhaul the terminal infrastructure and superstructure to boost UAE-Pakistan regional trade and cooperation.

In the Republic of Congo, the Cluster signed a 30-year extendable concession agreement to develop and operate the multipurpose New East Mole Terminal at Pointe Noire Port, where it will invest USD 220 million (AED 808 million) in phase 1 of the terminal, to boost UAE-Congo trade and drive growth in a vast new market.

At the beginning of 2023, the Cluster inaugurated the Aqaba Cruise Terminal in Jordan to develop Aqaba tourism, logistics and transport from the Red Sea. During the year, Abu Dhabi Cruise Terminal became the region's top cruise destination, attracting 597,000 visitors in the 2022/2023 season, nearly quadrupling the visitor count from the previous year amidst a rebound in post-Covid-19 tourism.

Additionally, the Cluster continued to expand its network of trade partners in Asia. In July, the Ports Cluster strengthened a "Sister Ports" agreement with Shandong Port Group in Shandong Province, China, a major auto export hub, that led to an increase in transport of Chinese passenger vehicles to Khalifa Port for presentation and storage, which boosted transshipment revenues and drove Cluster growth.

At the end of 2023, the Cluster signed a 30-year concession agreement in Egypt with the Red Sea Ports Authority (RSPA) to develop and operate a multipurpose terminal at Safaga Sea Port, where it plans to invest USD 200 million (AED 734 million) over three years to build the first state-of-the-art facility in Upper Egypt, whilst mitigating the environmental impact of a project being designed to handle 6 million tonnes of bulk cargo, 450,000 TEUs of containers and more than 50,000 ro-ro units each year.

As the year drew to a close, the Cluster extended its cooperation with Egypt's RSPA in a 15-year concession agreement to operate and manage cruise terminals in Safaga, Hurghada and Sharm El Sheikh, strengthening UAE-Egyptian ties and laying the groundwork for growth in Red Sea cruise tourism.

Noatum ports integration

The acquisition of Noatum, a leading Spanish logistics leader in supply chain management, transformed the Group's logistics cluster but also benefited the Ports Cluster. With 15 multipurpose port terminals in Spain (in 2023), Noatum has significantly enhanced the Ports Cluster's global footprint and operational capabilities, marking a key milestone in the journey towards becoming a leading global multipurpose port operator. The integration of Noatum's ports has broadened the Group's service range, improved efficiencies, and continues to drive growth, reinforcing the Group's commitment to innovation and sustainability.

Awards and recognition

The Ports Cluster drew global attention for its performance during 2023.

In February, the Ports Cluster received a Guinness World Record for assembling the largest logo out of shipping containers – 676 containers that spelled out the AD Ports Group logo on the South Quay in a memorable display 1 km long and 174 m wide that awarded the Cluster's brand marketing prowess. In May, Khalifa Port was ranked as the No. 3 most efficient container port in the world in the prestigious Container Port Performance Index (CPPI) published by the World Bank and S&P Global Market Intelligence, recognising its contributions to delivering the highest standards in port efficiency. Khalifa Port was selected as the Port of the Year by the Maritime Standard Awards.

In November, the Ports Cluster became the first in the Middle East and Northern Africa to co-host the annual conference of the International Association of Ports and Harbors, attracting more than 300 global experts from around the world to discuss sustainable port development and resilience.

Additionally, Abu Dhabi Cruise Terminal was named the World's and Middle East's Best Cruise Terminal of the Year by the London-based World Cruise Awards organisation.

Outlook

In 2024, the Ports Cluster is focused on growing its successful cruise terminal business and delivering on its infrastructure and superstructure commitments with partners in Egypt, Jordan, Congo, and Pakistan to raise the level of regional trade and lay a path for future growth. As always, the Cluster remains focused on raising its performance and efficiency and seizing the potential of new assets such as dry docking and its expanded port facilities at South Quay and Khalifa Port Logistics.

Economic Cities & Free Zones

The Economic Cities & Free Zones posted a record year in 2023, as it added 5 km^2 of new land leases, and integrated Al Eskan Al Jamae LLC to create Abu Dhabi's largest staff accommodation company. The most profitable Cluster in AD Ports Group during 2023, EC&FZ successfully diversified during the year, adding 57,000 managed beds, and providing new utility, waste recycling and facilities management services to clients and area businesses.

During a year when the UAE hosted the COP28 global climate conference, the Cluster prioritised eco-friendly development, launching initiatives in waste recycling, wastewater management, and laying the groundwork for solar and hydrogen fuel infrastructures. Recruitment of sustainability-minded tenants such as the maker of the UAE's first electric vehicle advanced our green agenda.

In the post-Covid-19 era, the EC&FZ Cluster emerged as an attractive location for companies such as Al Ghurair Foods, Emtelle and Tubacex Group, which chose KEZAD to disperse their supply chains and set up new greenfield hubs on the Arabian Gulf, serving customers in the region and globally.

The acquisition of Al Eskan Al Jamae LLC transformed the Cluster by creating an integrated staff accommodation company with over AED 7 billion in total net asset value and a residential community of more than 136,000 managed beds. After land leases, staff accommodation is now the second-largest source of Cluster revenue, and a growing generator of new income from facilities management, health, leisure, and community services.

Economic Cities & Free Zones continued

The Economic Cities & Free Zones Cluster was largest contributor to Group EBITDA in 2023. The precious core is the 550 km^2 land bank, the largest economic zones Cluster in the Middle East, whose expansive, state-of-the-art infrastructure easily accommodates new land lease clients each year, generating highly predictable revenue streams and consistently high margins.

With more than 2,000 customers across 12 economic zones, the Economic Cities & Free Zones Cluster continued to grow and diversify in 2023 into the Arabian Gulf's leading integrated trade, logistics and industrial hub, with 587,000 m^2 of warehouses and showrooms that were 87% occupied.

Financial headlines

EC&FZ recorded a revenue increase of 7% year-on-year to reach AED 1.78 billion in 2023, driven by organic growth in land leases, warehouse leases, and utilities, as well as the impact of the EAJ merger. The Cluster's EBITDA amounted to AED 1.26 billion for the year, supported by a one-off gain of AED 98 million in Q4 2023, translating into an EBITDA margin of 71% (or 65% excluding the one-off gain in Q4 2023), compared to 66% in 2022. The EBITDA margin was the highest in the Group.

The Cluster contributed 15.24% to consolidated Group revenue in 2023, and contributed 47.31% to adjusted Group EBITDA, the most of any Cluster in the Group.

Although the enlarged KEZAD Communities' bed occupancy continued to improve, EC&FZ like-for-like revenue growth excluding Al Eskan Jamae declined 13% year-on-year due to the cessation of Razeen Covid-19 lease revenue, which was only partially offset in 2023.

KEZAD Group

KEZAD had another robust year in its core land leasing business, placing an additional 5 km² under contract and boosting the number of EC&FZ clients by 12% in 2023 to over 2,000 from 1,850 in 2022. The utilisation of KEZAD's built-asset portfolio, which includes its warehouses and showrooms, rose dramatically to 87%, as new services drew new tenants and laid the groundwork for more expansion.

But beyond the headline numbers, which continued to demonstrate KEZAD's robust organic strength, the Cluster made key progress in building out its network of industry micro-systems to lay the foundation for sector-specific growth, especially in the automotive, food and metals sectors. KEZAD commenced to invest AED 330 million during the year in primary infrastructure development to house major projects of national importance, such as the Abu Dhabi Food Hub and the Global Auto Hub – Abu Dhabi.

Infrastructure work continued on the 3.3 km² Global Auto Hub – Abu Dhabi that AD Ports Group is building in KEZAD with partner Ghassan Aboud Group to boost automotive industry trade. Planning was completed on Rahayel, a domestic used car marketplace for UAE consumers. In July, KEZAD signed an agreement with Shandong Port Group (SPG) to increase delivery of Chinese automobiles to KEZAD for storage and display. NWTN, a pioneering UAE/Chinese green technology company, began assembling the Rabdan, the UAE's first electric vehicle, at its 25,000 m² facility in KEZAD.

In the food sector, Emerging World FZC agreed to build an AED 110 million manufacturing plant for PRAN foods at KEZAD that will serve the UAE and 15 other markets in the Middle East and Northern Africa.

55%
of the UAE's total industrial area

71%
EBITDA margin in 2023

+5.0 km²
gross new land leases signed in 2023

AED 1.78 Bn
revenue in 2023, +7% year-on-year

+2,000
clients in 2023, +12% year-on-year

The Economic Cities & Free Zones Cluster achieved unprecedented success in 2023, and continued to be a key profit driver for AD Ports Group through its growing land lease business, successful diversification into staff accommodations following the acquisition of Al Eskan Al Jamae LLC, and the creation of community-centric developments that will open new revenue streams and enhance Abu Dhabi's reputation as an emerging global manufacturing hub.

Key Statistics

12
economic zones in Abu Dhabi

550 km²
land bank, the largest economic zones cluster in the Middle East

2,000+
customers

+164,000
direct and indirect jobs created since inception, including 5,500 committed by clients in 2023

Multimodal connectivity via air, road, sea, and rail

136,000
beds under management in staff accommodations

1st
most profitable cluster in AD Ports Group in 2023

AgTech Park, an indoor, multi-purpose vertical farming platform for fresh produce, began its sustainable farming journey in March 2023 at a facility in Al Ain developed by KEZAD. Construction began on a Life Sciences Campus being developed with partner G42, an AI development holding company. Work neared completion at KEZAD on a new AED 650 million dairy farm production facility, including 10,000 heads of cattle, operated by Al Rawabi, the UAE's largest maker of dairy and juice products.

In the metals sector, work continued on Metal Park, a 450,000 m^2 ecosystem in KEZAD for the storage, handling, processing, fabrication, and R&D for the metal industry.

KEZAD and Al Jazeera Steel Products Co. broke ground on construction of the region's first rolling mill with rail production capability. The 210,000 m^2 state-of-the-art mill will produce 450,000 tonnes per year and cater to growing customer demand for steel products.

KEZAD Communities

The integration in 2023 of Al Eskan Al Jamae LLC, which created KEZAD Communities, one of the UAE's largest integrated staff accommodations companies, not only transformed the Cluster but was also a major driver of revenue and EBITDA. The acquisition significantly expanded the number of staff accommodation assets under the Cluster's control and extended the range and quality of support services offered to customers.

The second-largest contributor of revenue in EC&FZ after land leases, KEZAD Communities brought an additional 57,000 beds on the market in Abu Dhabi in 2023. On 31 December, 82,000 people were living in KEZAD Communities, which if it were incorporated as a municipality would make it the 6th largest city in the UAE.

With total managed beds of 136,000, KEZAD Communities has room to grow and develop new revenues through community and leisure services, property management, facility management, health services and property development.

KEZAD Utilities

In line with goals to diversify its services portfolio and further develop sustainable business methods and infrastructure in KEZAD, the Cluster set in motion three major environmental initiatives that promise to enhance the attractiveness and low-carbon profile of EC&FZ's economic zones.

A joint venture with Al Fanar created KEZAD Industrial Services, which will provide industrial gases and related services to customers in KEZAD, including natural gas and LNG. The JV will serve KEZAD clients whose limited but mission-critical gas needs do not justify the expense of building dedicated gas lines to their premises. Instead, the JV will supply gas through tanks, and provide other maintenance and on-site development services to improve client accessibility to industrial gases.

Major new contracts

A 50-year land lease agreement with Al Ghurair Foods to develop three mega food processing projects for AED 1 billion, including setting up a starch processing plant and establishing one of the UAE's largest broiler producers, contributed to local and regional food security.

In the technology and innovation sector, KEZAD began developing a facility for Emtelle under its Build-to-Suit service, with Emtelle committing AED 184 million for one of the world's largest facilities for fibre optic ducting solutions. KEZAD also signed a lease with Tubacex Group of Spain for their facility for OCTG-CRA tubular solutions, a boost to the oil and gas sector. Additionally, Global Fluorine Chemical Factory LLC will triple its production capacity in KEZAD with an AED 1 billion investment.

KEZAD also invested AED 55 million in upgrading the infrastructure of Musaffah (ICAD 1) and AED 42 million in landscaping at KEZAD Al Ma'mourah, furthering sustainable development in the region.

Outlook

The year 2024 will see major construction ramping up on the Global Auto Hub-Abu Dhabi, the Abu Dhabi Food Hub, and the Metal Park marketplaces. The Cluster will drive forward its diversification strategy, expanding the range of services offered to its growing network of community-centric ecosystems, such as waste management and wastewater management through Bee'ah and SWW, respectively, whilst unlocking more land for the future through the core land leasing business. The sustainability agenda will be pushed forward once again, as the Cluster explores, amongst other initiatives, building a green hydrogen production hub for domestic and international export with UAE renewables leader Masdar.

Maritime & Shipping

The Maritime & Shipping Cluster, the biggest revenue contributor to AD Ports Group, significantly expanded the scope, geographic reach, and diversity of its operations in 2023 by bolstering its fleet, seizing opportunities in dry docking and offshore marine logistics and support services primarily to the oil and gas industry, and widening its regional feedering network to boost Abu Dhabi's reputation as the leading vertically integrated trade enabler of the six-nation regional Gulf Cooperation Council (GCC).

The Cluster generated record revenue and earnings in 2023 as it launched the SAFEEN Drydocks venture, expanded into the Caspian Sea to support Kazakhstan in transporting oil to western markets, increased its service offerings in ro-ro and dry and liquid bulk transportation, and added 10 large offshore support vessels to strengthen its offshore asset base in the Middle East and Southeast Asia.

Significant investments during 2023 in oil tankers, in bulk and ro-ro vessels helped further broaden and diversify the Cluster, providing a natural hedge to drive overall revenue growth even as the different business segments are exposed to different market dynamics and freight rate cycles.

Maritime & Shipping continued

The additions in 2023 of new offshore vessels, capacity and diversified services are expected to generate significant growth in revenue and earnings during 2024.

Some key drivers are the capacity increase and platforms created in ro-ro, the collaboration on maritime transportation with the Middle East's biggest listed courier Aramex, and the charter of the newly acquired, high in demand offshore assets.

With its investment in new fleet capacity, the Cluster is well positioned to benefit from the strong upswing in offshore and subsea business sparked by the post-Covid-19 revival of maritime megaprojects, such as ADNOC's Hail & Gasha development project, offshore energy developments in Africa, and the ongoing growth in offshore wind energy projects globally.

The strategic expansion of the oil tanker fleet has created a strong foundation for the Maritime & Shipping Cluster to benefit from the ongoing revival in demand for tanker services, due to a global realignment in maritime energy shipping routes influenced by geopolitical shifts.

Business review

Despite challenging market conditions in container and bulk, the Maritime & Shipping Cluster continued to be the revenue growth engine of the Group during 2023 through a combination of robust organic growth, strategic additions in capacity, new business launches, and Noatum's maritime business consolidation that powered AD Ports Group on a course to increasing revenue and profitability.

In 2023, the Maritime & Shipping Cluster's revenue almost tripled to reach AED 6.29 billion, up from AED 2.14 billion in 2022. The Cluster was the largest contributor to Group revenue, accounting for 53% in 2023, after adjusting for exceptional vessel trading revenues, and the Cluster's EBITDA amounted to AED 932 million, translating into an EBITDA margin of 27% after adjusting for the pass-through vessel trading recorded in the second half of 2023. This compares to a 30% EBITDA margin in 2022 as container freight rates normalised and as the cluster revenue mix continued to evolve.

260
total vessels fleet, +46% year-on-year

AED 6.29 Bn
Maritime & Shipping Cluster revenue, +194% year-on-year

53%
contribution to consolidated Group revenue

525,000
twenty-foot equivalent units (TEUs) feeder container volumes, +70% year-on-year

The Maritime & Shipping Cluster experienced rapid strategic growth in 2023, adding new assets and logistics capabilities in vessels, routes, and business lines to diversify and create hedging benefits that powered the Cluster to record growth amidst a dynamically changing backdrop of global demand.

Through its forward-looking actions, the Cluster not only positioned AD Ports Group for further growth in 2024 and beyond, but also enhanced the value of other Group operations, including the Logistics, Economic Cities & Free Zones, Ports and Digital Clusters, by raising Abu Dhabi's value and profile at the forefront of global trade.

The Maritime & Shipping Cluster was one of the key recipients in terms of capital investment in AD Ports Group during 2023. Additions made to the Cluster filled strategic gaps that increased the scope of the Group's operations and service offerings, allowing AD Ports Group to capitalise on rapid growth that took place in business segments such as ro-ro, bulk services and offshore and subsea services primarily to the oil and gas industry.

Investments also enabled the Maritime & Shipping Cluster to enter new, promising business lines, such as dry docking, ro-ro, and liquid bulk, which broadened the business mix and provided hedging against the cyclical ups and downs of different segments, increasing the consistency of the Group's revenue growth during the year.

In May 2023, AD Ports Group acquired five bulk carriers for AED 459 million and three crude oil tankers for AED 496 million. In November 2023, the Group purchased two additional oil tankers for USD 35 million (AED 129 million) and 10 offshore vessels for USD 200 million (AED 734 million).

Transformational acquisitions

The integration of acquisitions from 2022 drove the Cluster's revenue growth starting in early 2023, as the Group expanded its services portfolio and regional footprint to the Red Sea and Northern Africa.

The acquisitions of Divetech Marine Engineering Services, a sub-sea solutions provider; ASCL, a Non-Vessel Operating Common Carrier (NVOCC) that rents container space on carriers; SAFEEN Survey & Subsea Services, an underwater specialist in inspection, repair and maintenance; and Transmar, an Egyptian regional container and cargo shipper and port operator active in the Red Sea, accounted for almost a third of AD Port Group's robust 73% increase in first-quarter 2023 revenue.

A major milestone in the Cluster's strategic growth in early 2023 was the January signing of a ground-breaking collaboration with the national oil and shipping companies of Kazakhstan, KazMunayGas (KMG) and KazMotTransFlot (KMTF), respectively, to develop the Central Asian country's marine fleet and infrastructure in the Caspian Sea and the Black Sea.

Under the agreement, AD Ports Group acquired a fleet of shallow-water vessels and oil tankers to help Kazakhstan export oil across the Caspian Sea to Azerbaijan and onward to western markets. The collaboration represents the most significant expansion ever by the Group into Central Asia and Kazakhstan, a major energy producer and growing hub for Europe-Asia trade.

In March, the Cluster continued to leverage rising trade and shipping demand in the GCC and the Middle East by launching new services to capitalise on the growth in regional trade. A new weekly container shipping service from Khalifa Port was launched to provide commercial trade and logistics services with Hamad Port in Qatar and the ports of Shuwaikh and Shaiba in Kuwait.

A second agreement saw the start of direct, ro-ro service between Khalifa Port and Kuwait's Shuwaikh Port, to capture increasing levels of regional trade in the GCC and leverage UAE strategic partnerships with Egypt, Jordan, Iraq, and Turkey. The ro-ro initiative was bolstered during the year

by the acquisition of the SSF Ania, a vessel deployed along the UAE-Kuwait route to help reduce truck freight transports and CO_2 emissions along the highway corridor between the UAE and Kuwait.

In May, the Group bought three crude oil tankers and five bulk carriers for AED 955 million in the first of a series of acquisitions during 2023 that supported the increase of the Cluster's total vessel fleet by 46% to monetise the Group's growing maritime activities. The tankers were deployed to transport Kazakh crude oil across the Black Sea, and three bulk carriers were committed to the Group's charter agreement with Saif Powertec to transport general cargo and dry bulk from Fujairah Port to Bangladesh and Southeast Asia.

Leveraging diversification

A highlight in 2023 was also creation of SAFEEN Drydocks, a joint venture between AD Ports Group and Premier Marine Engineering Services LLC, that allowed the Cluster to seize a market opportunity and offer dry docking, afloat repairs, shipbuilding, and refurbishment services for the first time. The shipbuilding and repair capability of the 45,000 m^2 shipyard at Khalifa Port is a valuable addition to the Group's asset portfolio and represents a major new source of revenue and income.

The USD 200 million (AED 734 million) investment in 10 new vessels purchased from E-NAV helped drive the Group's exceptional growth in maritime services and shipping in the Middle East and Southeast Asia. The Group not only acquired ships – multipurpose supply vessels, platform supply vessels, dive support vessels and accommodation work boats – but also existing contracts with blue chip oil and gas industry clients and national oil clients and national oil companies.

With the acquisitions, the Cluster's fleet grew to 260 owned and leased vessels by the end of 2023, which improved the Group's connectivity to vital markets and provided a solid foundation for generating further regional and global growth in maritime and shipping.

UAE maritime support

As AD Ports Group expanded its global maritime shipping footprint, significant gains were also made to build up the maritime industry and infrastructure of the UAE. Abu Dhabi Maritime, the custodian of Abu Dhabi's waterways, operating under AD Ports Group in cooperation with the Integrated Transport Centre of the Department of Municipalities and Transport (DMT), created a powerful platform to encourage public- and private-sector investment in the UAE maritime sector.

The inauguration of the Sila Community Harbour and Al Fiyay Island Marina in UAE's Al Dhafra Region by Abu Dhabi Maritime and DMT brought to fruition a significant investment in the UAE's marine infrastructure, including pontoons for 64 fishing boats, a dhow quay wall, a ro-ro ramp, 68 wet berths and a 14-metre slipway in Sila, and a 500-metre navigational canal, 220-metre road, a 1.5-metre deep mooring basin and 26 wet berths on Al Fiyay Island.

Reflecting the significance of the investment in terms of local employment and preserving local culture and heritage in the Al Dhafra region, His Highness Sheikh Hamdan Bin Zayed Al Nahyan inaugurated the Sila Community Harbour and Al Fiyay Island Marina in September 2023.

The Cluster's role in creating the Abu Dhabi Maritime Awards, celebrating excellence in marinas across the Middle East and North Africa (MENA) region, reflected AD Ports Group's commitment to leadership in maritime services and shipping.

The integration of Spanish logistics group Noatum, which transformed AD Ports Group's Logistics Cluster, also has huge value and implications for further growth of the Maritime & Shipping Cluster. Noatum's wide footprint in 27 countries, ports, and terminals and 127 offices will provide a crucial bridge to the growing portfolio of services offered by the Maritime & Shipping Cluster.

Noatum's significant presence in the Mediterranean perfectly aligns with the Cluster's services in shipping, containers, bulk goods and in ro-ro, where Noatum is a major logistics service provider to auto sector in Europe.

This new combination of competencies in logistics and maritime services is expected to drive significant revenue growth and generate new synergies in the Maritime & Shipping and Logistics Clusters as efficiencies are captured and the Group benefits from economies of scale. Even though the vast majority of concrete benefits from the Noatum acquisition will only start to materialise in 2024, the addition has already broadened AD Ports Group's strategic horizons, and not just to the Mediterranean.

The addition of Noatum and its superior logistics expertise has strengthened the Cluster's ability to compete for a role in mega projects. Noatum's freight forwarding network and ports logistics combined with the maritime capabilities offers integrated solutions to the region's ground-breaking megaprojects and energy developments now being planned.

Sustainability commitment

Even amidst a year of rapid growth, the Maritime & Shipping Cluster built on its commitment to environmental sustainability. The Cluster continued to expand its cleaner fuel project that included electrically powered vehicles and dual fuel technologies, and further explored ways to leverage hydrogen and biofuels for hybrid vessels.

Regional agreements to begin maritime ro-ro and bulk transports to Kuwait and Qatar also helped take trucks off the road and reduce CO_2 emissions in the GCC region.

Outlook

The strategic expansions into the Mediterranean with Noatum, as well as the strategic collaboration with Kazakhstan in the Caspian Sea, alongside the newly acquired Southeast Asia offshore platform, and the fleet additions and new business launches in dry docking and ro-ro, have positioned the Maritime & Shipping Cluster for another period of strong growth.
As the global reach and influence of AD Ports Group continues to grow, the Maritime & Shipping Cluster will continue to play a major role in driving the Group's overall performance.

Logistics

The integration of Noatum, a major trade and logistics provider based in Spain operating an integrated portfolio of terminals, maritime and logistics services, helped transform AD Ports Group from a regional to a global logistics powerhouse. The strategic move delivered unprecedented access to the Mediterranean, significant presence in the European automotive logistics sector, and major global market exposure offered by its current network of 16 terminals and 127 international locations across 27 countries around the world. The contribution of Noatum, which took effect 30 June 2023, more than trebled the Cluster's revenue.

The Noatum transaction, which had an enterprise value of AED 2.65 billion, was one of the largest acquisitions in the history of AD Ports Group. Following completion of the deal, Noatum assumed full management responsibility for the Group's Logistics Cluster and all its global clients, and quickly began the process of selectively integrating businesses to extract new value for shareholders.

With Noatum's global footprint across five continents, the Logistics Cluster became the second-largest contributor to Group revenue in 2023 after the Maritime & Shipping Cluster, as AD Ports Group offered a range of global logistics solutions it never could before, such as extensive terminals operations serving Europe and the Mediterranean, clearance and warehousing in the United States, complex project cargo solutions for mines in South America and export services in Asia to key Group clients.

Logistics continued

The purchase of Sesé Auto Logistics, a European rail and road logistics services provider for finished vehicles, allowed the Logistics Cluster to offer an end-to-end solution to the automotive sector from the factory to the showroom floor.

In October 2023, the signing of the agreement to purchase Sesé Auto Logistics, a major road and rail transport player operating in five European countries, provided the final pieces of a vertical solution that enabled the Cluster to offer turnkey logistics services from the automotive factory to the showroom floor.

Business review

Leveraging the global infrastructure, robust sales and innovative logistics solutions developed by Noatum over the course of 60 years, Logistics Cluster revenue climbed sharply in the second half of 2023, causing full-year revenue to more than triple. As a core contributor to the Group's income, with benefits from the acquisition just beginning, the Logistics Cluster is playing an increasingly important role in the Group's growth strategy.

Revenue in 2023 was driven in part by a strong post-Covid-19 upturn in the automotive industry, as the Logistics Cluster moved 1.6 million vehicles during the year, setting a record. In addition, the year saw a significant growth in its project cargo business, especially across the United States, Latin American and Algerian markets, and an increase in the import of agribulk cargoes, mostly cereals, into Spain, whilst Noatum Logistics opened a new state-of-the-art warehouse in the UK catering to major fashion industry clients.

151,000
twenty-foot equivalent units (TEUs) containers handled at terminals and depots

560,000
twenty-foot equivalent units (TEUs) container commercial representation

14.8 Mn
tonnes bulk and general cargo handled at terminals and depots

1.6 Mn
tonnes bulk and general cargo commercial representation

15,452
vessels port agency calls

1.6 Mn
vehicles handled

Through the Noatum acquisition, the Logistics Cluster fundamentally changed during 2023 into a core contributor to AD Ports Group, and an emerging player in the global logistics industry. In a challenging year of supply chain disruptions caused by the lingering effects of the Covid-19 pandemic and geopolitical uncertainties, the Cluster expanded its presence across all major global markets and trade lanes through a strategy encompassing organic growth, acquisitions, joint ventures, and partnerships. Symbolic of Noatum's importance to the future of the Group's worldwide logistics business and brand identity was the decision to rename MICCO Logistics, the freight forwarding arm of the Cluster which had served Abu Dhabi and the GCC for more than four decades, as Noatum Logistics Middle East.

With over 4,200 professionals across five continents, Noatum brought a new calibre of operational strength and infrastructure capability to AD Ports Group. The expansion of the Cluster's terminal holdings was one of many key benefits of the Noatum acquisition, giving the Group not only a greater global port footprint, but the owned terminal infrastructure to leverage the maritime and ports business to sell logistics and other Group services.

With the ongoing integration of Noatum's capacities and international networks into the Logistics Cluster and broader AD Ports Group, new opportunities are being created to serve the needs of Group customers across all global markets through a broad cross-Cluster ecosystem that is increasingly directing import and trade flows toward Abu Dhabi and the UAE.

Financial headlines

In 2023, Logistics Cluster's revenue increased by 264% year-on-year to reach AED 1.94 billion, up from AED 531.64 million in 2022 before the Noatum acquisition. The Logistics Cluster contributed 16% to Group revenue in 2023 and 5% to the Group's EBITDA. Like-for-like revenue growth for the Logistics Cluster excluding Noatum Logistics reached 5% year-on-year, in line with the 4% year-on-year growth in polymer volumes. EBITDA was adversely impacted by AED 152 million one-offs in 2023, including an impairment charge related to an investment in a listed associate, and an unfavourable base effect, with 2022 including an AED 73 million one-off gain from the sale of a warehouse as part of a new long-term contract with a strategic customer. Adjusting for one-offs, EBITDA amounted to AED 168 million, implying an EBITDA margin of 9%.

Noatum acquisition synergies

The purchase of Noatum has enabled AD Ports Group to expand its footprint globally and boost trade between North America, Turkey, UK, Western Europe, India, China, and Indonesia. Noatum's expertise in logistics and freight forwarding has enabled AD Ports Group to expand its key account programme globally, broadening its customer base and driving revenue growth.

The purchase of Sesé Auto Logistics, a European rail and road logistics services provider for finished vehicles, has opened a new strategic vertical for Noatum to develop customer services for original equipment manufacturers (OEMs), providing customers with comprehensive transport and freight forwarding services across the entire automotive logistics value chain. The acquisition serves as a strong template of how AD Ports Group's Clusters can work together to deliver integrated solutions encompassing every element of the supply chain, and its vision is to replicate the same model across all countries where Noatum will manage the Group's Automotive terminals.

Integration progress

The consolidation of Noatum within AD Ports Group began on 30 June 2023 upon conclusion of the acquisition leveraged an inherent strength of the Group, which pursues a pragmatic policy of "smooth" integrations maximising synergies, whilst prizing cultural diversity.

Over a six-month period following finalisation of the acquisition, the Noatum and AD Ports Group teams began an intensive process of discovery and comparison of commercial processes, to extract best practices and innovations from both companies for the good of the Cluster and the broader AD Ports Group family.

In July and August, teams from Noatum Automotive, the Noatum speciality business unit created in 2018, made a commercial trip to China to visit key and potential clients such as SAIC, Anji, XEV and Geely, among others.

Simultaneously, Noatum Maritime made initial proposals to commercialise and find clients in the automotive and breakbulk industries. Noatum Logistics initiated the process of transferring cargoes that were under supervision of AD Ports Group to Noatum, and vice versa.

In September, Noatum Terminals began migration of its port system software tools from PortSys to PortOs, the new multipurpose terminal operation system that is being installed in all terminals, which represents a huge step forward in the digitalisation of port processing.

Furthermore, a collaboration between Global Feeder Shipping (GFS) and one of the container line customers of Noatum Maritime generated significant savings to GFS, one of many value-adding benefits to Group revenues and earnings.

Another highlight during the month was Noatum Automotives signing of XEV, an Italian-Hong Kong electric microcar maker, for the import of vehicles to Europe through Barcelona. In the UK, Noatum Logistics opened its new flagship warehouse in Biggleswade in Bedfordshire, England. The +21,000 m^2 facility is powered with solar panels and designed to operate at net zero carbon. The innovative, semi-automated handling systems and robotic support oversees a capacity of more than 3 million items.

From October through December, the pace and breadth of the integration gathered pace, as Noatum and AD Ports Group developed new global logistics solutions, based on shared assets, and exchanged ideas and proposals for boosting efficiency and delivering services cost effectively across industries and markets.

A major highlight occurred in November when Noatum celebrated its 60th anniversary at a gala event at the National Art Museum of Catalonia (MNAC) in Barcelona, which drew 600 distinguished guests, including His Excellency Dr. Thani bin Ahmed Al Zeyoudi, the UAE Minister of State for Foreign Trade, and Captain Mohamed Juma Al Shamisi, Managing Director and Group CEO of AD Ports Group.

The closing of the acquisition of APM Terminals Castellón north of Valencia, where Noatum had been managing a multipurpose terminal since 2004, furthered Noatum's consolidation in Spain and strengthened the Group's presence in the western Mediterranean. A long-term contract signed with Chinese vehicle maker Chery to use Barcelona as the port of entry for the export of the Chery Omoda line from China to Europe, also benefited the Group as it furthered Noatum's strategy to compete as a major player in the global automotive logistics sector.

Other agreements

In early 2023, the Cluster entered the Uzbekistan logistics market with creation of ADL-Ulanish, a joint venture with SEG Enera Group, an Uzbek diversified holding company with broad interests from oil and gas to agriculture, to serve the country's and the broader Central Asian region's fast-growing markets.

In July 2023, the Cluster signed an agreement with Acino, a Swiss developer of innovative medicines, to provide global freight forwarding services, including sea and air transport, in the MENA region. The agreement allowed the Cluster to leverage its fully integrated end-to-end pharma cold chain capabilities to transport vital medications from Acino's global locations of origin to markets in MENA.

Outlook

Looking ahead to 2024, the Logistics Cluster, led by Noatum, intends to explore more synergies, diversifications, and expansions both in products and in geographic markets, to mitigate cyclical disruptions and drive revenue and earnings. A major priority for the Cluster will be to complete the integration of Sesé Auto Logistics and the consolidation of APM Terminals Castellón, whilst at the same time focusing on value creation for shareholders by exploiting the complimentary footprints of Noatum to extend services to new and existing clients. Ultimately, given Noatum's success in combining its three major businesses – Noatum Maritime, Noatum Logistics and Noatum Terminals – the company will play a key role within the Group as an integrator of capabilities of all five Clusters, which working together, can generate cost efficient and competitive solutions that wrap around the needs of clients – yielding greater mutual benefits and long-term relationships.

Digital

The Digital Cluster expanded internationally in 2023, acquiring a leading developer of disruptive border management technologies, incubating a new innovator in security solutions, and opening a brand new commercial hub at Abu Dhabi's Zayed Port to boost UAE digital trade and logistics services. During the year, the Digital Cluster elevated operational efficiency across the Group and further enhanced the digitalisation of UAE trade and investment, whilst driving its own revenue to a record.

The March 2023 inauguration of AD Ports Group's Digital District, a state-of-the-art commercial hub and waterfront headquarters of the Digital Cluster, underlined the Cluster's growing role in accelerating digital trade and investment in Abu Dhabi and the UAE. During the year, the Cluster developed smart solutions that boosted Group efficiency, facilitated trade, and attracted new digital firms to Abu Dhabi.

The Digital Cluster grew rapidly through acquisition and organic expansion in 2023, acquiring TTEK Inc., a player in customs and border control management technologies, and driving forward the growth of its Maqta Gateway digital arm, the developer and operator of the Single Window port solution that is Abu Dhabi's digital trade gateway to the world.

Digital continued

The purchase of TTEK Inc., a maker of disruptive, innovative customs and border control management software, added a new layer of value to Maqta Gateway's Trade Single Window solution, where transactions exceeded 33 million in 2023.

Devising innovative solutions, the Cluster helped nurture the growth of the UAE's digital economy. The successful incubation of Nishan Security Services, a start-up that makes integrated security solutions using advanced technology such as AI, data analysis, and surveillance, was a highlight, as was the creation of the Al Nalia app, which enhanced the safety, efficiency, and ease of marine navigation.

Business review

Financial headlines

Revenue in the Digital Cluster grew by 13% in 2023 to AED 454 million, up from AED 400 million in 2022. The Digital Cluster contributed 4% to Group revenue in 2023, and its EBITDA grew by 15% in 2023 to AED 251 million, up from AED 218 million in 2022. The number of single-window transactions exceeded 33 million including strong E-Pass volumes for ports access in 2023. Cumulative transactions since the creation of Maqta Gateway rose to 153 million by the end of 2023.

Digital District debuts

The district was inaugurated on 23 March by His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Chairman of Abu Dhabi Executive Council.

The building housing the Digital Cluster, including Maqta Gateway, TTEK, Nishan Security Services and the Digital Innovation Lab, is the first in Abu Dhabi's Digital Harbour, a cornerstone development to position Zayed Port as a unique destination for trade and investment services.

The anchor tenant of a 370,000 m^2 harbour development designed to eventually host more than 20,000 digital innovators and experts, the AD Ports Group's Digital District is a vibrant nexus of entrepreneurial drive, featuring a range of facilities that high-calibre tech employees expect from a world-class employer, including separate gyms for men and for women, a children's nursery for employees, and a multipurpose theatre for sports and cultural events.

+33 Mn

Single-Window transactions

+153 Mn

transactions fulfilled by Maqta Gateway since inception

678,000

metric tonnes of CO_2 saved in travel by digital solutions

92%

customer satisfaction rate with Maqta Gateway's ATLP platform

As the Cluster's flagship company, Maqta Gateway has successfully developed state-of-the-art digital solutions, in line with world-class efficiency standards, whilst integrating more than 70 entities since its inception within the UAE and globally.

By the end of 2023, Maqta Gateway had fulfilled more than 152 million transactions since inception, serving more than 27,000 users digitally, thus eliminating physical visits and reducing CO_2 emissions by an estimated 678K metric tonnes in 2023 alone.

At the heart of Maqta Gateway is the Advanced Trade and Logistics Platform (ATLP), a "Made in UAE" single-window digital platform created by the Cluster under the supervision of the Abu Dhabi Department of Economic Development in 2020 that unifies access to all land, sea and air trade and logistics services in the Emirate of Abu Dhabi. Since its launch, the ATLP platform has assisted more than 24,000 users, and has a 92% customer satisfaction rate.

TTEK acquisition

The purchase of TTEK Inc., a Barbados-based maker of disruptive, innovative customs and border control management software, added a new layer of value to Maqta Gateway's Trade Single Window solution, and a new set of digital tools to unlock further growth in international trade and logistics. TTEK is a powerful customs engine that allows traders to deal efficiently and quickly with customs and border controls, ensuring goods are properly inspected and necessary approvals are obtained from authorities and regulators.

AD Ports Group's Maqta Gateway bought TTEK, with offices in Barbados and Vietnam, for USD 26.7 million (AED 98 million).

TTEK's solutions blend deductive and inductive analytics with predictive modelling in a powerful machine learning platform for customs, immigration, policing, and border agencies. The solutions use more than 1.5 million risk indicators and AI predictive modelling to establish more reliable border security controls.

Maqta Gateway aims to leverage TTEK's R&D hub in Vietnam and its extensive expertise in customs and border modernisation solutions across Africa, Middle East, North America, and Australia to strengthen its service offering on the unified Trade Single Window solution and expand it internationally with enhanced security, tracking and regulatory enforcement.

Adding TTEK's predictive technology-based solutions into Maqta's Single Window solution will help improve border security, trade facilitation, customs revenue management and more, thereby strengthening the Group's value proposition as a Single Window solution provider.

The acquisition of TTEK is expected to bring near-term and sustained synergistic benefits to AD Ports Group, including faster time-to-market delivery and significant sector expertise.

Nishan Security incubation

The successful incubation of Nishan Security Services in 2023 added another fast-growing member to the AD Ports Group's Digital Cluster. The company offers integrated security solutions using advanced technology such as AI and data analytics to protect AD Ports Group's premises from potential threats.

Nishan's AI-based systems are designed to identify suspicious behaviour in real-time and alert security personnel. Integrated solutions provide users with the flexibility to remotely monitor through cloud-based security systems. Services include risk assessment, vulnerability and threat analysis, and implementation of the latest technologies to safeguard economic growth and provide peace of mind.

Growing importance of ATLP

Maqta Gateway signed an agreement in June 2023 with the Abu Dhabi government to provide digital customs services through its Advanced Trade and Logistics Platform (ATLP), underlining the central role being played by the Group's Digital Cluster in driving trade and investment in the Emirate.

The service level agreement with the General Administration of Customs – Abu Dhabi (AD Customs) and the Abu Dhabi Department of Economic

Development (ADDED) delivered a seamless customer experience to the Abu Dhabi trading community for shipments passing through eight border crossings in Abu Dhabi.

The agreement improved access to digital customs services for customers by providing all digital customs services through ATLP, which gave merchants and stakeholders the ability to oversee the clearance of goods at every stage of shipment, ensuring efficiency and transparency.

ATLP streamlined administrative processes, enabling advanced clearance notifications to reduce transit times, and provided a unified view of trade through Abu Dhabi. To date, ATLP's Inspection and Clearance Module has facilitated over 70 percent of all of Abu Dhabi's customs' clearances.

ATLP also facilitated digitally enabled labour services, which contributed significantly to the Cluster's growing revenue in 2023.

Facilitating Group efficiency

In August 2023, the Digital Cluster helped the Group's Economic Cities & Free Zones Cluster develop an enhanced omni-channel experience for clients at KEZAD. Enhancements included improved service level agreements for walk-in customers, easier contact centre enquiries, and the launch of a digitalised Free Zone License application service through ATLP.

The initiatives employed innovative approaches to making the flow of information more user friendly, whilst enabling centralised access through the KEZAD Cloud for investor-related documents to all key government stakeholders and partners for quicker turnaround.

Another key service improvement was the Customs Registration Number integration, which provided an investor with an importer code immediately upon issuance of a license, to stimulate trade.

For the Maritime & Shipping Cluster, the Digital Cluster during 2023 developed the Al Nalia app, an application that enhances the safety of marine navigation in the Emirate of Abu Dhabi and ensures the efficiency and ease of use of waterways. The app helped users search directly for the nearest marine facilities such as marinas, slipways and marine fuel stations, and locations designated for recreational activities including jet skis, marine water sports, swimming, and surfing.

Other highlights

In 2023, the Cluster's Advanced Trade Logistics Graduates (ATLG) programme was recognised as among the Top 3 digital empowerment initiatives for women in the GCC at the Digital Government Awards. During 2023, 91 interns graduated from the ATLG 5.0 Programme, the highest ever since its launch, in addition to 59 youngsters, who were the first graduates of the ATLG Kids Programme.

The Digital Cluster also won several international prestigious awards in 2023 such as the Innovation in Sustainable Technologies at the Gulf Sustainability Awards 2023, the Judges Special Achievement Award at IdeasUK 2023, and the Best Customer Experience Strategy and Best Digital Customer Experience at the International Customer Experience Awards 2023. On 7 September 2023, a new, innovative digital tracking system developed by the Digital Cluster was awarded a patent in Singapore and Australia, the latest recognition of the Cluster's groundbreaking work to advance the field of digital trade and logistics.

Outlook

The Digital Cluster is looking to drive continued non-organic growth by targeting further enhancements in digital trade solutions built around Maqta Gateway and TTEK to build out a full palette of user-friendly digital tools that will enhance the reputation of Abu Dhabi and AD Ports Group as a favoured hub for international trade. The Cluster has also set a priority to deliver new smart solutions to further drive efficiency within the Group and will continue to nurture new young talent to build the digital economy in Abu Dhabi and the UAE.

Financial Performance

2023 was a challenging period in which demand rationalised and freight rates corrected radically for the maritime and logistics segments from the vertigo-inducing highs experienced during the Covid-19 pandemic in 2020-2022. Significant downward corrections were witnessed across air, ocean, and road freight rates against the turbulent macroeconomic environment and geopolitical tensions. AD Ports Group managed to side-step most of these challenges through resilience and continued to deliver strong underlying results. This was achieved by further broadening our service offerings and investing in capacity and businesses with attractive long-term prospects.

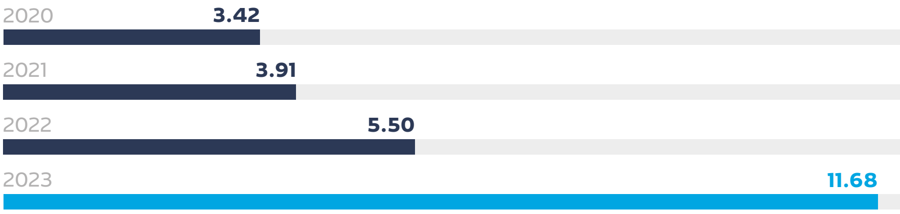
“

Through prudent financial stewardship and focused capital allocation based on strategic priorities, we adroitly steered AD Ports Group against a volatile economic backdrop, ensuring the Group remained resilient in the face of economic turbulence and optimally positioned to capitalise on growth opportunities, whilst we progressed along our value-enhancing trajectory. Our latest financial results reflect our prioritisation of synergistic and sustainable growth, coupled with revenue diversification and cost optimisation.”

Revenue

AED 11.68 Bn

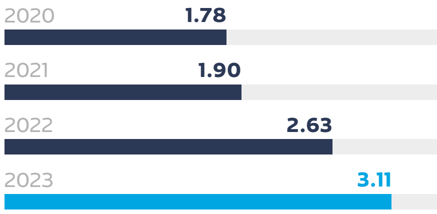
+112% year-on-year



Gross Profit

AED 3.11 Bn

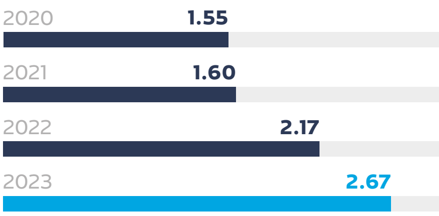
+18% year-on-year



EBITDA

AED 2.67 Bn

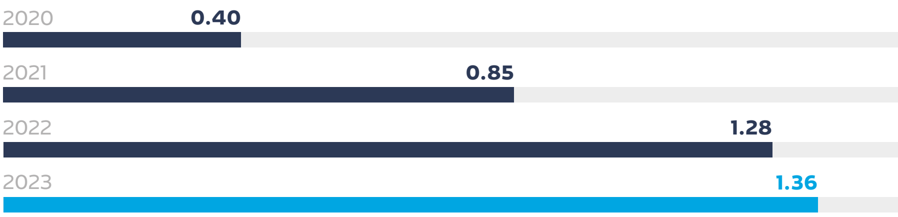
+23% year-on-year



Total Net Profit*

AED 1.36 Bn

+6% year-on-year



*Net Profit Before Minorities

Consolidated performance

The Group's revenue increased 112% year-on-year to reach AED 11.68 billion in 2023. EBITDA rose by 23% to AED 2.67 billion, whilst net profits increased by 6% to reach AED 1.36 billion. The revenue increase was driven by organic growth across all Clusters, combined with an uplift from recent acquisitions, particularly Noatum and Karachi Gateway Terminal, both of which were consolidated on 30th June 2023 (six-month impact).

Cluster performance

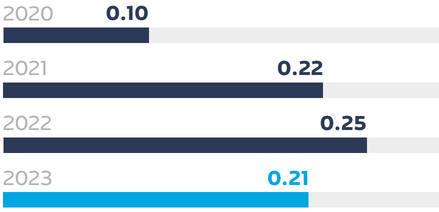
Operationally, the **Ports Cluster** saw container throughput grow to 4.91 million Twenty-foot Equivalent Units (TEUs) in 2023, +13% year-on-year, driven by higher overall utilisation of 54% in 2023 compared to 51% in 2022. General cargo volumes rose by 26% year-on-year to reach 40.0 million tonnes in 2023, compared with 31.7 million tonnes in 2022. Ro-Ro volumes more than quadrupled year-on-year to 777,000 vehicles, reinforced by six months of Noatum's volumes, whilst cruise passenger volumes soared 183% year-on-year despite the Red Sea disruptions impacting operations at Aqaba Cruise Terminal in Q4 2023.

The Ports Cluster's revenue grew by 40% year-on-year to AED 1.59 billion in 2023, fuelled by solid operational performance, bolstered by the six-month contribution of Noatum and Karachi operations. The Cluster EBITDA reached AED 827 million in 2023, implying an EBITDA margin of 52%, slightly diluted from 56% in 2022 due to the change in business mix from international activities. The Ports Cluster contributed 16% and 23% to the consolidated revenue and adjusted EBITDA, respectively, in 2023.

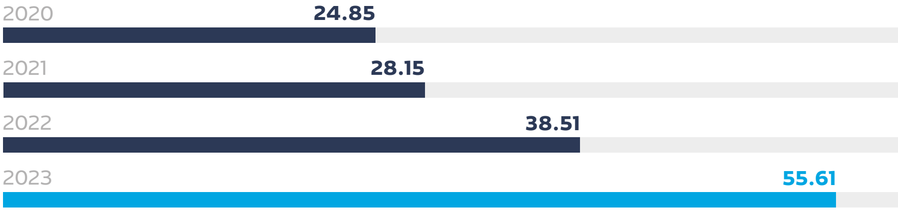
Economic Cities & Free Zones (EC&FZ) Cluster recorded a revenue increase of 7% year-on-year to reach AED 1.78 billion in 2023, driven by organic growth in land leases, warehouse leases, and utilities business, as well as the impact of the KEZAD Communities (KC) and Al Eskan Al Jamae (EAJ) merger. Although the enhanced KC and EAJ capacity led to improved bed occupancy, the EC&FZ Cluster like-for-like revenue growth excluding EAJ declined 13% year-on-year due to the cessation of Razeen Covid-19 lease revenue which stopped with the abatement of the pandemic. The Cluster's EBITDA amounted to AED 1.26 billion for 2023 translating into an EBITDA margin of 71%, compared to 66% in 2022. The EC&FZ Cluster contributed 18% and 33% to the consolidated revenue and adjusted EBITDA, respectively, in 2023.

In the **Maritime & Shipping Cluster**, all operational businesses recorded strong growth in 2023. The total vessel fleet reached 260, up from 178 in 2022, adding capacity across all shipping segments. Feedering container port calls increased by 34% year-on-year, feedering container volumes soared 70% year-on-year to 525,000 TEUs, and marine services activities (vessel calls,

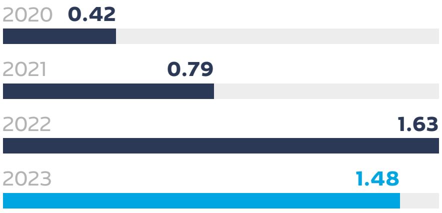
EPS
AED 0.21



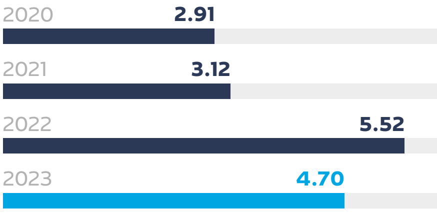
Total Assets
AED 55.61 Bn



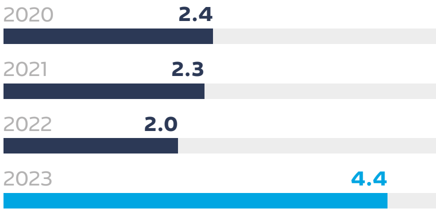
Cash from operating activities
AED 1.48 Bn
+107% year-on-year



Capital expenditure
AED 4.70 Bn



Net Debt/EBITDA (x)
4.4x



towing services, pilot services) all experienced double-digit growth year-on-year. The Maritime & Shipping Cluster continued to be the revenue growth engine of the Group. Its revenue almost trebled to AED 6.29 billion in 2023 and surged 154% year-on-year on a like-for-like basis despite the sharp decline in freight rates in the container shipping segment abetted by investments in fleet capacity. The Maritime & Shipping Cluster was the largest revenue-contributing cluster, accounting for 43% of Group revenue (adjusted for the pass-through revenue associated with vessel trading activities in the second half of 2023), and the second largest Group EBITDA contributor, representing 32% of the total. In 2023, EBITDA grew 44% year-on-year to AED 933 million, and the implied EBITDA margin was 27% compared to 30% in 2022 on like-for-like basis, as freight rates normalised from the all-time highs in 2022.

In the **Logistics Cluster**, global ocean and air freight forwarding volumes increased 8% year-on-year and declined 25% year-on-year, respectively, in the context of a challenging environment characterised by softer demand and normalising freight rates. The Cluster witnessed a topline of AED 1.94 billion in 2023 from AED 532 million in 2022, primarily aided by the six-month impact from the Noatum acquisition. EBITDA reached AED 16 million in 2023 with year-on-year development adversely impacted by an AED 139 million impairment charge related to an investment in a listed associate in 2023 and further impacted by an adverse base effect from 2022 of an AED 73 million one-off gain from the sale of a warehouse as part of a new long-term contract with a strategic customer.

In the **Digital Cluster**, single-window transactions exceeded 33 million including strong E-Pass volumes for ports access whilst Foreign Labour Services (FLS) transactions and maintenance and services activities related to external projects as well as the acquisition of TTEK Inc. also supported the performance of the Cluster. The Digital Cluster's revenue grew by 13% year-on-year to AED 454 million in 2023 (+10% year-on-year on a like-for-like basis, adjusting for the TTEK Inc. acquisition) with EBITDA reaching AED 251 million, up 15% year-on-year. The Cluster contributed 4% to Group consolidated revenue and 7% to Group EBITDA during 2023. The Digital Cluster had an implied EBITDA margin of 55%, the second-highest Cluster in the Group after EC&FZ.

Cash flows from operating activities
Cash Flow from Operations declined 10% year-on-year to AED 1.47 billion in 2023 due to temporary negative working capital movements associated with the recent rapid growth, whilst Cash Flow used in Investing Activities amounted to AED 6.88 billion, and Cash from Financing Activities amounted to AED 7.95 billion.

Capital expenditure
The Group's Capital Expenditures (CapEx) reached AED 4.70 billion in 2023, AED 825 million lower than 2022. This was in line with the Group's

front-loaded AED 15 billion organic CapEx programme between 2023 and 2027. 2023 CapEx was mainly deployed for the Khalifa Port expansion in Ports Cluster; expansion of build-to-suit assets, warehouses, specialised industrial clusters, and unlocking of land in EC&FZ Cluster; and expansion of vessel fleet, mainly bulk, tanker, and offshore in the Maritime & Shipping Cluster.

Balance sheet
On the Balance Sheet front, total assets grew 44% year-on-year to AED 55.61 billion in 2023, whilst shareholders' equity increased 8% year-on-year to AED 20.82 billion.

Despite the balance sheet becoming more leveraged with a net debt to EBITDA ratio of 4.4x following substantial organic and inorganic investments in 2023, it continues to support investment-grade credit ratings underpinned by effective interest rate management and covenant optimisation.

The Group's capital structure on 31 December 2023 comprised 38% debt, including unsecured bonds under a Euro Medium Term Note Programme maturing in 2032, an unsecured senior revolving credit facility from a syndicate of local and international banks maturing in 2026, and a bridge loan maturing in 2025 as well as facilities with the newly acquired companies, EAJ and Noatum. By the end of 2023, the Group has AED 1.70 billion available under existing debt facilities in addition to cash of AED 3.33 billion, with none of the facilities maturing in 2024.

AD Ports Group credit rating of A+ was reaffirmed by S&P and Fitch multiple times post-listing and post-acquisition announcements.

Outlook
We continue to live in a turbulent period with supply chain disruptions and continued geopolitical tensions disrupting the free flow of trade and commerce. AD Ports Group has developed a diversified and well-integrated business across complementary activities, enabling cross-selling opportunities that drive customer stickiness and long-term, predictable contracted revenues, supported by heavy investments in organic and inorganic opportunities that fuel the growth and resilience of the company.

We have planned organic capital investments of AED 12-15 billion over the period 2024 to 2028, further enhancing our world-class infrastructure and improving connectivity across the logistics and maritime sector with fleet expansions across various vessel types and classes. AD Ports Group continues to be a key strategic player, with a clear roadmap of growth based on a long-term investment plan to support sustainable returns as well as transformative acquisitions and selective bolt-on inorganic investments to reinforce business niches.

The Group anticipates maintaining its growth trajectory in 2024 and beyond in its core businesses and in the newly acquired companies. In the medium term, between 2024 and 2028, the Group expects to deliver a revenue CAGR of 15-20% and EBITDA CAGR of 20-25%. This guidance is based on recently announced transactions, with part of the growth expected to be front-loaded due to the base effect of recent acquisitions.

Sustainability Summary

At AD Ports Group, we firmly believe that the integration of Environmental, Social, and Governance (ESG) considerations into our business practices shall drive sustainable growth and create long-term value for all stakeholders. Our holistic approach to sustainability is underpinned by a comprehensive strategy focused on four key areas:

Increasing climate resilience

We recognise the urgent need to address climate change and its potential impacts on our business and communities. To enhance our climate resilience, we are implementing initiatives to reduce our carbon footprint, enhance our adaptation measures, and invest in climate-resilient infrastructure.

Protecting the environment

Preserving and safeguarding the environment is a fundamental aspect of our sustainability efforts. We are committed to minimising our environmental impact through responsible resource management, pollution prevention measures, and the adoption of sustainable practices across our operations.

People and community welfare

We prioritise the wellbeing and empowerment of our employees, as well as the communities in which we operate. By fostering a culture of diversity, equity, and inclusion, we strive to create a supportive workplace environment that values the contributions of all individuals. Additionally, we actively engage with local communities to address their needs and support initiatives that promote social welfare and development.

Boosting economic growth

We recognise our role in driving economic growth and prosperity, both locally and globally. Through responsible business practices, ethical governance, and strategic investments, we aim to contribute to sustainable economic development, job creation, and prosperity for all stakeholders.

Building climate resilience, our strategies and initiatives

We have set ambitious targets to reduce our greenhouse gas (GHG) emissions in line with the latest climate science and international agreements. We are continuously progressing to support the UAE in achieving its net zero goal by 2050. To achieve this goal, we are implementing renewable energy solutions, improving energy efficiency across our operations, and exploring innovative technologies to minimise our carbon footprint. Recently implemented and ongoing carbon reduction initiatives include the following:

Green buildings and infrastructure

Several of our buildings and warehouses have been built in accordance with ESTIDAMA sustainability guidelines laid out by the Abu Dhabi Department of Urban Planning and Municipalities, and we have implemented several efficiency measures such as SMART metering, utilisation of solar panels, installation of skylights, and efficient chillers, low-flow water fixtures and efficient lighting.

Net zero buildings

Key accomplishments include the ongoing construction of the Net Zero administrative building, featuring an 850 KW Renewable Energy System and aiming for full operation by 2024. The implementation of tools like OneClick LCA continues to quantify carbon emissions and optimise designs for efficiency. Renewable energy integration across projects, such as solar street lights, supports sustainability goals. Additionally, the completion of the design for the Safaga Port Project in Egypt prioritises sustainability with features like a 1 MW Renewable Energy System and LEED Zero Energy rating aspirations.

Shore power/cold ironing

The new port infrastructure at Mugharraq Port is designed to diminish carbon emissions through shore-to-ship power. This innovative approach involves vessels switching off their engines while berthed, significantly curbing emissions.

Greening our fleet

We are also looking into the usage of alternative fuel and electric vehicles for our fleet to reduce our emissions further. In our commitment to sustainable practices, we continually seek innovative ways to improve the efficiency of our fleet operations through route optimisation, efficient resource utilisation and new, cutting-edge technologies. The initiatives driving our fleet efficiency enhancement include the use of fuel additives, the transition to electric mobility, the phasing out of inefficient vehicles, and the integration of autonomous vehicles.

Nurturing our planet for a sustainable future

Our environmental initiatives emphasise circularity, biodiversity conservation, and ensuring good air and water quality in our ecosystem. Through innovative practices, we aim to minimise waste and maximise resource efficiency, fostering a circular economy. Our commitment extends to biodiversity conservation, where we actively engage in habitat restoration and conservation projects to preserve natural ecosystems. Additionally, rigorous air and water quality monitoring underscores our commitment to environmental responsibility and safeguarding human and ecological health.

Circularity and integrated waste management

We are dedicated to promoting circularity and implementing integrated waste management practices throughout our value chain. By reducing waste generation, increasing recycling rates, and adopting circular economy principles, we aim to minimise environmental pollution and maximise resource efficiency. Through collaboration with partners and stakeholders, we are working towards a more sustainable and circular approach to waste management.

Environmental monitoring

Environmental management and monitoring are controlled by our ISO 14001 processes, which sit within the Group Integrated Management System (IMS). In compliance with the Environmental Agency Abu Dhabi (EAD), we operate eight ambient air quality and meteorology monitoring stations in UAE. The stations monitor a range of air quality determinants to assess our compliance with the National Ambient Air Quality Standard.

Additionally, we initiated our seawater quality monitoring programme in 2015 to measure critical seawater quality parameters. The seawater quality monitoring is undertaken through online continuous Water Quality Monitoring Stations (WQMS) located at different zones within the vicinity of the Group's basins in the UAE. The locations of stations are selected based on the discharge points, ports operation / project activities and sensitive areas around the Ports harbour limits. The WQMS helps us to monitor compliance with the requirements and standards of the EAD, and to measure the impact of our activities on the marine environment.

Coral monitoring and conservation

The Ras Ghanada Coral Reef stands as a precious natural treasure off the coast of Abu Dhabi, embodying a rich biodiversity and serving as a crucial habitat for marine life. Recognising its significance, the Group has taken on the responsibility of conserving this vital ecosystem through diligent efforts. Undertaking frequent health assessments, monitoring, and translocation when necessary, the Group exemplifies a commitment to preserving the delicate balance of this reef.

Translocation and monitoring of spiny-tailed lizard

Within the industrial zone of KEZAD Group, AD Ports Group has made a significant discovery: the presence of the spiny-tailed lizard, an endangered species. This revelation has sparked collaborative efforts with local environmental agencies to ensure the conservation of this remarkable species. Through translocation initiatives and continuous monitoring, the Group demonstrates its commitment to protecting biodiversity within its industrial footprint. By working hand in hand with experts and environmental authorities and through vigilant monitoring and adaptive conservation strategies, the Group is working towards ensuring its survival amidst the challenges of industrial development.

ESG governance and supply chain management

ESG governance

At AD Ports Group, we ensure a comprehensive approach to sustainability across all operations. To facilitate this, an ESG Committee has been established, comprising representatives from each cluster and key corporate departments. This diverse representation ensures that various perspectives are considered in decision-making processes related to environmental conservation, social responsibility, and corporate governance. The committee is tasked with the regular monitoring of ESG issues and matters, setting goals and targets, and implementing strategies to achieve them effectively. Furthermore, the committee communicates progress and achievements to the board on an annual basis, ensuring transparency and accountability in the organisation's sustainability efforts. This structured approach underscores the Group's commitment to operating responsibly and ethically whilst striving for long-term environmental and social impact.

Supply chain management

We recognise the importance of sustainable supply chain management in achieving our sustainability goals. We are committed to working closely with our suppliers and partners to minimise environmental impacts throughout our supply chain. By fostering long-term partnerships based on trust, transparency, and shared values, we aim to create a more resilient and sustainable global economy.

Understanding the pivotal role of procurement, the Group strives to ensure value for money and operational efficiencies whilst unlocking sustainable co-benefits in collaboration with suppliers and partners. Key initiatives in this pursuit include:

Total Supplier Compliance:
- Ensuring complete adherence to the Code of Business Conduct by all suppliers.

Environmental Criteria Integration:
- Achieving a notable 100% environmental screening for suppliers involved in Engineering and Construction services.

Supplier Environmental Screening:
- Achieving a notable 100% environmental screening for suppliers involved in Engineering and Construction services.

Preference for Local Entities:
- Prioritising ADQ and Khalifa Fund companies to actively support local businesses and social initiatives.
- Partnering with the Department of Economic Development, Abu Dhabi, to promote SME involvement in procurement as part of SME Champions Programme Phase 2.

At AD Ports Group, we believe that integrating ESG considerations into our business strategy and operations is essential for building a more sustainable and resilient future. By leveraging our collective strengths and resources, we are committed to driving positive change and creating value for society, the environment, and our shareholders alike.

Fostering employee and community wellbeing

Employee and community wellbeing are foundational pillars of the Group's ESG framework. We understand that the vitality and prosperity of our organisation are intricately linked to the health, happiness, and fulfilment of our employees and the communities we operate in. With this recognition at our core, we prioritise creating a supportive and inclusive workplace culture that fosters the physical, mental, and professional wellbeing of our employees. Through comprehensive wellness programmes, continuous learning opportunities, equal opportunity and a focus on safety, we aim to empower our workforce to thrive both personally and professionally. Moreover, our commitment extends beyond the workplace as we actively engage in community initiatives and partnerships aimed at enhancing the quality of life and promoting sustainable development in the region we serve.

Talent management

The Group introduced a new measure in the Excellence Maturity Index to gauge the representation of females in leadership roles within clusters. Percentage targets were set for total females across clusters and the percentage of females in leadership roles, emphasising the company's commitment to gender diversity and equal opportunities.

These initiatives underscore the Group's dedication to fostering a workplace culture that values diversity, inclusivity, and the advancement of all employees.

Equal opportunity

In 2023, the Group upheld its dedication to equal-opportunity employment, maintaining a diverse workforce. The company employed 4,960, male direct-hire employees and 1,834 female direct-hire employees.

During 2023, there was 27% female representation at the Group overall and 25% female representation at UAE-based operating companies.

Initiatives to support female employees

In 2023, the Group introduced the Glow Programme to bolster the recruitment, retention, and advancement of female

employees. This programme, tailored to accelerate the careers of high-potential Emirati women, facilitating strategic career planning and leverages design-thinking tools to maximise career opportunities. Continuing its commitment to gender diversity and equal opportunities, the Group integrated a new measure into the Excellence Maturity Index to assess the representation of females in leadership roles within clusters.

Emiratisation

In 2023, the Group reaffirmed its commitment to Emiratisation efforts within its workforce, with Emirati nationals occupying 222 senior management positions and above. The percentage of Emirati employees, excluding blue-collar workers, rose to 66.6%. The company continues to foster a diverse and inclusive workplace environment through initiatives supporting the recruitment and retention of Emirati nationals.

Training and development

The Group prioritises training and development to enhance employee skills and competencies. Training and development programmes play a pivotal role in this endeavour by equipping employees with the knowledge, skills, and mindset needed to drive sustainable practices within the workplace. Our training and development programmes serve as vehicles for instilling sustainability principles, fostering innovation, and empowering employees to contribute meaningfully to our goals.

Safe operations

The Group places paramount importance on the safety of our employees, contractors, and the communities in which we operate. A robust Health, Safety, and Environment (HSE) management system has been implemented in accordance with ISO 45001. Rigorous training and awareness programmes are conducted regularly to instil a safety-first culture at every level of the organisation. Furthermore, internal and external audits are undertaken periodically to ensure compliance with regulatory requirements and industry best practices. As a result of these concerted efforts, our HSE performance has improved consistently year on year, underscoring our commitment to maintaining a safe and secure workplace environment for all.

Community engagement

In 2023, the Group's commitment to social responsibility rose to new heights, through the use of comprehensive application tools such as Power BI.

The Corporate Social Responsibility (CSR) team has taken proactive steps to ensure the effective execution of CSR initiatives by established a CSR representatives team from all clusters to meticulously gather data and the continuous updating of the data tool. This structured approach ensures that our CSR efforts remain aligned with our objectives and responsive to the evolving needs of our communities.

The dashboard includes all CSR initiatives, broken down by their types, ongoing status, focus areas, target audiences, and beneficiary counts. Through regular brainstorming sessions, follow-ups, and monitoring, we ensured a streamlined approach to our CSR endeavour.

The results speak volumes: a remarkable 124 CSR initiatives were successfully executed, positively impacting 3.9 million lives within our communities. Our CSR strategy, centred around six key focus areas, guided our efforts:

1. **Supporting our Community**
2. **Environmental Activities**
3. **Philanthropy**
4. **Equal Opportunities**
5. **Employee Welfare and Development**
6. **Health**

Our dedication didn't go unnoticed, earning prestigious awards such as the Corporate Engagement Award 2022 (Gold Winner) for Best Community Involvement during a CSR Programme, the International Excellence CSR Award, and the CSR World Leader Award. Additionally, we received the Bronze Award at the Stevie International Business Awards for Achievement in Corporate Social Responsibility.

Looking ahead, we remain steadfast in our commitment to enhancing our social impact and addressing the challenges within our communities. With a clear focus on our achievements and future objectives, we are poised to continue making a meaningful difference in the lives of those we serve.

Corporate Governance Report

The AD Ports Group Corporate Governance Policy provides clear guidance and direction for decision-making across the Group at every level.

The AD Ports Group's Risk & Compliance framework is a cornerstone of its governance, providing a structured approach to managing risks and compliance, thereby supporting the organisation's strategic objectives and enhancing stakeholder value.

The Group's Environmental, Social, and Governance (ESG) policies promote sustainable operating practices, reductions in the Group's carbon footprint, and investments in the community and our employees.

AD Ports Group's sustainability-driven approach of environmental stewardship, enriching lives, and responsible business practices is embedded in our operational ethos and strategic objectives.

Board of Directors

H.E. Falah Mohammad Al Ahbabi

Chairman – non-executive, independent

His Excellency Falah Mohammad Al Ahbabi holds the prestigious role of Chairman of AD Ports Group's Board of Directors. His visionary leadership has seen AD Ports Group transform into an integrated portfolio of world-class ports, economic zones, maritime, logistics and digital businesses, driving the growth of international trade.

His Excellency brings two decades of expertise across several entities in the Abu Dhabi Emirate. He is currently a board member of Etihad Rail and previously chaired the Department of Municipalities and Transport, the Abu Dhabi Waste Management Center (Tadweer), the Abu Dhabi Housing Authority, and Emirates Heritage Club.

H.E. Al Ahbabi was a member of the Abu Dhabi Executive Council, where he chaired the Council's Infrastructure Committee. He was also a board member of the Emergencies, Crises and Disasters Management Centre, the Environment Agency – Abu Dhabi, Modon Properties, and the Mussafah Future Vision Committee.

H.E. Falah Mohammad Al Ahbabi holds a Degree in Management from California State University, USA.

Mr. Khalifa Sultan Al Suwaidi

Vice Chairman – non-executive, independent

Mr. Khalifa Sultan Al Suwaidi is a Managing Partner at Lunate and brings over 23 years of experience to the firm. In his position as Managing Partner, Mr. Al Suwaidi oversees Lunate's Fund Investments, Partnerships and Strategy.

Prior to co-founding Lunate, Mr. Al Suwaidi served as the CEO of Abu Dhabi Growth Fund, managing more than $35 billion in assets primarily across private market strategies. Previously, he held the position of Group CIO at ADQ. He has also held several senior managerial positions at Mubadala Investment Company and Abu Dhabi National Chemical Company.

Mr. Al Suwaidi is currently Chairman of Agthia Group, Vice Chairman of AD Ports Group and Vice Chairman of Abu Dhabi National Energy Company.

Mr. Al Suwaidi holds a bachelor's degree in Business from California State University and an EMBA with Distinction from Zayed University.

H.E. Mohamed Ibrahim Al Hammadi

Board member – non-executive, independent

His Excellency Mohamed Ibrahim Al Hammadi brings extensive experience in the energy industry to his role as Board member of AD Ports Group.

H.E. Al Hammadi is currently the Managing Director and CEO of the Emirates Nuclear Energy Corporation (ENEC), having led landmark initiatives within the organisation, including the deployment of the region's first nuclear power plant, the Barakah Nuclear Energy Plant. He leads the delivery of the wider UAE Peaceful Nuclear Energy Programme, to ensure the full value of civil nuclear energy is realized, including domestic and overseas investment, advanced technology, clean fuels and support in advancing related sectors.

H.E. Al Hammadi also brings a wealth of experience to the Boards of Directors of ENEC, Terrapower, the National Marine Dredging Company, AD Ports Group and the World Nuclear Association (WNA). He is the President of the World Association of Nuclear Operators (WANO) and a member of WANO Atlanta Centre's (AC) Governing Board, and a member of the American Nuclear Society, and the Project Management Institute (USA). This is in addition to his role as senior member of the Institute of Electrical and Electronics Engineers (USA), the International Council on Large Electric Systems, and the Engineers Association of the UAE.

H.E. Al Hammadi holds a Bachelor of Science in Electrical Engineering and a Master of Science in Engineering Management from the Florida Institute of Technology, USA. He also holds an honorary Doctorate from Ajou University of the Republic of Korea.

Ms. Najeeba Aljabri

Board member – non-executive, independent

Ms. Najeeba Aljabri brings over two decades of experience in the chemical engineering industry to her role as member of AD Ports Group's Board of Directors.

Ms. Aljabri is currently the Vice President – Environment Health Security & Sustainability of Emirates Global Aluminium.

Ms. Aljabri has an impressive professional background and is an advocate of gender equality in the workplace, and was the first woman to work in Dubai Aluminium's (DUBAL) operations, as well as being the Middle East's first female potline operation manager. Additionally she led the start-up of the world's longest potline utilising the most advanced technology under Emirates Global Aluminium.

Ms. Aljabri holds a bachelor's degree in Chemical Engineering from United Arab Emirates University in Al Ain, UAE, a Master's in Process Control from Auckland University, and an MBA from Hult International Business School. She was awarded a Certificate on Aluminium Smelting from the University of New South Wales.

Board of Directors

Mr. Jasim Husain Thabet

Board member – non-executive, independent

Mr. Jasim Husain Thabet sits on the Board of Directors of AD Ports Group bringing decades of experience in the energy space to the role.

Mr. Thabet's expansive professional background comprises of several leadership positions in key Abu Dhabi entities, including serving as Board member of the Abu Dhabi Chamber of Commerce and Industry, Etihad Aviation Group, and Abu Dhabi Future Energy Company (Masdar)

Mr. Thabet is currently the Group CEO and Managing Director of Abu Dhabi National Energy Company (TAQA), and sits on the Board of directors. Mr. Thabet has held numerous prominent positions throughout his career, including CEO and Managing Director of Abu Dhabi Power Corporation and CEO of the National Central Cooling Company PJSC (Tabreed).

Mr. Thabet holds a bachelor's degree in Mechanical Engineering from Saint Martin's University, USA.

Mr. Mansour Mohamed AlMulla

Board member – non-executive, independent

Mr. Mansour Mohamed AlMulla is the Deputy Group Chief Executive Officer of ADQ. In his role, he oversees the company's portfolio in four economic clusters, including Food & Agriculture; Mobility & Logistics; Financial Services; and Tourism, Entertainment & Real Estate.

Mr. AlMulla holds the position of Chairman of Abu Dhabi Ship Building (ADSB). He is also a member of the Board of Directors of Abu Dhabi National Energy Company (TAQA), Abu Dhabi Global Market (ADGM), Etihad Aviation Group and Abu Dhabi Aviation.

Mr. AlMulla has over two decades of experience, among else including structured finance, capital markets, mergers and acquisitions, strategy, financial planning, risk, restructuring, business development and operations.

Mr. AlMulla's professional career included successful tenures in several leadership positions at leading corporations, including most recently as Managing Director & CEO of EDGE Group. Prior to this, Mr. AlMulla was the Group Chief Investment Officer at ADQ and served as the Chief Financial Officer of the Petroleum & Petrochemicals Platform at Mubadala.

Mr. AlMulla holds a Bachelor's degree from Portland State University in Oregon, USA.

Captain Mohamed Juma Al Shamisi

Board member

Captain Mohamed Juma Al Shamisi holds the distinguished role of AD Ports Group's Managing Director and Group CEO, where he oversees the development of the Group's portfolio of assets and activities.

Furthermore, Captain Al Shamisi holds the titles of Chairman of Aramex and Chairman of Abu Dhabi Co-operative Society, the Vice Chairman of UAE Sailing & Rowing Federation. He is also a Board Member of the Etihad Aviation Group, Abu Dhabi Airports Company, and MAKE A WISH Foundation, UAE.

As an experienced maritime executive, Captain Al Shamisi brings 20 years of industry expertise to the Board. He holds an MBA, an advanced Diploma of Applied Science (shipmaster) and a Graduate Certificate of Management from the University of Tasmania, Australia.

Executive Management

Captain Mohamed Juma Al Shamisi
Managing Director and Group CEO

Maitha Al Murar
Group Chief HR Officer

Abdullah Al Hameli
Economic Cities
& Free Zones Cluster CEO

Dr Noura Al Dhaheri
Digital Cluster CEO

Martin Aarup
Group Chief Financial Officer

Ross Thompson
Group Chief Strategy & Growth Officer

Emil Pellicer
Group General Counsel

Saif Al Mazrouei
Ports Cluster CEO

Antonio Campoy
Logistics Cluster CEO

Captain Ammar Al Shaiba
Maritime & Shipping Cluster Acting CEO

Corporate Governance Principles

The AD Ports Group operates on a vertically integrated business model that allows it to generate synergies across its five core business clusters: Ports, Economic Cities & Free Zones, Maritime & Shipping, Logistics, and Digital. This model enables AD Ports Group to leverage its competitive advantages to develop into one of the world's leading integrated ports and logistics trade hubs. The key components of AD Ports Group's business model include:

World-class assets	The company has well-invested assets and unrivalled capacity, including state-of-the-art ro-ro (roll-on/roll-off vehicle), general cargo and cruise facilities, as well as a land bank of more than 550 km² for industrial development.
Trade and Logistics Platform (ATLP)	The official single window for trade in Abu Dhabi.
Strategic partnerships	The Group has formed joint ventures and partnerships both within the UAE and internationally with industrial leaders, supported by strong institutional backing from the Emirate of Abu Dhabi.
Respected reputation	The company is recognised by numerous prestigious industry bodies and global leaders in maritime trade and logistics.

The company's business clusters each play a crucial role in the overarching business model:

- **Ports Cluster:** Owns and operates Khalifa Port along with other commercial ports in the region.
- **Economic Cities & Free Zones Cluster:** Serves over 2,000 customers by providing a hub for manufacturing, logistics, and trade.
- **Maritime & Shipping Cluster:** Offers shipping and marine services, and governs and regulates Abu Dhabi's maritime sector.
- **Logistics Cluster:** Provides end-to-end supply chain and freight solutions to local and international clients.
- **Digital Cluster:** Offers advanced, smart, and innovative digital solutions to stakeholders within trade and logistics communities.

This business model is underpinned by a strong culture and values, robust risk management, a focus on sustainability, and responsible governance. It aims to create value for its stakeholders, including customers, employees, investors, and the communities and societies in which it operates. This approach supports the flourishing economy, addresses the complexities of global trade and logistics from every angle, and aims to position Abu Dhabi as a leading global hub for trade and logistics.

Management committees

AD Ports Group has established several committees to ensure good governance, mitigate associated risks, and keep decision-making under control. These committees also provide assurance from pertinent functions and offer a platform for receiving and discussing operational updates.

The following management committees are mentioned as established by the Managing Director and Group CEO to ensure good governance, mitigate associated risks, and maintain control over decision-making:

1. **Management Executive Committee:** This committee's main roles and responsibilities focus on decision-making for the Group and its related subsidiaries, including strategies, business planning, budgeting, financial reporting, and Group risk and internal control management. It also focuses on establishing effective organisational structures, managing risk, ensuring that digital strategies align with business goals, and formalising succession planning for critical positions in the Group.

2. **Tender Board Committee:** The Tender Board Committee supports the Group's functions with the authority to approve commitments and other decisions on the procurement of goods and services per the approved Delegation of Authority (DoA). This committee ensures the integrity of the procurement process, and compliance with procurement policies and procedures, and reviews and advises on matters as required by the DoA and/or the Competent Authority.
3. **Investment Committee:** This committee oversees merger and acquisition proposals, greenfield/brownfield project finance, investment opportunities, asset sales, and funding for capital expenditures or abandonment. It is responsible for overseeing the corporate strategy, annual budget, long-term business strategy, growth strategies into international markets, and the strategic rationale for investments, ensuring the adequacy of the financial funding plan of the Group, and all material financing activities that require board approval.

Group workforce diversification

In 2023, the Group has steadfastly advanced its commitment to Workforce Diversity, Equity, and Inclusion (DEI), marking significant strides in building a more inclusive, diverse, and equitable workplace. Our achievements during the year included quantitative milestones that underscore our commitment to these values.

Workforce diversification achievements

- **Gender diversity:** We have made notable progress in enhancing gender diversity within our organisation. The total number of female employees in senior management positions (Manager and above) increased from 15 in 2022 to 124 in 2023 (including Noatum), demonstrating our dedication to promoting women into leadership roles. Amongst UAE-based Group entities, the number of female employees in senior management was 92. This is complemented by a consistent increase in female employment across all levels, with the female workforce rising to 1,873 (including Noatum) full-time employees by 2023, which includes 466 female employees in the UAE-based company.
- **Cultural diversity:** Our commitment to cultural inclusivity is reflected in the diverse composition of our workforce, which boasts employees from over 100 different nationalities (including Noatum) as of 2023. This diversity enriches our organisational culture and enhances our global competitiveness.
- **Inclusivity of People of Determination:** Maintaining our dedication to inclusivity, the percentage of People of Determination within our workforce has remained steady, reflecting our ongoing efforts to provide equitable opportunities for all employees.
- **Training and development:** Investment in training has been a cornerstone of our strategy to support workforce diversification. The training hours for female employees increased from 10,854 hours in 2022 to 18,219 in 2023, highlighting our commitment to professional development across gender lines. This emphasis on training ensures that all employees, regardless of gender or nationality, have the resources and opportunities to grow and develop within our organisation.

Strategic initiatives and future directions

Aligned with our strategic objectives and the UAE's vision for a diversified and inclusive economy, AD Ports Group continues to implement policies and initiatives designed to foster a workplace environment where diversity and inclusion are not just encouraged but are also integral to our corporate ethos. Our future directions include further enhancing gender diversity in leadership positions, expanding cultural diversity within our workforce, and continuing to support the development and inclusion of people of determination.

Our commitment to DEI is not just about meeting targets but about embedding these values into the fabric of our organisation. We believe that our diverse workforce is our strength, driving innovation, enhancing our adaptability, and enabling us to meet the challenges of the global market with resilience and creativity.

As we move forward, the Group remains dedicated to building a more inclusive, diverse, and equitable workplace. We recognise the value of every employee and are committed to providing opportunities that allow all members of our workforce to thrive.

Additionally, in 2023, the Group developed and launched an enhanced end-to-end onboarding experience. This new approach includes multiple modules that guide new employees through a comprehensive Group-wide journey, covering all aspects of the business. This initiative provides new joiners with all the information they need to navigate their new careers, explaining the Group's approach to career development and training. It also outlines how employees can engage with their line managers to access ongoing learning opportunities, further supporting workforce diversification and inclusion across the countries where the Group operates.

> "As we move forward, AD Ports Group remains dedicated to building a more inclusive, diverse, and equitable workplace. We recognise the value of every employee and are committed to providing opportunities that allow all members of our workforce to thrive."

The Group Corporate Governance Policy emphasises a structured governance framework that provides clear guidance and direction for the Group's business subsidiaries. This framework aims to clearly define the distribution of rights and responsibilities among various stakeholders, including the Group Board, senior management, shareholders, and other stakeholders. It establishes rules and procedures for decision-making at the Group level, corporate affairs, and subsidiaries, by their respective boards.

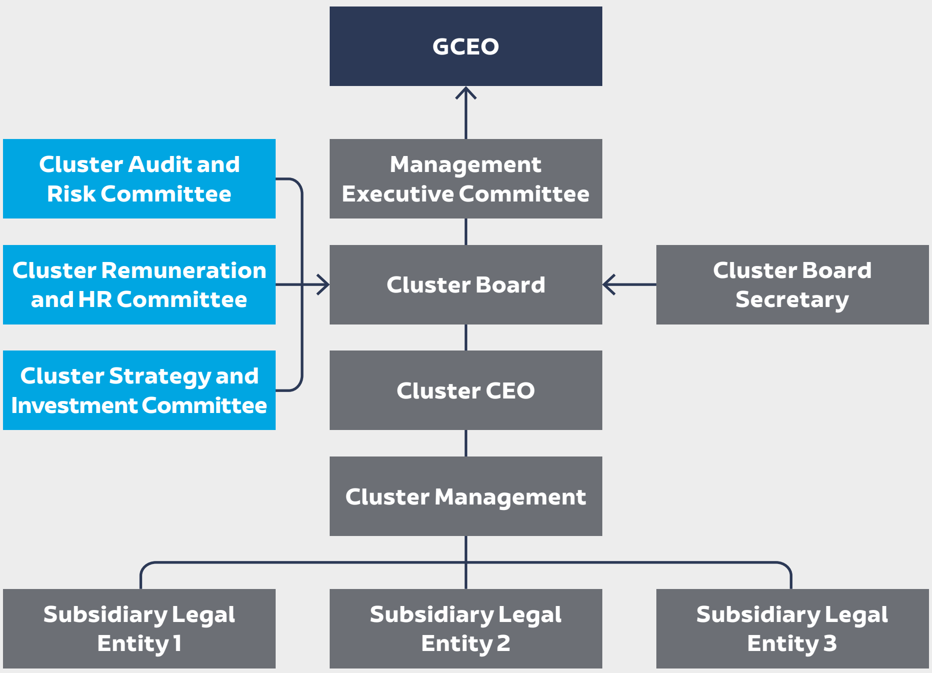
The governance framework is designed to enable and drive capabilities that enhance the principles of transparency, accountability, responsibility, and fairness. It sets forth a group of corporate governance principles that the Group and its subsidiaries should comply with in their day-to-day activities. The governance principles include:

Transparency	Transparency means openness and abandonment of obscurity, confidentiality, and misleading, in addition to making anything verifiable and subject to sound vision;
Accountability	The shareholders shall be entitled to hold the Senior Management accountable for its performance under the law and the governance systems. Furthermore, accountability ensures the responsibility of the Senior Management before the Board and the Board's accountability before the shareholders;
Responsibility	It means raising the sense of responsibility of two parts of the Management (the Board and the Senior Management) and that each member shall act according to a high level of professional ethics. Furthermore, responsibility acknowledges the legal rights of the shareholders, and it encourages cooperation between the Group and shareholders concerning matters such as profit and provision of job opportunities; and
Equality	In this regard, it means rights equality between the minor and the major investors. It also implies equality between local investors and foreign investors.

This governance framework and its principles aim to set and monitor the achievement of the Group's objectives, ensuring the effective management and oversight of the organisation's performance and strategic direction.

Subsidiaries governance framework

The Corporate Governance Operating Model adopted by the Group and its related units and subsidiaries is guided by SCA's Governance Guide for Public Joint-Stock Companies. This model establishes a framework for effective governance across the Group's clusters, ensuring that the ultimate responsibility for governance of subsidiaries lies at the Group level.



Key components of this model include:

1. **Cluster Boards and Cluster Board Committees:** Each cluster within the Group has a dedicated Cluster Board, consisting of a Chairman and other board members. These Cluster Boards are responsible for oversight of the clusters, including the Cluster Board Committee, the Cluster Board Secretaries, and Management Committees. Cluster Board responsibilities include overseeing the implementation of a cluster's strategic and operational plans, approving the cluster's policies, reviewing financial results, evaluating the performance of the Cluster Management Team, and ensuring all activities, strategies, budgets, and expenditures align with the Group's expectations.

2. **Delegation of authorities:** A comprehensive Delegation of Authority Matrix articulates the distribution of authorities within the Group, detailing the powers of shareholders, the Board, and the authorities delegated by the Board to Executive Management for the administration and affairs of the Group in strategic, financial, compliance, and operational aspects. This framework aims to empower management to make decisions and undertake transactions within set boundaries, achieve simplified internal control and communication effectiveness, ensure efficient operation whilst maintaining fiscal and policy integrity, and provide principles for mandatory review, monitoring and appropriate exercise of delegated authority.

Key governance policies

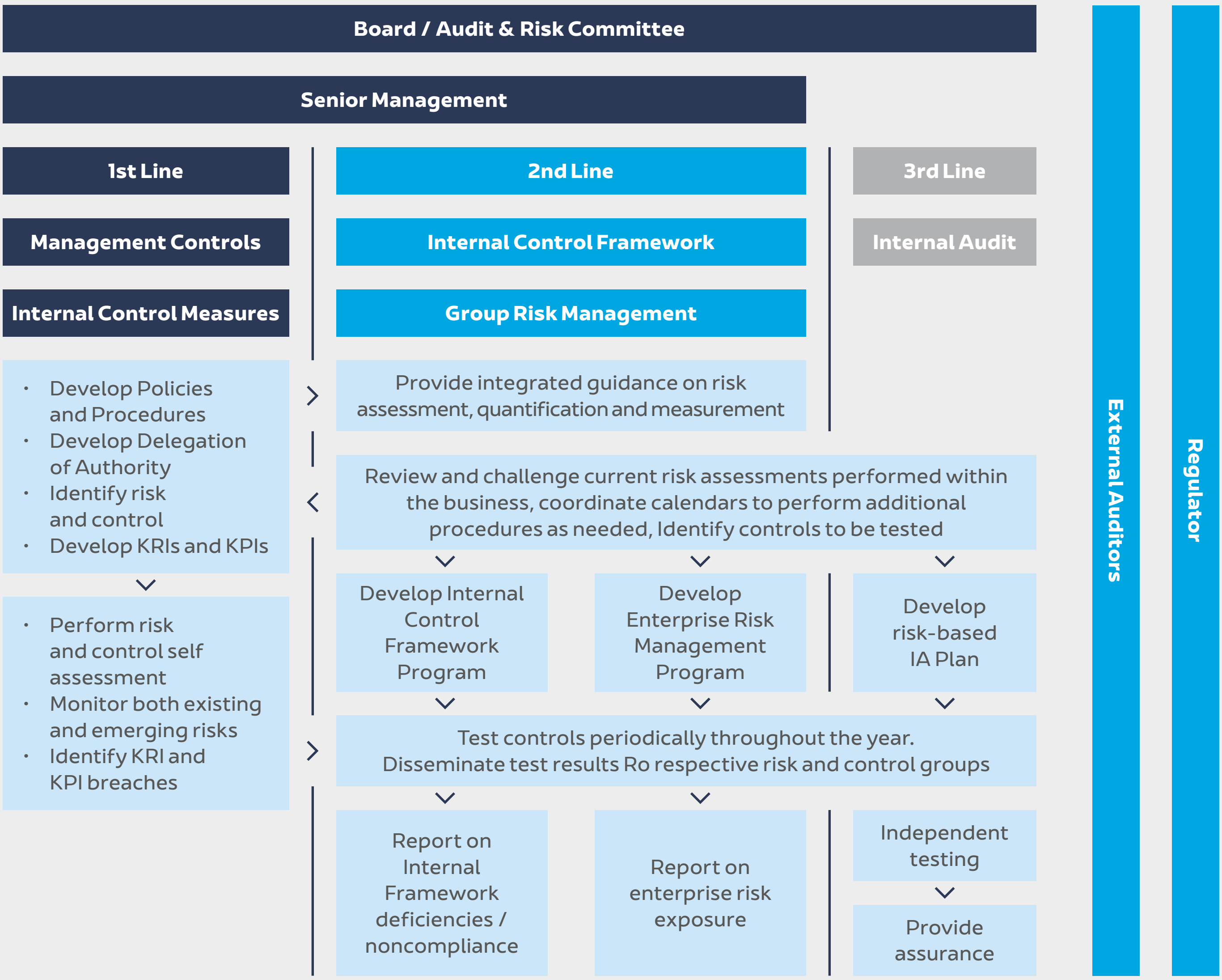
The key governance policies are integral to the Group's governance framework, supporting ethical conduct, regulatory compliance, and the protection of stakeholder interests. They reflect the Group's commitment to high standards of corporate governance, transparency, and accountability.

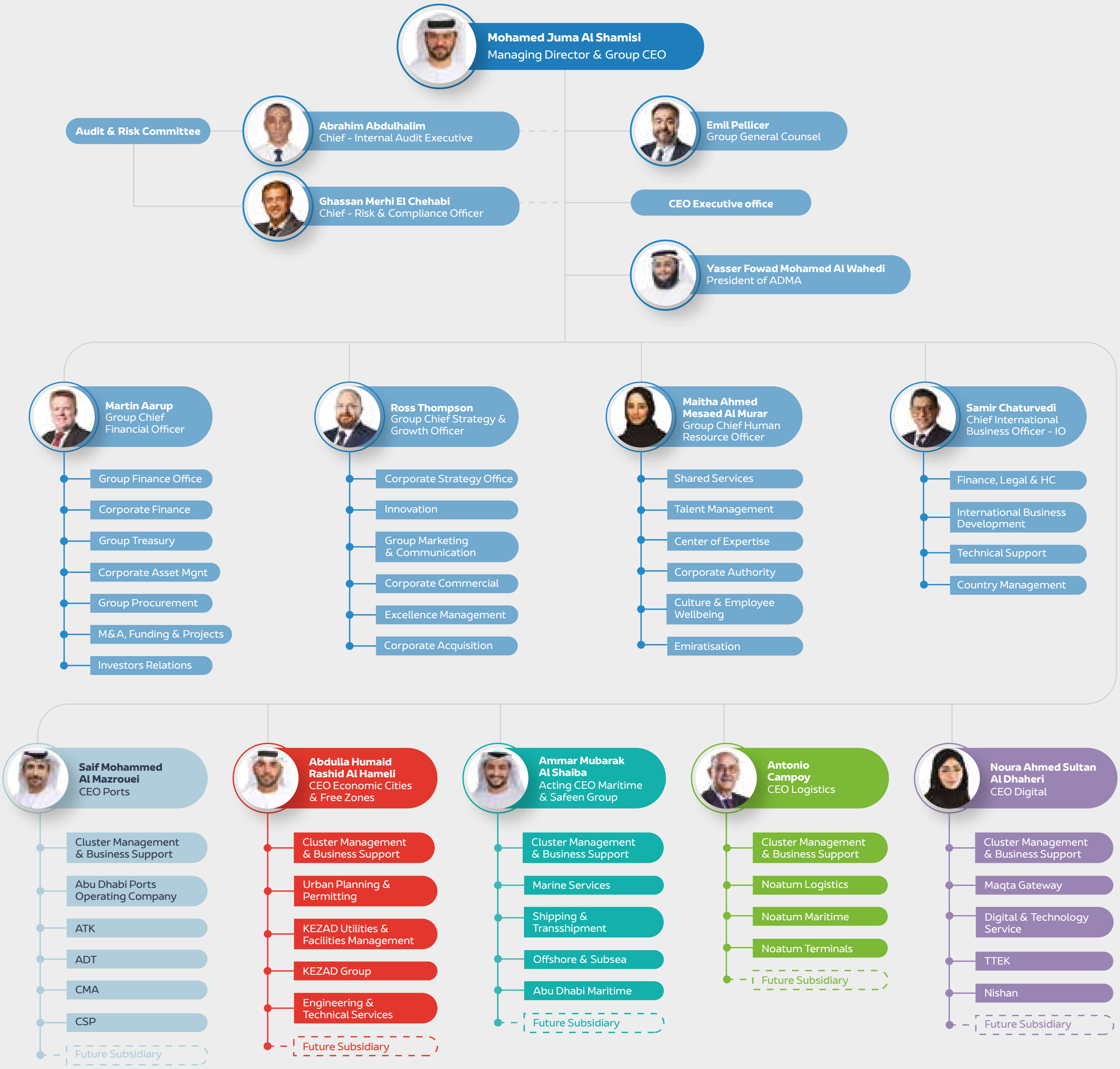
1. **Related parties transaction:** The Group has established a comprehensive policy to govern transactions with related parties, aiming to ensure that all dealings are conducted transparently and fairly. This policy outlines the procedures for identifying, approving, and reporting transactions with related parties, ensuring they are managed appropriately, and providing safeguards for minority shareholders and other stakeholders against potential conflicts of interest or abuse.
2. **Insider trading:** The Insider Trading policy of the Group is designed to prevent insider trading and ensure compliance with applicable laws. The policy outlines strict guidelines and procedures for insiders, defined as individuals who have access to material, non-public information. It emphasises the importance of safeguarding sensitive information and mandates timely disclosure to prevent misuse.
3. **Dividend distribution:** The Group's Dividend Distribution Policy sets the framework for distributing dividends to shareholders, aligning with applicable laws and regulations whilst considering the Group's long-term growth. This policy aims to protect shareholder rights, maintain trust, and ensure a fair and proportional distribution of dividends, considering the company's financial stability.
4. **Board nomination and remuneration:** The Board Nomination and Remuneration Policy details the process for nominating, selecting, electing, and re-electing Board members. It emphasises merit and objective criteria to serve the Group's and stakeholders' best interests. The policy guides remuneration practices to attract, retain, and motivate Board members, ensuring alignment with the Group's goals and stakeholder interests.
5. **External audit:** The External Audit Policy outlines the principles and guidelines for the selection, appointment, and oversight of external auditors to ensure the integrity of financial reporting. It emphasises the independence, qualifications, and performance evaluation of external auditors, ensuring they provide an unbiased and accurate assessment of the company's financial statements.
6. **Market disclosure and transparency:** The Group is committed to ensuring timely, accurate, and transparent disclosure of information to the market. The Market Disclosure and Transparency Policy outlines the procedures for the release of financial and operational information, ensuring compliance with regulatory requirements and enhancing stakeholder confidence through open communication.

Internal control system

The Group has established a robust internal control policy to support its operating governance model and enable a three-tiered defence approach. This approach is designed to ensure effective governance, risk, and compliance management across the Group's various verticals. The internal control system is divided into three distinct functions:

1. **Functions that own and manage risks:** This first line of defence involves management controls and internal control measures, including the development of policies and procedures, delegation of authority, risk, and control identification, as well as the development of Key Risk Indicators (KRIs) and Key Performance Indicators (KPIs).
2. **Functions that oversee risks:** The second line of defence is the internal control framework itself, underpinned by Group Risk Management. It involves reviewing and challenging current risk assessments, coordinating calendars for additional procedures as needed, and identifying controls to be tested.
3. **Functions that provide independent assurance:** The third line of defence, Internal Audit, offers integrated guidance on risk assessment, quantification, and measurement. It performs risk and control self-assessments, monitors existing and emerging risks, identifies KRI and KPI breaches, develops the Internal Control Framework Programme, the Enterprise Risk Management (ERM) Programme, and a risk-based Internal Audit (IA) Plan. This function also periodically tests controls throughout the year and disseminates test results to respective risk and control Groups, reporting on Internal Control Framework deficiencies/non-compliance and enterprise risk exposure.





This comprehensive internal control system is supported by the Group's Delegation of Authority Matrix, which clearly outlines the authorities at various levels of the organisation and sets boundaries within which management can make decisions and execute transactions. The system aims to empower management, achieve internal control effectiveness and efficiency, maintain fiscal and policy integrity, ensure appropriate exercise of delegated authority, and establish a compliance function that is independent from business operations.

This governance structure ensures the Group's commitment to maintaining an effective risk management practice that identifies, assesses, treats, monitors, and reports on various types of risks, thereby supporting the achievement of the Group's strategic objectives, and maximising stakeholder value.

Governance, Risk & Compliance (GRC)

The Group operates a comprehensive Risk & Compliance framework that is designed to promote robust governance, risk management, and compliance across all levels of the Group. This framework not only ensures effective oversight of an evolving corporate culture but also is focused on transforming risks into opportunities.

Here is an overview of the Risk & Compliance framework:

- **Integration with Corporate Culture:** The framework integrates closely with the corporate culture, managing and embracing risks as potential opportunities for value creation across the Group's operations, strategic objectives, initiatives, and related programmes.
- **Risk and compliance functions and objectives:** The Risk & Compliance framework is designed to:
  - Develop and maintain corporate governance controls such as frameworks, policies, processes, and operating models.
  - Coordinate Risk & Compliance activities across the Group's Clusters and its subsidiaries whilst maintaining the internal key control framework.
  - Establish and communicate the Group's enterprise risk management profiles, objectives, and directions to help management integrate them into the strategy development process.
  - Identify, develop, and periodically update a comprehensive list of all compliance obligations and integrate them into the Group's policies and procedures.
- **Monitoring compliance:** This function is responsible for monitoring compliance with applicable policies, procedures, laws, and regulations. The framework ensures the development and implementation of controls across the Group and its subsidiaries.
- **Achievements and key results:** The Risk & Compliance framework has been instrumental in supporting significant organisational milestones, such as major acquisitions and the listing on the Abu Dhabi Securities Exchange (ADX). It has evolved to identify and mitigate competitive behaviour, corporate governance culture risks, and ensure that associated controls are defined and fit for purpose.
- **Risk and compliance management framework:** This framework defines the Group's overall Risk & Compliance governance practices, forming the foundation for stakeholders to manage day-to-day decision-making and risk management capabilities.

The objectives of the Risk & Compliance function include implementing a comprehensive Risk & Compliance Framework, establishing clear accountability and ownership of risk & compliance obligations, instilling increased confidence in the Group's corporate governance, enhancing the effective achievement of the Group's objectives through appropriate risk mitigation, and providing all employees with an understanding of the Group's position on risk-taking and managing risk.

The Group's Risk & Compliance framework is a cornerstone of its governance, providing a structured approach to managing risks and compliance, thereby supporting the organisation's strategic objectives and enhancing stakeholder value.

Conduct and business ethics corporate compliance policies

1. **Code of conduct and business ethics:** The Group is committed to maintaining the highest professional and ethical standards in all business activities. A comprehensive Code of Conduct and Business Ethics guides the ethical behaviour of all relevant persons within the organisation, including employees, internal and external stakeholders, shareholders, Group industries, communities, vendors, supply chain influencers, and society at large. The Code ensures that all business dealings are conducted with integrity and transparency, safeguarding the Group's reputation and stakeholder trust.
2. **Conflict of interest:** The Group's Conflict of Interest Policy mandates that all Board members, Committee members, and employees fully understand and comply with applicable laws, rules, and regulations. It ensures that any opportunities for monetary and non-monetary benefits, including standard compensation arrangements, align with the Group's ethical standards and governance practices, avoiding conflicts of interest and promoting fairness and transparency in all transactions.
3. **Whistleblowing policy:** The Group has established a Whistleblowing Policy to empower employees to report concerns or potential violations of policies, laws, or ethical standards without fear of retaliation. This policy is crucial for maintaining an open and accountable working environment, encouraging the reporting of any improper conduct or unethical behaviour, and ensuring that all reports are handled with the utmost confidentiality and professionalism.
4. **Fraud control:** The Group adopts a zero-tolerance approach to fraud, bribery, corruption, and other forms of malpractice. Comprehensive measures, including the Fraud Risk Management Control Policy Framework and corresponding risk registers, are in place to prevent, detect, and respond to fraud risks. These measures underscore the Group's commitment to safeguarding its assets and reputation through rigorous internal controls and risk management practices.
5. **Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), and Financing of Illegal Organisations:** The Group adheres to strict AML and CTF policies, reflecting its commitment to combating money laundering and terrorism financing. These policies ensure compliance with national and international regulations, enhancing the Group's ability to identify and mitigate related risks proactively. The Group conducts due diligence and screening processes to prevent any association with illegal activities or organisations.
6. **International trade and sanctions compliance:** The Group's Sanctions/ Know Your Customer (KYC) Screening Policy demonstrates its dedication to complying with international trade laws and sanctions. This policy guides the Group's dealings on a global scale, ensuring that all transactions and partnerships abide by applicable international sanctions and trade regulations. Regular due diligence transactions and the use of advanced screening platforms like World Check "LSEG" underline the Group's efforts to maintain compliance and uphold its reputation as a responsible global trade facilitator.

These policies and procedures are integral to the Group's governance, risk, and compliance frameworks, reflecting the importance the Group places on applying ethical business practices, along with compliance and risk management, through the organisation.

2023 Accreditations and attestations

In 2023, the Group was recertified an additional 3-year cycle for management standards, including ISO 31000 (Risk Management), ISO 37301 (Compliance Management Systems), ISO 37001 (Anti-Bribery Management Systems), and ISO 27001 (Information Security Management).

Our dedication to responsible behaviour, decision-making, openness, and honesty is shown by also being awarded ISO 37000 on Corporate Governance and ISO 37002 on Whistleblowing Management Systems.

2023 Risks Identified

In the face of evolving global challenges, the Group has identified key risks impacting its operations and strategic objectives. Our comprehensive risk management strategy ensures resilience and sustained growth by addressing these risks with effective mitigation strategies. Below, we detail the primary risks identified in 2023, along with our approaches for mitigation, and the clusters responsible for their management.

Identified Risks and Mitigation Strategies

Title / Description of Risk	Risk Mitigation Strategy
Cyber attack incident Cyber attack incidents globally have the potential to negatively affect an organisation's brand and reputation, often resulting in significant financial and reputational impacts.	• Periodically assessing cybersecurity-related risk, establishing network access controls, and implementing firewalls and antivirus software. • Patch management schedule created monitoring network traffic and response per predefined incident response plans
Talent management This risk refers to an organisation's challenge in identifying, acquiring, upskilling, and retaining the right talent to achieve their objectives.	• Critical position on organisational structure listed. • AD Ports Group Competencies framework supporting talent management activities and embracing retention.
Regulatory change non-compliance Groups and Clusters are mandated by multiple regulatory and counterparties requirements, which might impact the competitive market opportunities and negatively impact the Group's reputation in case of non-compliance and regulatory change.	• Enable scanning and defining all relevant statutory, regulatory, and contractual requirements. • Conduct proactive regulatory due diligence exercises. • Report complete, timely, transparent, accurate, and relevant information.
Macro-economic developments growth Group companies might face market volatility owing to national and international exposure and macroeconomic cycle instability. Global macroeconomic conditions, interest rates, currency exchange rates, political instability, government policies, and market sentiment differ.	• Monitor and analyse enterprise risks related to macroeconomic development growth by constructing a country risk profile. • Maintain a strong financial position by evolving diversified investment opportunities, products, and services.
Supply chain resiliency and business disruption This risk refers to the ability to successfully enable the Group's supply subsidiaries chains. Corporate capabilities shall ensure effectiveness and readiness, including 2nd and 3rd parties, and all related business partnerships and vendors.	• Establish resilience capabilities. • Enable the identification of Group business ecosystems of critical business impact related to processes, services, and agreements.
Enabling sustainable investment in ESG The risk examines the Group's ability to embed responsible investment strategies to address long-term sustainability issues, due to significant emerging ESG "non-financial" parameters.	• Anticipate all related ESG obligatory universe factors and utilise compliance controls with all regulatory obligations across the Group's clusters, subsidiaries and corporate units and information disclosed. • ESG-specific policies include double materiality, responsible investment and GHG accounting and reporting.
Subsidiaries governance requirements Cascading Group governance is critical to a subsidiary's maturity journey toward sustainable growth to avoid deficiencies in alignment, reporting and standardised decision-making. Defined risk factors might lead to enforced weak governance cultures, false perceptions, legal and reputational litigations, and shareholder–agent conflict.	• Introducing Group subsidiaries' governance guidelines has started to ensure alignment with corporate policies and other standards and regulations. • The Group Subsidiaries Governance operating model ensures a uniform approach across the organisation.
Rapid merger and acquisitions The Group's current M&A momentum might increase the possibilities of significant unplanned impact on corporate units, vertical workforce scalability, and capacity concerning integrated synergies.	• A Business Transformation Model initiative will ensure a uniform approach across the organisation. • Shifting and refining the preliminary delineation of activities to enhance verticals capacity and scalability.

Through proactive risk management and strategic planning, the Group remains committed to safeguarding its assets, employees, and stakeholders against the array of risks presented in the current global landscape. Our focused approach to identifying, assessing, and mitigating risks ensures the Group's resilience, and supports our vision for sustainable development and growth.

2023 GRC achievements

In 2023, the GRC department of the Group has played a pivotal role in steering the organisation towards its strategic objectives whilst ensuring adherence to the highest standards of governance, risk management, and compliance. Below, we detail our key objectives for the year and the significant achievements that underscore our commitment to operational excellence and sustainable development:

Strengthening the risk management framework

Objective: To enhance our risk management capabilities to proactively identify, assess, and mitigate risks across our operations.

Achievements

- **Implementation of Advanced Risk Assessment Tool:** We successfully deployed a cutting-edge risk assessment tool, enabling real-time risk monitoring. This tool has been instrumental in identifying potential risks early, allowing for immediate mitigation actions.
- **Reduction in Operational Risks:** Through the effective use of this tool, we achieved a notable 25% reduction in operational risks, significantly enhancing our operational resilience and stability.

Enhancing compliance protocols

Objective: To update and strengthen our compliance protocols, ensuring they remain in lockstep with evolving international regulatory standards.

Achievements

- **Compliance protocol overhaul:** We undertook a comprehensive review and update of our compliance protocols, aligning them with the latest global regulatory requirements.
- **Achievement of 100% compliance rate:** These efforts culminated in a 100% compliance rate across all internal audits conducted in 2023, a testament to our rigorous adherence to compliance standards.

Promoting a culture of ethical integrity

Objective: To instil and promote a strong culture of ethical integrity across all levels of the organisation.

Achievements

- **Company-wide ethical training programme:** We launched an extensive ethical training programme, reaching an 85% employee participation rate. This programme focused on reinforcing our core values and ethical standards.
- **Enhanced ethical work culture:** The enthusiastic participation in the training programme has significantly strengthened our ethical work culture, fostering an environment of trust and integrity.

Optimising GRC technological infrastructure

Objective: To leverage technology in enhancing our GRC capabilities, particularly in data protection and cyber risk management.

Achievements

- **Technological infrastructure upgrade:** We invested in upgrading our GRC technological infrastructure, incorporating advanced security features to safeguard against cyber threats and enhance data protection.
- **Strengthened cyber risk management:** These technological advancements have markedly improved our ability to manage and mitigate cyber risks, ensuring the security and integrity of our digital assets.

Improving stakeholder engagement in GRC processes

Objective: To deepen our engagement with stakeholders, ensuring their insights and feedback are integral to our GRC processes.

Achievements

- **Stakeholder engagement programme:** We initiated a comprehensive stakeholder engagement programme, which led to a 30% increase in feedback from our stakeholders. This feedback has been invaluable in refining our GRC strategies and processes.
- **Enhanced stakeholder collaboration:** The increased engagement has fostered a collaborative environment, enabling us to better align our GRC efforts with stakeholder expectations and enhance our overall effectiveness.

These achievements highlight the Group's dedication to excellence in governance, risk management, and compliance throughout 2023. Our proactive and strategic approach to GRC has not only bolstered our operational resilience but also reinforced our commitment to ethical practices, stakeholder engagement, and compliance with global standards. As we look to the future, we remain committed to building on these successes, ensuring our continued growth and contribution to sustainable development.

Environmental, Social & Governance (ESG)

In 2023, the Group significantly advanced its Environmental, Social, and Governance (ESG) commitments, focusing on enhancing environmental stewardship, social responsibility, and governance structures. Key efforts included the implementation of sustainable operational practices, initiatives aimed at reducing carbon footprint, and investments in community and employee wellbeing.

ESG scoring methodology

The ESG Scoring Methodology provides an insightful overview of the rigorous and transparent framework adopted by the Group to evaluate and enhance its ESG performance. This methodology, designed to align with global standards, underscores the Group's commitment to sustainable development, responsible business practices, and stakeholder engagement.

The ESG Scoring Methodology is structured around a comprehensive evaluation of 22 key parameters across environmental, social, and governance aspects. These parameters are meticulously selected to cover critical areas such as environmental management, energy efficiency, social equity, employee wellbeing, data security, and ethical governance practices.

Scoring is methodically assigned based on a three-tiered approach: Commitment (20%), Measures Deployed (40%), and Results (40%). The Commitment criterion assesses the Group's dedication to ESG principles, evaluating the establishment of policies, targets, and strategic ESG integration into corporate operations. Measures Deployed examine the tangible actions and initiatives undertaken to address ESG objectives, rewarding proactive and impactful interventions. Results focus on quantifiable outcomes and improvements in ESG performance, emphasising the effectiveness of implemented strategies.

This dynamic scoring system not only highlights the Group's holistic approach to ESG but also reflects the Group's ongoing efforts to measure, improve, and communicate its sustainability journey. Through this methodology, the Group closely tracks its efforts to advance ESG excellence, foster transparency, and build trust with stakeholders as a responsible leader in the global ports and logistics sector.

ESG score journey

The "ESG Score Journey" in the 2023 Annual Integrated Report outlines the historical commitment of the Group to encouraging excellence in ESG practices. The journey recaps the strategic evolution of the Group's ESG performance through a series of initiatives that addressed key ESG challenges and opportunities.

Over the years, the Group has significantly improved and enhanced its ESG scoring methodology and performance across all three ESG pillars. The Group's ESG score journey recounts the Group's relentless pursuit of sustainable development, responsible business practices, and stakeholder engagement. Through the integration of ESG principles into its core operations and strategic decision-making processes, the Group has achieved notable improvements in ESG scores.

The Group's ESG score improvement is attributed to several key factors, including the adoption of global best practices, alignment with international standards, and proactive engagement with stakeholders. The Group has implemented comprehensive measures to reduce its environmental footprint, enhance social wellbeing, and ensure robust governance. These efforts are supported by a transparent reporting framework that enables stakeholders to effectively track our progress and impact.

As the Group continues on its ESG journey, it will leverage innovation, foster collaboration, and drive operational excellence to achieve its long-term sustainability goals. This journey not only highlights our leadership, but also underscores our commitment to advancing the global sustainability agenda.

ESG strategy overview

This strategy demonstrates the Group's commitment to sustainable development, responsible business practices, and transparent stakeholder engagement.

Our ESG strategy emphasises the integration of ESG and GRC capabilities, underscoring the importance of aligning business operations with emerging global regulatory requirements and stakeholder expectations. The strategy addresses the importance of environmental solvency and social responsibility across the value chain, highlighting emerging risks and the need for effective ESG factor monitoring within the business clusters.

Key initiatives under the ESG strategy include the development of a Group-level ESG framework, gap assessments, materiality verification, and risk assessments, aiming to embed responsible investment and ESG aspects into the DNA of the Group's subsidiaries. This approach was designed to secure funding and attract potential investors by demonstrating a robust mechanism for ESG performance disclosure.

Furthermore, our ESG strategy acknowledges the mandates and expectations of regulatory bodies, investors, and rating agencies, stressing the importance of ESG reporting and transparent performance disclosure. This strategic outlook is not only about compliance, but also about leveraging ESG as a critical driver for sustainable growth, operational excellence, and competitive advantage in the global market.

AD Ports Group risks

In this Annual Integrated Report, we address the complexities and strategic approaches within our ESG framework. Our commitment to sustainability and responsible business practices is reflected in how we manage and mitigate ESG-related risks. The following table outlines our proactive measures against identified ESG challenges, ensuring our operations align with global sustainability standards and stakeholder expectations.

ESG Risk Area	Description	Mitigation Strategies
Data Integrity in ESG Reporting	Ensuring the reliability and integrity of ESG data across multiple internal and external sources poses a significant challenge, given its critical role in strategic decision-making and reporting.	We have instituted robust data governance frameworks and employed advanced data management tools to enhance the accuracy, integrity, and completeness of our ESG data. Clear policies and responsibilities have been defined to ensure the consistent quality and availability of ESG information.
Transitioning to Sustainable Portfolios	Transitioning conventional investment portfolios to align with ESG criteria involves complexities, including financial implications and the challenge of quantifying sustainable impacts.	We have adopted a phased approach to transition, incorporating comprehensive risk assessments and stakeholder engagement. We provide specialised training for portfolio managers in ESG integration, and initiate pilot projects to showcase the benefits and feasibility of sustainable investments.
Scope 3 Emissions Management	The predominant source of our greenhouse gas (GHG) emissions stems from Scope 3, attributed to our extensive value chain. This area presents a challenge because of its complexity and the indirect control over emission sources.	Our strategy includes enhancing transparency and collaboration within our supply chain, conducting sustainability assessments of suppliers, and setting clear emission reduction targets. Investments in carbon offset projects complement our efforts to manage and reduce Scope 3 emissions effectively.
Governance of ESG Corporate Controls	The dynamic regulatory environment and heightened stakeholder expectations around social and environmental responsibility increase the pressure on effective ESG monitoring and governance, impacting our reputation and operational compliance.	We have strengthened our corporate governance frameworks to fully integrate ESG considerations, conducting regular risk assessments and establishing comprehensive policies for ESG compliance. Engaging with stakeholders and ensuring transparent reporting are key to our governance approach, mitigating potential risks and reinforcing our commitment to ethical business practices.
Cultivating an ESG-centric Culture	Fostering an organisational culture that deeply understands and values ESG principles is essential for aligning our workforce with our sustainability goals and broader mission.	The Group's senior management leads by example, promoting transparency and open communication regarding our ESG goals and initiatives. We have implemented widespread ESG training programmes to ensure a unified understanding and commitment across the organisation. Recognising and rewarding ESG achievements encourages continued employee engagement and support for our sustainability efforts.

The mitigation strategies illustrate the Group's dedication to addressing ESG risks with rigor and integrity, demonstrating our ongoing commitment to sustainability, responsible governance, and the welfare of our stakeholders and the communities we serve.

ESG metrics

The Group's ESG Index is developed through a rigorous process, evaluating our performance against industry best practices and international standards. It encompasses a wide range of criteria, including but not limited to, carbon footprint reduction, water resource management, employee wellbeing, community engagement, ethical business conduct, and transparent governance.

Our approach to the ESG Index is dynamic and was designed to adapt to the evolving landscape of sustainability challenges and opportunities. It serves as a benchmark for our progress, guiding our strategies and investments in ESG initiatives. Through this index, we aim not only to measure our current performance but also to set ambitious targets for continuous improvement.

In 2023, we focused on enhancing our ESG Index by integrating advanced data analytics and stakeholder feedback into our evaluation processes. This has enabled us to identify key areas for improvement and to implement targeted actions that drive meaningful change.

The Group remains steadfast in its pursuit of excellence in sustainability, as evidenced by our ESG Index. We are dedicated to advancing our ESG goals, aligning our operations with our sustainability vision, and contributing positively to the global community.

Obligatory ESG compendium (2023):

AD Ports Group's commitment to ESG excellence

In 2023, the Group reaffirmed its dedication to sustainability and responsible corporate practices through our ESG Obligatory Compendium. This pivotal document underscores our holistic approach to ESG integration, setting the foundation for our actions and policies aimed at fostering sustainable development and ethical operations.

- **Strategic framework and objectives –** The Compendium outlines a comprehensive framework that guides the Group in aligning with the highest standards of environmental care, social responsibility, and governance integrity. It details our strategic approach towards embedding ESG considerations into our operational ethos and decision-making processes, ensuring we lead with responsibility and foresight.
- **Comprehensive ESG guidelines –** Covering a broad spectrum of ESG priorities, from climate action and resource efficiency to ethical labour practices and community involvement, the Compendium sets forth the minimum standards for the Group's compliance with both local and global sustainability benchmarks. This commitment reflects our ambition to drive transparency, accountability, and continuous progress throughout our operations.
- **Ensuring effective implementation –** The Group employs rigorous mechanisms for the Compendium's implementation, including regular performance audits, stakeholder dialogues, and transparent reporting. These practices enable us to monitor our ESG journey closely, and ensure we remain on the path to achieving our sustainability objectives
- **A foundation for sustainable leadership –** The ESG Obligatory Compendium is more than a document; it reflects AD Ports Group's core values and strategic vision for leading in sustainability. It supports our goal to not only excel in the maritime, logistics, and industrial sectors but to do so in a way that contributes positively to our planet and its people. Through steadfast adherence to this Compendium, AD Ports Group sets a benchmark for ESG leadership and for making a meaningful impact.

ESG initiatives and Double Materiality (2023)

In 2023, the Group continued to lead in sustainability and governance, underpinning our operations with a robust ESG strategy. Central to our approach is the Double Materiality principle, guiding our commitment to both understanding and managing our impact on the planet and society, and recognising external ESG factors influencing our performance and resilience.

Double Materiality defined

Outside-in perspective: We proactively identify and address external ESG risks and opportunities, ensuring our strategies are robust against environmental and social shifts, thereby safeguarding our financial stability and operational performance.

Inside-out insight: Our operations are scrutinised for their impact on environmental and societal wellbeing, guiding our initiatives to not only mitigate harm but also contribute positively to global sustainability and community prosperity.

Engagement and transparency: Stakeholder dialogue remains at the heart of our materiality analysis, enhancing the depth and breadth of our ESG strategy. Continuous engagement with investors, customers, employees, and communities ensures our actions are aligned with diverse expectations and global sustainability goals.

Dynamic materiality process: Recognising the fluidity of ESG factors, we commit to regular reviews and updates of our materiality assessments, ensuring agility and responsiveness to evolving global standards and stakeholder needs.

2023 ESG highlights

Strategic ESG and GRC integration: Our systematic ESG gap analysis informed the development of an integrated ESG and GRC strategy, aligning our operations with global best practices in sustainability and governance.

Innovative ESG reporting: The adoption of an automated ESG reporting platform in 2023 enhanced the accuracy and availability of critical ESG data, strengthening our performance monitoring capabilities.

Carbon management and climate commitment: Aligning with the UAE's Net-Zero ambitions, we refined our carbon footprint management strategy, focusing on significant emissions reductions across our operations.

Sustainability in investment: A framework for assessing social and environmental outcomes was established, ensuring ESG considerations are central to our investment decisions and project evaluations.

Global standards alignment: Through targeted capacity-building initiatives, we have deepened our alignment with key global ESG standards, including SASB and IFRS, and integrated human rights considerations in line with the SDGs.

Our ESG strategy, driven by the Double Materiality Approach, reinforces the Group's commitment to sustainability and responsible business practices. As we move forward, our focus remains on embedding these principles deeper into the fabric of our operations, driving sustainable growth, and enhancing our contribution to a resilient and prosperous future.

Obligatory ESG compendium (2023) continued

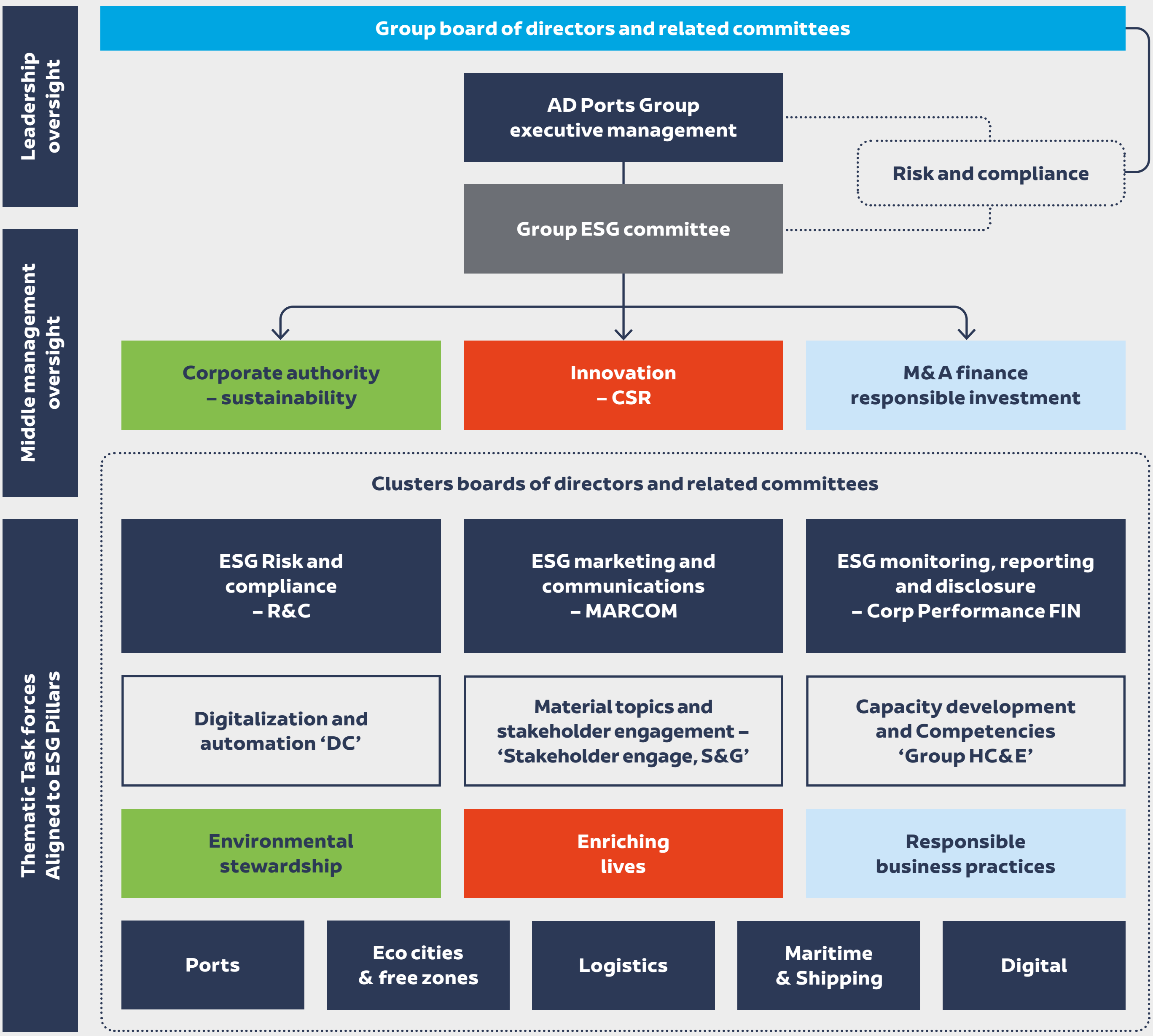
ESG governance and operating model (2023)

The Group ESG Operating Model, Benchmark Approach, and Methodology are pivotal components of our commitment to sustainability and corporate responsibility.

This comprehensive framework is designed to embed ESG principles across all levels of our operations, ensuring a unified approach to achieving our ESG objectives.

The Group's ESG Operating Model integrates ESG and GRC capabilities to align our business operations with emerging global regulatory requirements and stakeholder expectations. This model emphasises the importance of environmental solvency and social responsibility across our value chain, addressing emerging risks and monitoring ESG factors effectively within our operation clusters.

Group ESG operating model
Integrated corporate synergies and related capabilities



Establishing board roles that are in charge of the oversight of the group's ESG risks and opportunities and sustainability initiatives

The corporate authority – sustainability has the mandate to drive the sustainable development agenda of the group, under this framework, the mandate will have additional support and oversight of ESG risk by the group's chief governance and the risk and compliance team

Both mandates report directly on the oversight of ESG risk and execution of the group's ESG initiatives to the group executive management. Also, they will monitor the compliance and integration of the responsible investment policy across the group.

The responsible investment committee will be in charge of integrating ESG criteria in the investment and acquisition decisions of the group. The committee will report directly to the executive committee on the different initiatives of the sustainability taskforces.

- Theme-specific ESG taskforces will have representatives from each cluster under subsidiaries governance guideline – requirements.
- Cluster GRC representatives will be supported by sustainability champions on the theme of their cluster. The task force will work on guiding all the clusters in engaging in initiatives and procedures that the management of Group ESG risks and opportunities.
- The task force will also support in coordinating the reporting of different clusters on the groups' key focus areas and pillars.

This operating model, benchmark approach, and methodology reflect the Group's commitment to transparency, accountability, and continuous improvement in our ESG efforts.

Governance framework

Our ESG governance framework, characterised by rigorous oversight and strategic implementation, is crucial in embedding ESG considerations into our corporate ethos and decision-making processes. This framework is structured to:

Align ESG strategy from the top down, ensuring cohesive execution and integration across the Group and its subsidiaries.

Enhance transparency and accountability in our ESG efforts, fostering trust and confidence among our stakeholders.

Engage stakeholders effectively, aligning our operations with global ESG benchmarks and best practices.

Operation excellence

The Group's ESG Operating Model is designed to incorporate ESG and GRC capabilities, reflecting our strategic commitment to sustainability and operational integrity. Key elements include:

Monitoring ESG factors within our operational clusters to identify and mitigate risks proactively, integrating responsible investment principles and ESG considerations into the core operations of the Group's subsidiaries.

Supporting the development of our ESG framework with targeted capabilities like gap assessments, materiality analyses, and risk evaluations.

Strategic ESG initiatives

Our governance and operating models underpin several strategic initiatives aimed at bolstering our ESG performance, including:

Crafting a comprehensive Group-level ESG framework that guides our sustainable growth and performance enhancement.

Building expertise in global ESG standards and aligning our practices with United Nations Sustainable Development for a broader impact.

Implementing robust ESG reporting and monitoring tools to ensure our operations are transparent and our stakeholders are well-informed.

Commitment to Sustainable Growth

Through structured governance and operational strategies, AD Ports Group is committed to leading in ESG practices, ensuring sustainable growth, and operational excellence. Our approach not only aims to mitigate ESG-related risks, but capitalise on opportunities that drive long-term value for our stakeholders.

ESG strategy overview

The Group is pioneering a sustainability-driven approach, anchored in our three core priorities: Environmental Stewardship, Enriching Lives, and Responsible Business Practices. This strategy is integral to embedding ESG principles deeply into our operational ethos and strategic objectives, ensuring enduring value and sustainability.

Environmental stewardship

Our commitment to the environment is mission-critical, with targeted initiatives to mitigate our ecological footprint. We are focused on reducing emissions, boosting energy efficiency, leveraging renewable resources, and refining our water and waste protocols. These initiatives are in harmony with both global sustainability aspirations and the UAE's vision for a greener future.

Enriching lives

At the heart of our mission is a commitment to positive social impact. We are investing in our people, prioritising health, and safety, embracing diversity and inclusion, and nurturing community ties. These efforts aim to elevate the wellbeing and prosperity of everyone we touch.

Responsible business practices

Integrity guides our operations. We adhere to the highest ethical standards, ensuring transparency, accountability, and fairness. Our comprehensive governance frameworks, ethical supply chain policies, data protection measures, and anti-corruption protocols are designed to foster trust and uphold our standing as a responsible entity.

Implementation and accountability

The effectiveness of our ESG strategy hinges on meticulous implementation and rigorous monitoring. We have set clear benchmarks, and we regularly publish progress reports to keep stakeholders engaged and informed. Our strategy is dynamic, evolving in response to new insights and feedback, positioning AD Ports Group as a frontrunner in sustainable practices.

The Group's ESG Strategy exemplifies our dedication to sustainability and ethical business conduct. By pursuing these strategic directions, we not only align with our vision to be a global leader in our sectors but also contribute significantly to wider sustainability goals.

Responsible investment policy 2023

The Group's Responsible Investment Policy in 2023 is based on sustainability and ethical business practices. This policy integrates ESG criteria into our investment decisions, helping generate sustainable value and promoting ethical standards.

Core principles

Sustainability and value creation: Our policy is rooted in the belief that responsible investment is pivotal to creating long-term value for all stakeholders, ensuring our operations and investments are sustainable for future generations.

Risk management through ESG integration: We rigorously incorporate ESG factors into our investment risk assessments to manage potential risks effectively and capitalise on opportunities that align with our sustainability goals.

Upholding ethical standards: The Group commits to maintaining high ethical standards by directing investments towards entities that demonstrate positive environmental and social impacts, steering clear of those that contradict our sustainability ethos.

Engagement and influence: We actively engage with our investment entities to encourage the adoption of sustainable practices, leveraging our influence to foster broader acceptance of responsible business behaviours.

Implementation and Oversight

Transparent integration of ESG factors: ESG considerations are seamlessly integrated into our investment analysis and decision-making processes, ensuring all investments align with our ESG objectives.

Active ownership and engagement: We exercise our rights as shareholders to advocate for ESG principles within investee companies, aiming to drive meaningful change.

Commitment to transparency: The Group prioritises transparency, providing stakeholders with clear insights into our investment activities and their ESG impact.

Collaborative efforts for wider impact: We collaborate with other investors and organisations to champion the principles of responsible investment and sustainability in the wider business community.

The Responsible Investment Policy is subject to continuous review and enhancement, reflecting our commitment to evolving our practices in line with global sustainability trends and stakeholder expectations. As we move forward, we will lead by example in responsible investing, anchoring our operations in the principles of sustainability, ethics, and governance.

Carbon accounting policy / GHG inventory management system (2023 – 2025)

The Group's Carbon Accounting Policy and Greenhouse Gas Inventory Management System form the backbone of our commitment to environmental stewardship and our strategy for combating climate change. This comprehensive framework is designed to accurately measure, manage, and reduce our carbon footprint in alignment with the UAE's Net-Zero by 2050 strategic initiative.

Strategic Objectives

Comprehensive GHG emissions measurement: Implement a robust system for measuring Scope 1, Scope 2, and Scope 3 emissions, ensuring comprehensive coverage of all greenhouse gas emissions associated with our operations.

Alignment with global standards: Ensure that our carbon accounting practices and GHG inventory management align with international standards, such as the Greenhouse Gas Protocol, to facilitate transparent and comparable reporting.

Continuous improvement: Utilise the GHG inventory to identify opportunities for emissions reduction across operations, set science-based targets, and track progress towards these targets.

Stakeholder engagement: Engage with stakeholders, including investors, customers, and regulatory bodies, through transparent reporting of our GHG emissions and reduction efforts.

Implementation highlights

Development of carbon footprint management strategy: Outline strategies for managing and reducing Scope 1 and Scope 2 emissions, with a roadmap extending from 2023 to 2027, demonstrating our proactive approach to contributing to the UAE's Net-Zero commitments.

Digital tools for ESG data management: Leverage advanced digital tools to monitor, manage, and report GHG emissions and other ESG data, facilitating accurate tracking and reporting from 2024 to 2027.

Scope 3 emissions reporting: Define a methodology for Scope 3 emissions reporting to address indirect emissions and integrate it into our digital tools, ensuring a comprehensive view of our carbon footprint.

The Carbon Accounting Policy/GHG Inventory Management System is critical for the Group's environmental strategy, focusing on transparency, accountability, and continuous improvement. Through this policy, the Group is committed to reducing its environmental impact, enhancing sustainability, and supporting the transition towards a low-carbon economy.

Building climate resilience and embracing sustainability

The Group proudly elaborates on its enhanced commitment to environmental stewardship, building climate resilience, outlining proactive strategies and initiatives, and reaffirming its pledge to nurture our planet for a sustainable future. This comprehensive approach underscores the Group's alignment with global sustainability goals and its leadership role in promoting environmental excellence within the maritime and logistics industries.

Building climate resilience

The Group has set ambitious targets to reduce greenhouse gas (GHG) emissions, aligning with the latest climate science and international agreements. The Group's concerted efforts to support the UAE's Net Zero goal by 2050 are manifested in the implementation of renewable energy solutions, enhancement of energy efficiency across operations, and exploration of innovative technologies to minimise carbon footprints. Key initiatives include:

Green buildings and infrastructure: Adoption of ESTIDAMA Abu Dhabi sustainability guidelines, utilisation of smart metering, solar panels, and efficient chillers.

Net zero buildings: Construction of the Net Zero administrative building, powered by an 850 KW renewable energy system, and the design of the Safaga Port Project featuring a 1 MW renewable energy system.

Shore Power/Cold Ironing: Introduction of shore-to-ship power at Mugharraq Port to reduce carbon emissions.

Fleet greening: Exploration of alternative fuels, transition to electric mobility, and incorporation of autonomous vehicles.

Carbon accounting policy / GHG inventory management system (2023 – 2025) continued

Our strategies and initiatives

The Group's environmental strategy encompasses a broad spectrum of initiatives aimed at minimising environmental impacts whilst fostering sustainable growth:

Circularity and integrated waste management: Emphasising waste reduction, increased recycling rates, and the adoption of circular economy principles.

Environmental monitoring: Controlled by ISO 14001 processes, including ambient air quality and meteorology monitoring stations at KIZAD HQ and Khalifa Port to ensure compliance with air quality standards.

Nurturing our planet for a sustainable future

The Group is committed to preserving biodiversity as a cornerstone of its sustainability agenda, undertaking significant efforts to protect vital ecosystems:

Coral monitoring and conservation: The Ras Ghanada Coral Reef conservation efforts underscore the Group's dedication to marine biodiversity.

Translocation of spiny-tailed lizard: Collaborative efforts to conserve the endangered spiny-tailed lizard within the KEZAD industrial zone demonstrate a balance between industrial development and biodiversity protection.

In synthesising the achievements and initiatives from both the 2023 Corporate Governance Report and the detailed strategies outlined in the "Building Climate Resilience, Our Strategies and Initiatives" document for 2023, the Group presents a forward-looking narrative of environmental stewardship. This narrative not only highlights the Group's strategic advancements in sustainability but also showcases its resolve to lead by example in environmental conservation, innovation in green technologies, and commitment to a sustainable future.

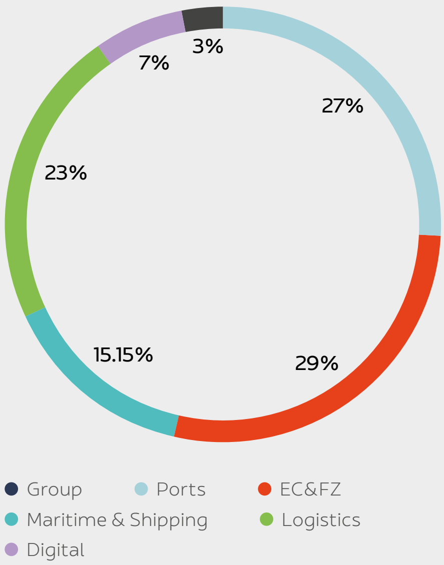
Enriching lives and empowering communities

In 2023, the Group's Corporate Social Responsibility (CSR) initiatives touched 3.9 million lives through 124 initiatives. Our CSR programmes had significant impact, focusing on community support, environmental activities, philanthropy, equal opportunities, and employee welfare and health. The initiatives were distributed across various sectors of the Group, reflecting a commitment to diverse aspects of social responsibility. Recognised with prestigious awards, these efforts underline the Group's dedication to enhancing community wellbeing and addressing social challenges, illustrating a comprehensive approach to CSR that aligns with the Group's broader mission and values.

This multifaceted approach demonstrates the Group's commitment to creating a significant, positive impact on society and across the communities in which the Group operates. Through these efforts, the Group reinforces its position as a socially responsible organisation, actively contributing to sustainable development and the wellbeing of its wider community.

The distribution of the Group's CSR initiatives was spread across sectors and clusters. Group Units and Economic Cities & Free Zones led the initiatives, highlighting significant investments in community and economic development. Maritime & Shipping, Ports, Digital, and Logistics sectors also contributed, focusing on specialised areas like environmental sustainability, technological innovation, and operational efficiency.

The percentage of social responsibility initiatives across AD Ports Group was as follows:



In 2023, the Group was distinguished with several prestigious awards for its CSR efforts. These accolades include the Corporate Engagement Award, recognising exceptional community engagement in CSR programmes, the International Excellence CSR Award, and the CSR World Leader Award, both acknowledging the Group's global leadership in CSR. The Stevie International Business Awards honoured the Group with a Bronze Award for Achievement in CSR.

Integration of ESG principles into business practices

At AD Ports Group, we firmly believe that the integration of ESG considerations into our business practices shall drive sustainable growth and create long-term value for all stakeholders. Our holistic approach to sustainability is underpinned by a comprehensive strategy focused on four key areas:

Increasing climate resilience: We recognise the urgent need to address climate change and its potential impacts on our business and communities. To enhance our climate resilience, we are implementing initiatives to reduce our carbon footprint, enhance our adaptation measures, and invest in climate-resilient infrastructure.

Protecting the environment: Preserving and safeguarding the environment is a fundamental aspect of our sustainability efforts. We are committed to minimising our environmental impact through responsible resource management, pollution prevention measures, and the adoption of sustainable practices across our operations.

People and community welfare: We prioritise the wellbeing and empowerment of our employees, as well as the communities in which we operate. By fostering a culture of diversity, equity, and inclusion, we strive to create a supportive workplace environment that values the contributions of all individuals. Additionally, we actively engage with local communities to address their needs and support initiatives that promote social welfare and development.

Boosting economic growth: We recognise our role in driving economic growth and prosperity, both locally and globally. Through responsible business practices, ethical governance, and strategic investments, we aim to contribute to sustainable economic development, job creation, and prosperity for all stakeholders.

Talent management

The Group introduced a new measure in the Excellence Maturity Index to gauge the representation of females in leadership roles within clusters. Percentage targets were set for total females across clusters and the percentage of females in leadership roles, emphasising the company's commitment to gender diversity and equal opportunities.

These initiatives underscore the Group's dedication to fostering a workplace culture that values diversity, inclusivity, and the advancement of all employees.

Equal opportunity

In 2023, the Group upheld its dedication to equal-opportunity employment, maintaining a diverse workforce. The company employed 4,960, male direct-hire employees and 1,834 female direct-hire employees.

In 2023, there was **27%** female representation at AD Ports Group overall and **25%** female representation at UAE based operating companies.

Initiatives to support female employees

In 2023, the Group introduced the Glow Programme to bolster the recruitment, retention, and advancement of female employees. This programme, tailored to accelerate the careers of high-potential Emirati women, facilitates strategic career planning and leverages design-thinking tools to maximise career opportunities. Continuing its commitment to gender diversity and equal opportunities, the Group integrated a new measure into the Excellence Maturity Index to assess the representation of females in leadership roles within clusters.

Emiratisation

In 2023, the Group reaffirmed its commitment to Emiratisation efforts within its workforce, with Emirati nationals occupying 222 senior management positions and above. The percentage of Emirati employees, excluding blue-collar workers, rose to 66.6%, reflecting the Group's emphasis on Emiratisation. The company continues to foster a diverse and inclusive workplace environment through initiatives supporting the recruitment and retention of Emirati national employees.

Training and development

The Group prioritises training and development to enhance employee skills and competencies. Training and development programmes play a pivotal role in this endeavour by equipping employees with the knowledge, skills, and mindset needed to drive sustainable practices within the workplace. Our training and development programmes serve as vehicles for instilling sustainability principles, fostering innovation, and empowering employees to contribute meaningfully to our goals.

Safe operations

The Group places paramount importance on the safety of our employees, contractors, and the communities in which we operate. A robust Health, Safety, and Environment (HSE) management system has been implemented in accordance with ISO 45001. Rigorous training and awareness programmes are conducted regularly to instil a safety-first culture at every level of the organisation. Furthermore, internal and external audits are undertaken periodically to ensure compliance with regulatory requirements and industry best practices. As a result of these concerted efforts, our HSE performance has improved consistently year on year, underscoring our commitment to maintaining a safe and secure workplace environment for all.

Integration of ESG principles into business practices continued

Community engagement

In 2023, the Group's commitment to social responsibility rose to new heights, through the use of comprehensive application tools such as Power BI.

The CSR team has taken proactive steps to ensure the effective execution of CSR initiatives by establishing a CSR representatives' team from all clusters and units to use this innovative platform to meticulously gather data and continuously update the data tool. This structured approach ensures that our CSR efforts remain aligned with our objectives and responsive to the evolving needs of our communities.

The dashboard includes all CSR initiatives, and their types, ongoing status, focus areas, target audiences, and beneficiary counts. Through regular brainstorming sessions, follow-ups, and monitoring, we ensured a streamlined approach to our CSR endeavour.

The results speak volumes: 124 CSR initiatives were successfully executed, positively impacting 3.9 million lives within our communities.

Our CSR strategy, centred around six key focus areas, guided our efforts:
Supporting our Community
Environmental Activities
Philanthropy
Equal Opportunities
Employee Welfare and Development
Health

Our dedication did not go unnoticed, earning prestigious awards such as the Corporate Engagement Award 2022 (Gold Winner) for Best Community Involvement during a CSR Programme, the International Excellence CSR Award, and the CSR World Leader Award. Additionally, we received the Bronze Award at the Stevie International Business Awards for Achievement in Corporate Social Responsibility. Looking ahead, we remain steadfast in our commitment to enhancing our social impact and addressing the challenges within our communities. With a clear focus on our achievements and future objectives, we are strategically positioned to make an ongoing meaningful difference in the lives of those we serve.

ESG governance and supply chain management

Supply chain management

We recognise the importance of sustainable supply chain management in achieving our sustainability goals. We are committed to working closely with our suppliers and partners to minimise environmental impacts throughout our supply chain. By fostering long-term partnerships based on trust, transparency, and shared values, we aim to create a more resilient and sustainable global economy. Understanding the pivotal role of procurement, the Group strives to ensure value for money and operational efficiencies whilst unlocking sustainable co-benefits in collaboration with suppliers and partners. Key initiatives in this pursuit include:

Total supplier compliance:
Ensuring complete adherence to the Code of Business Conduct by all suppliers.

Environmental criteria integration:
Achieving a notable 100% environmental screening for suppliers involved in Engineering and Construction services.

Supplier environmental screening:
Achieving a notable 100% environmental screening for suppliers involved in Engineering and Construction services.

Preference for local entities:
Prioritising ADQ and Khalifa Fund companies to actively support local businesses and social initiatives. Partnering with the Department of Economic Development, Abu Dhabi, to promote SME involvement in procurement as part of SME Champions Programme Phase 2.

At AD Ports Group, we believe that integrating ESG considerations into our business strategy and operations is essential for building a more sustainable and resilient future. By leveraging our collective strengths and resources, we are committed to driving positive change and creating value for society, the environment, and our shareholders.

Financial Statements

for the year ended 31 December 2023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Report of Board of Directors

For the year ended 31 December 2023

The Directors have the pleasure of submitting their report, together with the audited consolidated financial statements of Abu Dhabi Ports Company PJSC (the "Company") and its subsidiaries (together, referred to as, the "Group") for the year ended 31 December 2023.

Results for the year

During the year, the Group earned revenue of AED 11,678,530 thousand (2022: AED 5,497,836 thousand) and net profit for the year amounted to AED 1,360,218 thousand (2022: AED 1,284,413 thousand).

Accounts

The Directors have reviewed and approved the consolidated financial statements of the Group for the year ended 31 December 2023.

Directors

The Directors who served during the year and as of the reporting date is as follows:

H.E. Falah Mohammed Falah Jaber Al Ahbabi	Chairman
Mr. Khalifa Sultan Hazim Al Suwaidi	Vice Chairman
Mr. Mohamed Juma Al Shamisi	Managing Director and Group Chief Executive Officer
Mr. Jasim Husain Ahmed Thabet	Member
Mr. Mansour Mohamed Abdulqader Mohamed Al Mulla	Member
Ms. Najeeba Hassan Mubarak Khudaim Al Jabri	Member
H.E. Mohamed Ibrahim Mohamed Ibrahim Al Hammadi	Member

Release

The Directors release the external auditor and management from any liability in connection with their duties for the year ended 31 December 2023.

Auditor

The Directors propose the re-appointment of Deloitte & Touche (M.E.) as the external auditor of the Group for the financial year ending 31 December 2024.

On behalf of Board of Directors

Chairman
Abu Dhabi, UAE

Independent Auditor's Report

To the shareholders of Abu Dhabi Ports Company PJSC

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Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Abu Dhabi Ports Company PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) ('IFRSs').

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Codes of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report continued

To the shareholders of Abu Dhabi Ports Company PJSC

Key Audit Matters continued

Key audit matter	How the matter was addressed in our audit
Revenue recognition Revenue is recognised from various streams and sources such as lease, port operations, logistic operations, concessions, and marine, industrial and digital services. The Group reported revenue of AED 11,679 million (2022: AED 5,498 million). The Group focuses on revenue as a key performance measure and as a driver for growth and expansion. Revenue is material and important to determine the Group profitability. Due to the magnitude of the amount, revenue streams, high volume of transactions and the susceptibility of such revenues to overstatement due to fraud risk, we assessed revenue recognition as a Key audit matter. For more information related to revenue, refer to note 3 for accounting policy on revenue recognition and note 27 in the consolidated financial statements.	Our audit procedures included the following: Understanding the significant revenue processes and identifying the relevant controls, IT systems, interfaces and reports, including performance of end-to-end walkthroughs of the revenue processes. Evaluating the design and implementation and testing the operating effectiveness of relevant controls related to the revenue processes. Understanding the control environment and testing the general IT controls over the main systems and applications involved in the revenue recording process. In doing so, we involved our IT specialists to assist in the audit of IT system controls and testing of information produced by the entities' IT systems surrounding the revenue processes. Assessing the Group's accounting policy against the requirements of IFRSs and the compliance of revenue recognized therewith. Performing the following substantive audit procedures: • Tests of details on a sample basis by inspecting relevant supporting documents to determine the occurrence and accuracy of the recorded revenue transactions during the year • Tests of details on a sample of transactions before and after the year end to determine that revenue has been recognized in the correct reporting period. Assessed the disclosure in the consolidated financial statements related to this matter against the requirements of IFRSs.

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Key audit matter	How the matter was addressed in our audit

Business combination
During the year, the Group entered into a number of business acquisition transactions as disclosed in note 37. As a result of those transactions, the Group recorded goodwill, intangible assets and a deferred tax liability which arose from the acquisitions of AED 1,274 million, AED 998 million and AED 200 million (2022: AED 290 million, AED 486 million and AED Nil), respectively.
 	
These transactions have been accounted for in accordance with IFRS 3 Business Combinations. Management have applied the acquisition method in accounting for the abovementioned acquisitions which requires the following:
• identifying the acquirer;
• determining the acquisition date;
• recognizing and measuring the identifiable assets acquired, the liabilities assumed and non-controlling interest in the acquiree; and
• recognizing and measuring goodwill or a gain from a bargain purchase.
 	
Independent external valuation specialists were engaged by the Group to perform the provisional purchase price allocation exercise which includes determination of provisional fair valuation of assets acquired and liabilities assumed, and identification and valuation of the intangible assets.
 	
We have identified the acquisition of these businesses as a key audit matter due to the size of the transactions and the inherent complexities associated with business combinations, particularly the judgements applied and estimates made in the:
• allocation of the provisional purchase price to the identifiable assets acquired and liabilities assumed;
• the identification and measurement of intangible assets and the determination of useful lives assigned to the identified intangible assets; and
• adjustments made to align accounting policies of these businesses with those of the Group.
 	
Refer to Note 37 to the consolidated financial statements for more details relating to this matter.
	As part of our audit procedures in respect of the business combinations, we have:
	• Assessed the design and implementation of controls over the accounting for these transactions;
	• Assessed whether management's assumptions in relation to the accounting for these transactions are in accordance with the requirements of IFRS 3; and
	• Agreed the fair values of the assets and liabilities determined by management to the amounts presented in the consolidated financial statements;
	• As part of our audit procedures in respect of the purchase price allocation, we have:
	  • assessed the completeness and accuracy of the assets acquired and liabilities assumed in the purchase price allocation;
	  • assessed the skills, qualification, objectivity and independence of the external valuation specialists engaged by the Group and reviewed their terms with the Group to determine if it was sufficient for audit purposes.
	  • evaluated, with involvement of our internal experts, the methodologies and significant inputs used by the Group including the identification of intangible assets and the determination of the useful lives of the identified intangible assets;
	  • assessed, with involvement of our internal experts, the fair values of a sample of the assets acquired and liabilities assumed;
	  • analysed the provisional fair value adjustments recognized by management and evaluated whether the adjustments made were in accordance with the requirements of IFRS 3; and
	  • assessed, with involvement of our internal experts, the provisional goodwill recognised by management and evaluated whether it was accounted for in accordance with the requirements of IFRS 3;
	
	• Assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

Other Information

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

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

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (32) of 2021, and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management' 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

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the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal And Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2023:
- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Report of Board of Directors is consistent with the books of account of the Group;
- Note 3 reflects the Group's investment in shares during the financial year ended 31 December 2023;
- Note 32 reflects the disclosures relating to material related party transactions, balances, and the terms under which they were conducted;
- Note 29 reflects the disclosures relating to social contributions made during the year; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or, its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 December 2023.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the financial statements for the year ended 31 December 2023, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the financial statements as at 31 December 2023:

- Its Articles of Association; and
- Relevant provisions of the applicable laws, resolutions and circulars that have an impact on Group's consolidated financial statements.

Deloitte & Touche (M.E.)

R. Padma

Rama Padmanabha Acharya
Registration No. 701
11 March 2024 Abu Dhabi
United Arab Emirates

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**24,451,715**	21,789,636
Investment properties	6	**9,937,893**	4,481,935
Intangible assets and goodwill	7	**3,096,231**	946,902
Right-of-use assets	8	**1,149,534**	799,838
Investment in joint ventures	9	**642,473**	612,241
Investment in associates	10	**1,274,926**	1,280,325
Financial assets at fair value through other comprehensive income	11	**2,518,539**	2,078,388
Deferred tax assets	18.2	**38,809**	-
Trade and other receivables	14	**2,520,932**	2,113,729
Prepayments and advances	15	**41,096**	48,600
Term deposit	17	**50,000**	–
Derivative financial assets	13	**23,990**	–
Total non-current assets		**45,746,138**	34,151,594
Current assets			
Inventories	16	**374,667**	50,772
Financial assets at fair value through profit or loss	12	**71,627**	–
Trade and other receivables	14	**4,741,868**	2,922,064
Prepayments and advances	15	**1,166,704**	596,739
Assets classified as held for sale	38	**226,895**	–
Cash and bank balances	17	**3,283,090**	790,822
Total current assets		**9,864,851**	4,360,397
Total assets		**55,610,989**	38,511,991
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**5,090,000**	5,090,000
Share premium	19	**2,750,000**	2,750,000
Treasury shares	19	**(12,098)**	–
Statutory reserve	20	**504,696**	504,696
Assets distribution reserve	20	**(22,063)**	(22,063)
Cash flow hedge reserve	20	**(43,964)**	(41,154)
Investment revaluation reserve	11	**1,367,850**	928,942
Foreign currency translation reserve		**(32,380)**	(21,786)
Merger reserve	20	**1,319,288**	1,319,288
Retained earnings		**5,344,124**	4,272,152
Owner's contribution	32	**4,559,468**	4,467,655
Equity attributable to owners of the Company		**20,824,921**	19,247,730
Non-controlling interests	39	**3,484,292**	387,403
Total equity		**24,309,213**	19,635,133

The accompanying notes form an integral part of these consolidated financial statements.

	Notes	2023 AED'000	2022 AED'000
Liabilities			
Non-current liabilities			
Deferred government grants	21	**6,423,832**	6,561,872
Provision for employees' end of service benefits	22	**180,623**	157,308
Payable to the project companies	23	**2,110,764**	2,139,765
Lease liabilities	8	**857,210**	845,078
Bond payable	24	**3,599,058**	3,589,954
Bank borrowings	25	**11,165,566**	80,795
Trade and other payables	26	**951,321**	506,288
Deferred tax liabilities	18.2	**232,725**	–
Total non-current liabilities		**25,521,099**	13,881,060
Current liabilities			
Deferred government grants	21	**279,740**	279,740
Payable to the project companies	23	**296,185**	278,681
Lease liabilities	8	**219,321**	70,249
Bank borrowings	25	**339,909**	1,395,698
Trade and other payables	26	**4,645,522**	2,971,430
Total current liabilities		**5,780,677**	4,995,798
Total liabilities		**31,301,776**	18,876,858
Total equity and liabilities		**55,610,989**	38,511,991

To the best of our knowledge, the consolidated financial statements present fairly, in all material respects, the financial condition, results of operations and cash flows of the Group, as of, and for, the periods presented therein.

H.E Falah Mohammed Falah Jaber Al Ahbabi
Chairman

Mr. Mohamed Juma Al Shamisi
Managing Director and Group Chief Executive Officer

Mr. Martin Aarup
Group Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Revenue	27	**11,678,530**	5,497,836
Direct costs	28	**(8,573,823)**	(2,865,409)
Gross profit		**3,104,707**	2,632,427
General and administrative expenses	29.1	**(1,407,871)**	(984,516)
Impairment losses on financial assets and unbilled lease receivables	14	**(80,094)**	(142,313)
Selling and marketing expenses		**(76,680)**	(82,975)
Share of results from joint ventures	9	**118,377**	127,929
Share of profit from associate	10	**26,071**	36,913
Reversal of impairment/(impairment and write off) on investment properties	6	**363,501**	(4,553)
Impairment of investment in associate	10	**(139,452)**	–
Finance costs	30	**(666,957)**	(394,108)
Finance income		**31,238**	15,116
Loss on investment at FVTPL	12	**(3,822)**	–
Gain on disposal of associates	10	**39,119**	–
Gain on disposal of asset held for sale	38	**–**	73,000
Other income, net	31	**102,552**	9,507
Profit before tax		**1,410,689**	1,286,427
Income tax expense	18.1	**(50,471)**	(2,014)
Net profit for the year		**1,360,218**	1,284,413
Attributable to:			
Owners of the Company		**1,071,972**	1,248,342
Non-controlling interests	39	**288,246**	36,071
		1,360,218	1,284,413
Basic and diluted earnings per share (AED)	33	**0.21**	0.25
Adjusted EBITDA	34	**2,668,133**	2,175,091

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Profit for the year		**1,360,218**	1,284,413
Other comprehensive income:			
Items that will not be reclassified subsequently to statement of profit or loss:			
Fair value gain on financial asset designated at FVTOCI	11	**438,908**	928,950
Fair value gain on financial asset designated at FVTOCI – share of equity accounted investees	10	**–**	(8)
Items that may be reclassified subsequently to statement of profit or loss			
Share of equity accounted investees:			
Net fair value loss on hedging instruments entered into for cash flow hedges		**(14,519)**	–
Share of equity accounted associate	10	**(4,271)**	(21,390)
Share of equity accounted joint ventures	9	**4,768**	55,885
Loss on translation of foreign operations		**(11,687)**	(567)
Total other comprehensive income		**413,199**	962,870
Total comprehensive income for the year		**1,773,417**	2,247,283
Attributable to:			
Owners of the Company		**1,497,476**	2,211,383
Non-controlling interests	39	**275,941**	35,900
		1,773,417	2,247,283

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital AED'000	Share premium AED'000	Treasury shares AED'000	Statutory reserve AED'000	Assets distribution reserve AED'000
Balance at 1 January 2022	3,840,000	–	–	379,861	(22,063)
Profit for the year	–	–	–	–	–
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	–	–	–
Transferred to statutory reserve	–	–	–	124,835	–
Owner's contribution (note 32)	–	–	–	–	–
Dividend declared to non-controlling interests in a subsidiary (note 39)	–	–	–	–	–
New shares issued (note 19)	1,250,000	2,750,000	–	–	–
Acquisition of new subsidiaries (note 37)	–	–	–	–	–
Balance at 1 January 2023	5,090,000	2,750,000	-	504,696	(22,063)
Profit for the year	–	–	–	–	–
Other comprehensive income/(loss) for the year	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**
Dividend declared to non-controlling interests in a subsidiary (note 39)	**–**	**–**	**–**	**–**	**–**
Contribution made by NCI (note 39)	**–**	**–**	**–**	**–**	**–**
Acquisition of new subsidiaries (note 39)	**–**	**–**	**–**	**–**	**–**
Other movements (note 39)	**–**	**–**	**–**	**–**	**–**
Shares buy back (note 19)	**–**	**–**	**(12,098)**	**–**	**–**
Owner's contribution (note 32)	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2023	**5,090,000**	**2,750,000**	**(12,098)**	**504,696**	**(22,063)**

The accompanying notes form an integral part of these consolidated financial statements.

Cash flow hedge reserve AED'000	Investment revaluation reserve AED'000	Foreign currency translation reserve AED'000	Merger reserve AED'000	Retained earnings AED'000	Owner's contribution AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
(97,039)	–	–	1,319,288	3,148,645	2,069,710	10,638,402	52,546	10,690,948
–			–	1,248,342	–	1,248,342	36,071	1,284,413
55,885	928,942	(21,786)	–	–	–	963,041	(171)	962,870
55,885	928,942	(21,786)	–	1,248,342	–	2,211,383	35,900	2,247,283
–	–	–	–	(124,835)	–	–	–	–
–	–	–	–	–	2,397,945	2,397,945	–	2,397,945
–	–	–	–	–	–	–	(2,241)	(2,241)
–	–	–	–	–	–	4,000,000	–	4,000,000
–	–	–	–	–	–	–	301,198	301,198
(41,154)	928,942	(21,786)	1,319,288	4,272,152	4,467,655	19,247,730	387,403	19,635,133
–	–	–	–	1,071,972	–	1,071,972	288,246	1,360,218
(2,810)	438,908	(10,594)	–	–	–	425,504	(12,305)	413,199
(2,810)	**438,908**	**(10,594)**	**–**	**1,071,972**	**–**	**1,497,476**	**275,941**	**1,773,417**
–	**–**	**–**	**–**	**–**	**–**	**–**	**(17,688)**	**(17,688)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**2,821,257**	**2,821,257**
–	**–**	**–**	**–**	**–**	**–**	**–**	**19,460**	**19,460**
–	**–**	**–**	**–**	**–**	**–**	**–**	**(2,081)**	**(2,081)**
–	**–**	**–**	**–**	**–**	**–**	**(12,098)**	**–**	**(12,098)**
–	**–**	**–**	**–**	**–**	**91,813**	**91,813**	**–**	**91,813**
(43,964)	**1,367,850**	**(32,380)**	**1,319,288**	**5,344,124**	**4,559,468**	**20,824,921**	**3,484,292**	**24,309,213**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
Profit before tax		**1,410,689**	1,286,427
Adjustments for:			
Depreciation of property, plant and equipment and investment properties	5, 6	**913,055**	789,053
Depreciation of right-of-use assets	8	**112,130**	45,960
Amortisation of intangible assets	7	**143,376**	53,160
(Impairment and write off)/reversal of impairment on investment properties	6	**(363,501)**	4,553
Share of results from joint ventures	9	**(118,377)**	(127,929)
Share of profit from associate	10	**(26,071)**	(36,913)
Impairment losses (net of reversals) on financial assets	14	**80,094**	142,313
Provision for slow moving inventories	16	**1,923**	1,832
Amortisation of government grants	21	**(183,335)**	(383,042)
Gain on disposal of property, plant and equipment		**(3,387)**	(1,972)
Loss on sale of assets held for sale		**-**	(73,000)
Provision for employees' end of service benefits	22	**36,733**	37,211
Foreign exchange loss		**-**	2,710
Finance costs	30	**666,957**	394,108
Finance income		**(31,238)**	(15,116)
Impairment of investment in associate		**139,452**	–
Fair value loss on FVTPL	12	**3,822**	–
Gain on disposal of investments		**(39,119)**	–
Payment of short-term lease	8	**(9,800)**	(13,602)
Payment of low-value assets	8	**(22,938)**	(8,722)
Operating cash flows before movements in working capital		**2,710,465**	2,097,031
Decrease/(increase) in inventories		**20,533**	(25,804)
Increase in trade and other receivables		**(1,165,822)**	(1,241,792)
(Increase)/decrease in prepayments and advances		**(146,105)**	44,335
Increase in trade and other payables		**61,892**	761,886
Cash from operating activities		**1,480,963**	1,635,656
Employees' end of service benefits paid	22	**(15,847)**	(9,456)
Net cash generated from operating activities		**1,465,116**	1,626,200
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,838,630)**	(5,199,708)
Purchase of investment properties	6	**(1,842,099)**	(321,629)
Net purchase consideration paid to acquire new subsidiaries		**(1,680,951)**	(880,642)
Purchase of intangible assets		**(16,074)**	–
Proceeds from sale of asset held for sale		**–**	310,000
Proceeds from sale of property, plant and equipment		**8,014**	12,336
Dividends received from joint ventures	9	**45,500**	27,066
Dividends received from associate	10	**34,422**	42,485
Investment in associates	10	**(35,972)**	–
Investment in short term deposits	17	**29,402**	(29,616)
Advance paid on acquisition of investment	15	**(587,600)**	–
Disposal proceeds from joint ventures and associates		**151,228**	–
Finance income received		**32,028**	15,116
Acquisition of right-of-use		**(181,093)**	–
Net cash used in investing activities		**(6,881,825)**	(6,024,592)

The accompanying notes form an integral part of these consolidated financial statements.

	Notes	2023 AED'000	2022 AED'000
Cash flows from financing activities			
Proceeds from bank borrowings	25	**9,694,221**	1,476,493
Repayment of bank borrowings	25	**(1,000,144)**	(1,146,132)
Proceeds from issuance of shares	19	**-**	4,000,000
Owner's contribution		**91,813**	-
Contribution by non-controlling interest		**49,000**	-
Government grants received		**40,733**	303,354
Finance cost paid		**(453,600)**	(113,069)
Payments to project companies		**(254,797)**	(253,933)
Payment for principal portion of lease liabilities	8	**(146,365)**	(116,065)
Payment of interest portion of lease liabilities		**(54,440)**	(40,649)
Dividend paid to non-controlling interests in subsidiaries	39	**(17,688)**	(1,675)
		7,948,733	4,108,324
Net cash from financing activities			
Net increase/(decrease) in cash and cash equivalents		**2,532,024**	(290,068)
Foreign exchange differences		**(10,354)**	-
Cash and cash equivalents at the beginning of the year	17	**745,735**	1,035,803
Cash and cash equivalents at the end of the year	17	**3,267,405**	745,735
Significant non-cash transactions:			
Investment in an associate received as a capital contribution	10	**–**	1,307,295
Investment in FVTOCI received as a capital contribution	11	**–**	1,090,650
Transfer to property, plant and equipment – Fujairah port developments (note 5)		**–**	500,000
Transfer to properties under development (Investment properties) from capital work in progress (Property, plant and equipment)	6	**–**	730,936
Transfer from property, plant and equipment to inventory	5	**333,514**	–
Transfer from property, plant and equipment to assets classified as held for sale	5	**226,895**	–

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2023

1 General information

Abu Dhabi Ports Company PJSC ("the Company" or "AD Ports Group") is a public joint stock company established in accordance with the provisions of Emiri Decree No. 6 of 2006 dated 4 March 2006 ("the Decree") as part of the restructuring of the commercial ports sector in the Emirate of Abu Dhabi ("the Emirate"). In 2022, the Company's ordinary shares were listed on the Abu Dhabi Securities Exchange.

The Company is registered with the Department of Economic Development and obtained its commercial license on 29 March 2006. The registered head office of the Company is at P.O. Box 54477, Mina Zayed, Abu Dhabi, United Arab Emirates.

Pursuant to Abu Dhabi Law No. 2 of 2018 and Executive Council Resolution No. 143/2019, the ownership of the Company was transferred to Abu Dhabi Developmental Holding Company PJSC ("ADQ") from the Government of Abu Dhabi effective from 20 June 2019. Accordingly, ADQ is the parent undertaking of the Company, and the Government of Abu Dhabi (the "Government") is the ultimate controlling undertaking of the Company.

The Company, its subsidiaries and joint ventures (together referred to as the "Group") has grown and diversified into vertically integrated clusters with operations across ports, economic cities and free zones, logistics, maritime and digital services:

- **Ports**, which owns and operates ports as well as operates terminals under concession arrangements;
- **Economic Cities & Free Zones**, which principally operates Khalifa Economic Zone "KEZAD" and other industrial cities;
- **Logistics**, which provide a range of logistical services, such as transportation, warehouse, cargo handling services and value added services;
- **Maritime & Shipping**, which provides a range of marine services and feedering as well as transshipment and offshore support services within and outside UAE, and;
- **Digital**, which provide digital services to external customers through Maqta Gateway LLC as well as services to the Group's other clusters.

The principal activities of the major subsidiaries, joint ventures and associate are given in note 3, 9 and 10 below respectively.

2 Application of new and revised with International Financial Reporting Standards (IFRS Accounting Standards) ('IFRSs')

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024
Amendment to IFRS 16 Leases – Lease Liability in a Sale and Leaseback	1 January 2024

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments will have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) ('IFRSs') and applicable provisions of the Federal Decree Law No. 32 of 2021.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company has applied the requirements of the New Companies Law during the years ended 31 December 2023 and 2022.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets that are measured at fair values through other comprehensive income at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of a financial asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

These consolidated financial statements are presented in UAE Dirhams (AED) which is the presentational currency of the Group and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

Going concern

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

3 Summary of significant accounting policies continued

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and those of its subsidiaries. Significant operating subsidiaries are listed below:

Name of subsidiaries	Ownership interest 2023	2022	Country of incorporation	Principal activity
Significant operating subsidiaries				
Specialized Economic Zones Company (Zonescorp) Sole Proprietorship LLC	**100%**	100%	UAE	Leasing of industrial lands and workers accommodation buildings
Noatum Logistics Middle East L.L.C. (Formerly known as MICCO Logistics Sole Proprietorship L.L.C.)	**100%**	100%	UAE	Freight forwarding and logistics management
Abu Dhabi Marine Services Safeen LLC	**100%**	100%	UAE	Maritime services
Khalifa Industrial Zone Company LLC	**100%**	100%	UAE	Leasing of industrial and commercial lands and warehouses
Abu Dhabi Free Zone LLC	**100%**	100%	UAE	Management of industrial freezones
Maqta Gateway LLC	**100%**	100%	UAE	Digital services and IT solutions
Fujairah Terminals Operating Co Fujairah Terminals LLC	**100%**	100%	UAE	Terminal operator
Abu Dhabi Ports Operating and Logistic Company LLC	**100%**	100%	UAE	Management of ports
Auto Terminal Khalifa Port LLC	**51%**	51%	UAE	RoRo terminal handling automobile imports and transshipments
Abu Dhabi Maritime Academy Sole Proprietorship LLC	**100%**	100%	UAE	Education and maritime training in the UAE and the region
OFCO Offshore support and Logistics services LLC	**51%**	51%	UAE	Maritime offshore and onshore services
Maritime Authority Sole Proprietorship LLC	**100%**	100%	UAE	Maritime services
Safeen Feeders Company Sole Proprietorship LLC	**100%**	100%	UAE	Shipping operations
Divetech Marine Engineering Services LLC	**100%**	100%	UAE	Marine Engineering Services
Alligator Shipping Container Line LLC	**100%**	100%	UAE	Global shipping and logistics service provider
International Associated Cargo Carrier B.V.	**70%**	70%	Egypt	Stevedoring, warehousing and port services
Safeen Diving and Subsea Services LLC	**51%**	51%	UAE	Deep sea diving and underwater survey activities
Kizad Communities Development & Services Company – Sole Proprietorship LLC	**52.2%**	100%	UAE	Facilities management
Safeen Offshore Logistics – Sole Proprietorship L.L.C.	**100%**	-	UAE	Offshore maritime services provider
Ain Qaf Cruise Ports Management Company	**100%**	–	Jordan	Cruise terminal operations
Al Eskan Al Jamae – Sole Proprietorship L.L.C.	**100%**	–	UAE	WRC operator
TTEK Inc.	**100%**	–	UAE	IT Solutions
Safeen Invictus Ltd FZ	**51%**	–	UAE	Charter business
Safeen Invictus SPV	**100%**	–	Marshal Island	Charter business
Ain Qaaf Marsa Zayed Business Management Company	**100%**	–	Jordan	Industrial land lease
Karachi Gateway Terminal (Private) Limited	**60%**	–	Pakistan	Port Operations
Sefeen Trans Shipmen – Sole Proprietorship L.L.C	**100%**	–	UAE	Transshipment business
Noatum Holdings, S.L.U.	**100%**	–	Spain	Logistics, Ports and Maritime operator

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has the power over the investee, exposure, or rights, to variable returns from involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Company has less than a majority of the voting or similar rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately form the Group's equity therein. Those interest of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having deficit balance.

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

3 Summary of significant accounting policies continued

Basis of consolidation continued

When the Group losses control of a subsidiary, the gain or losses on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in a joint venture.

Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of the acquiree. Acquisition-related costs are expensed as incurred and included in profit or loss.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19, respectively;
- Liabilities or equity instruments related to shared-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquired are measured in accordance with IFRS 2 at the acquisition date, and;
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill
Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Common control transactions
The acquisition of entities/businesses under the common control of shareholders are recognised at book value of such entities/businesses at the date of acquisition. An adjustment is made in equity for any difference between the consideration paid for the acquisition and the capital of the acquiree.

The Group accounts for the common control transactions retrospectively by re-presenting its comparatives and adjust its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented. However, this restatement does not, extend to periods during which the entities were not under common control.

Investment in joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

The results and assets and liabilities of joint venture are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3 Summary of significant accounting policies continued

Investment in joint ventures continued

The Group discontinues the use of the equity method from the date when the investment ceases to be or a joint venture. When the Group retains an interest in the former a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the joint venture is disposed of.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are accounted for using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated financial statements at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually. When an associate is transferred from an entity under common control, it will be initially recognised at the carrying value at which it is transferred from the other party.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The following table provides information about the nature and time of the satisfaction of performance obligation in contracts with the customers, including significant payment terms and the related revenue recognition policy.

Type of service	Nature and timing of satisfaction of performance obligations
Port related service including digital services	The Group's port related services consist of containerised stevedoring, break bulk, general cargo and digital which are generally carried out in a short span of time. These port related services are contracted with the customers as a single transaction. These port related services have high degree of integration and accordingly, constitute a single distinct performance obligation for the Group. Revenue from these services is recognised at the point in time when the services are rendered to the customer and are usually payable within 30 to 45 days. The Group also provides container storage services at the request of the customer based on the usage period in the storage yard which constitute a separate distinct performance obligation. Revenue from container storage services is recognised over a period of storage days and are usually payable within 30 to 45 days. For revenue recognition, the Group determines the transaction price in accordance with the tariff rates published by the port authorities or agreed rates with the customers.
Concession arrangements	Port concessions represents lease income from concession granted to third party for the exclusive right to operate the container terminals, which fall within the scope of IFRS 16. Lease income recognised is attributable to fixed concession fees based on the contract entered and variable concession fees. The Group recognises revenue over a period of time. For revenue recognition, the Group determines the transaction price in accordance with the agreed rates with the customers.
Marine services	Revenue from ship lifting, docking and undocking of vessels is recognised at the point in time when the customer consumes and takes the benefit of the services. These services are contracted with the customers as a single transaction and constitute a single distinct performance obligation for the Group. For revenue recognition, the Group determines the transaction price in accordance with the tariff rates published by the port authorities or agreed rates with the customers.
Logistics services	Revenue from logistics services consists of freight, trucking and transportation and is recognised at period of time when the contractual terms of agreement are satisfied, and either the end user has accepted the services in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. All the contracts include a single deliverable and does not include an integration service and could not be performed by another party. It is therefore accounted for as a single performance obligation. For revenue recognition, the Group determines the transaction price in accordance with the agreed rates with the customers.
Lease rentals and services from economic cities and free zones	A lease rental is recognised in the income statement on a straight-line basis over the term of the lease. Where the consideration for the lease is received for subsequent period, the attributable amount of revenue is deferred and recognised in the subsequent period. Unrecognised revenue is classified as deferred revenue under liabilities in the consolidated statement of financial position. Revenue from administrative service, license and registration is recognised at the point in time when the services are rendered to the customer. For revenue recognition, the Group determines the transaction price in accordance with the agreed rates with the customers.

3 Summary of significant accounting policies continued

Finance income

Finance income from interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash 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, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired). 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.

Other income

Other income includes those income which the Group establishes right to receive benefit (penalties, land reservation and tender fees etc.) through contractual and other arrangements and it is recognised when the right is established in favour of the Group.

Leases

Group as lessor

The Group leases out its investment properties, including own property and right of use assets.

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

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Unbilled lease revenues are recognised as a result of straight lining of lease receivables on the basis that the underlying contractual arrangements provide certain escalations in rental income. This accounting reflects management's estimate that the amounts are recoverable with references to customers intention and the level of investments they have made which would create a commercial incentive for the tenant to continue their lease commitments. Moreover, consideration of contractual entitlement of liquidated damages to the extent of these un-billed balances, would impact the recognition of unbilled lease receivables.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when the right to receive them arises.

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

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

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. The right-of-use of assets are presented separately in the consolidated statement of financial position and depreciated over the useful life of the underlying asset as follows, which are similar/shorter the period of lease term. The depreciation starts at the commencement date of the lease.

	Years
Land	50
Port concessions	35
Warehouses	10-30
Plants and equipment	25

If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the impairment of non-financial assets policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'General and administrative expenses' in the consolidated statement of profit or loss. As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. There are no any material non-lease components applicable to the Group.

3 Summary of significant accounting policies continued

Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as 'ECL allowance'.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Port infrastructure	3 – 50
Road infrastructure	3 – 50
Substations	25
Building and improvements	2 – 50
Vessels and equipment	25 – 40
Office facilities	3 – 25
Motor vehicles	4 – 10

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Capital work-in-progress

Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related directly attributable staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work-in-progress is transferred to the appropriate property, plant and equipment category and is depreciated in accordance with the Group's policies. No depreciation is provided on capital work-in-progress.

Investment properties

Investment properties comprise completed properties and properties under development. Completed properties are held to earn rentals and/or for capital appreciation and property being constructed is for future use as investment properties.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis (estimated useful lives of 20 to 50 years) commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis.

No depreciation is provided on land, included in the investment properties.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the period in which the property is derecognised.

3 Summary of significant accounting policies continued

Intangible assets

Intangible assets, including customer relationships and rights, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

	Years
Rights	3-30
Customer contracts	3-29

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The carrying values of goodwill is reviewed for impairment on annual basis and other intangible assets when events or changes in circumstances indicate the carrying value may not be recoverable, respectively. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are determined on a weighted average cost basis.

Net realisable value is based on estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employees' benefits

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

The Group contributes to the pension scheme for UAE nationals under the Abu Dhabi Retirement Pension and Benefits Fund law. This is a defined contribution pension plan and the Group's contributions are charged to the consolidated statement of profit or loss and other comprehensive income in the period to which they relate. In respect of this scheme, the Group has a legal and constructive obligation to pay the fixed contributions as they fall due and no obligations exist to pay the future benefits.

The accrual relating to annual leave, leave passage and Group's contribution to the pension scheme for UAE nationals are disclosed as current liabilities, while the provision relating to end of service benefits to its expatriate employees as a non-current liability.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss a (netted against direct cost) on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Non-monetary government grants are recorded at a nominal value on recognition.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

3 Summary of significant accounting policies continued

Financial instruments continued

Financial assets

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:
- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Equity instruments designated as at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:
- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:
- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve; and
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on investments in financial assets that are measured at amortised cost, trade receivables, due from related parties, accrued income and un-billed lease receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables, due from related parties, accrued income and un-billed lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 Summary of significant accounting policies continued
Financial instruments continued
Financial assets continued
Impairment of financial assets continued
Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:
- When there is a breach of financial covenants by the debtor; and
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the

Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue cost.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3 Summary of significant accounting policies continued

Derivative financial instruments continued

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Treasury shares

Own shares represent the shares of the Company that are held in treasury. Own shares are recorded at cost and deducted from equity.

4 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4 Critical accounting judgements and key sources of estimation uncertainty continued

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Control assessment on a joint venture ("JV")

Note 9 to the consolidated financial statements describes that the following investees are joint ventures of the Group even though the Group has 51% ownership interest and voting rights.

Name of investee	Place of incorporation	Place of operation	Proportion of beneficial interest and effective control
Abu Dhabi Terminal ("ADT")	Abu Dhabi, U.A.E.	Abu Dhabi, U.A.E.	51%
Caspian Integrated Maritime Solutions Ltd ("CIMS")	Republic of Kazakhstan	Republic of Kazakhstan	51%

The remaining ownership interests are held by shareholders that are unrelated to the Group.

The management of the Company assessed whether or not the Group has control over ADT and CIMS based on whether the Group has existing rights and the practical ability to direct the relevant activities of ADT and CIMS unilaterally. Management concluded that since the Group has equal voting rights with the other investor and same representation in the investee's board of Directors, the Group has a joint control over the investees.

Key sources of estimation uncertainty

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

Impairment assessment of investment properties

Investment properties are assessed for impairment based on assessment of cash flows on individual cash generating units when there is an indication of impairment.

In assessing whether there is any indication that the investment properties at the end of the reporting period may be impaired, the Group considered the following:
- Changes in the technological, market, economic or legal environment in which the Group operates that had or would have an adverse effect on the Group;
- Physical damage of the assets under construction;
- Plans to discontinue or restructure the operation to which the assets under construction belong; and
- Evidence from internal reporting that indicates a significant decline in budgeted net cash flows flowing from the asset.

Investment properties are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the discounted cash flows projections based on reliable estimates of future cash flows, supported by the expected terms of existing lease arrangements from the asset or CGU and determines a suitable discount rate in order to calculate the present value of those cash flows. Based on such detailed assessment performed, the management concluded that there is no impairment losses for its investment properties as of 31 December 2023.

Useful lives and residual values of property, plant and equipment and investment properties

The useful lives and residual values of the property, plant equipment and investment properties are based on management's judgement of the historical pattern of useful lives and the general standards in the industry. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technical obsolete or non-strategic assets that have been abandon or sold. Management has reviewed the residual values and the estimated useful lives of property, plant and equipment and investment properties in accordance with IAS 16 *Property, plant and equipment* and IAS 40 *Investment properties* has determined that these expectations do not significantly differ from previous estimates except for residual values and estimated useful lives of vessels.

Calculation of loss allowance

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in note 14. The following components has a major impact on the credit loss allowance: definition of default, probability of default “PD”, exposure at default “EAD” and loss given default “LGD”.

The Group uses a provision matrix to calculate ECLs for accounts receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to incorporate forward looking data. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic condition and ECLs is a significant estimate. The Group’s historical credit loss experience and forecast of economic conditions may not be representative of customers actual default in the future.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value which necessarily involves making estimates and assumptions regarding revenue growth, operating margins, appropriate discount rates and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could be material.

Impairment of non-financial assets

Property, plant and equipment, right of use assets, biological assets and investment property are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment against property, plant and equipment and investment properties is noted as on year end.

Impairment of investment in associate

In testing for impairment, the Group evaluates the specific investee’s profitability, liquidity, solvency and ability to generate operating cash flows for the foreseeable future. Any shortfall between the estimated recoverable amount and the carrying value of investment is recognised as an expense in the consolidated statement of profit or loss. Management is satisfied that no impairment provision is necessary on its investments in associate.

Discount rate used for initial measurement of lease liability

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group, on initial recognition of the lease, uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar initial recognition of the lease, uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

Determining the lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

5 Property, plant and equipment

	Port infrastructure AED '000	Road infrastructure AED '000	Substations AED '000	Building and improvements AED '000	Vessels and equipment AED '000
Cost					
At 1 January 2022	8,978,883	512,880	359,016	3,741,021	1,472,290
Additions during the year	–	–	–	–	12,713
Transfers from capital work-in-progress	207,316	–	79,256	400,442	2,513,277
Transfers to investment properties (note 6)	–	–	–	–	–
Transfers from receivables (i)	67,000	–	–	433,000	–
Transfers from Right of use asset (note 8)	–	–	–	–	122,570
Acquired through business combination (note 37)	–	–	–	–	327,617
Disposals	(8,748)	–	–	–	(2,775)
At 1 January 2023	9,244,451	512,880	438,272	4,574,463	4,445,692
Additions during the year	–	–	–	37	128,080
Transfers from capital work-in-progress	561,074	–	–	560,792	2,573,105
Transfer to inventory	–	–	–	–	(338,961)
Transfer to held for sale	–	–	–	–	–
Transfers from Right of use asset (note 8)	–	–	–	–	74,646
Acquired through business combination (note 37)	36,092	–	–	175,485	9,464
Disposals	–	–	–	(27,871)	(12,421)
Foreign exchange differences	74	–	87	811	–
At 31 December 2023	**9,841,691**	**512,880**	**438,359**	**5,283,717**	**6,879,605**
Accumulated depreciation					
At 1 January 2022	1,322,584	163,223	128,994	374,141	448,187
Charge for the year	178,795	20,650	15,375	67,968	207,339
Acquisition through business combination (note 37)	–	–	–	–	98,430
Transfer from right of use asset (note 8)	–	–	–	–	10,563
Disposals	(5,373)	–	–	–	(444)
At 1 January 2023	1,496,006	183,873	144,369	442,109	764,075
Charge for the year	116,039	4,538	3,273	170,256	289,652
Disposals	–	–	–	(27,195)	(4,764)
Transfer to inventory	–	–	–	–	(5,447)
Transfer to held for sale	–	–	–	–	–
Transfers from right of use asset (note 8)	–	–	–	–	66,163
Acquired through business combination (note 37)	–	–	–	44,422	7,169
Foreign exchange differences	430		(6)	4	–
At 31 December 2023	**1,612,475**	**188,411**	**147,636**	**629,596**	**1,116,848**
Carrying amount					
At 31 December 2023	**8,229,216**	**324,469**	**290,723**	**4,654,121**	**5,762,757**
At 31 December 2022	7,748,445	329,007	293,903	4,132,354	3,681,617

Office facilities AED '000	Motor vehicles AED '000	Capital work-in-progress AED '000	Total AED '000
814,698	85,768	4,041,094	20,005,650
4,674	–	5,105,294	5,122,681
73,687	–	(3,273,978)	–
–	–	(730,936)	(730,936)
–	–	–	500,000
–	–	–	122,570
–	–	–	327,617
(4,658)	(1,518)	–	(17,699)
888,401	84,250	5,141,474	25,329,883
20,054	19,319	3,260,131	3,427,621
125,145	187	(3,820,303)	–
–	–	–	(338,961)
(152,435)	–	(171,074)	(323,509)
–	–	–	74,646
497,850	7,144	120,594	846,629
(4,266)	(39)	–	(44,597)
(5,126)	(314)	(1,841)	(6,309)
1,369,623	**110,547**	**4,528,981**	**28,965,403**
406,011	10,328	–	2,853,468
94,349	645	–	585,121
–	–	–	98,430
–	–	–	10,563
–	(1,518)	–	(7,335)
500,360	9,455	–	3,540,247
106,110	11,597	–	701,465
(4,927)	–	–	(36,886)
–	–	–	(5,447)
(96,614)	–	–	(96,614)
–	–	–	66,163
284,064	6,330	–	341,985
2,228	119	–	2,775
791,221	**27,501**	**–**	**4,513,688**
578,402	**83,046**	**4,528,981**	**24,451,715**
388,041	74,795	5,141,474	21,789,636

5 Property, plant and equipment continued

The Group has revised the estimated useful lives of its AED 4,065 million cost of vessels, currently classified as property, plant and equipment beginning of 2023. This change in estimate has been applied currently and prospectively and resulted in a lower depreciation charge by AED 123 million during the year ended 31 December 2023.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2023 AED'000	2022 AED'000
Direct costs (note 28)	**611,900**	481,868
General and administrative expenses (note 29)	**89,565**	103,253
	701,465	585,121

Except for property, plant and equipment granted by the Government of Abu Dhabi as described in note 21, all other granted property, plant and equipment to the Group by the Government of Abu Dhabi have been recognised at a nominal value of AED 1.

Capital work-in-progress mainly comprises the costs relating to Khalifa Port and Economic Cities & Free Zones developments.

Staff costs of AED 175 million have been capitalised within capital work-in-progress during the year ended 31 December 2023 (2022: AED 165.6 million).

Borrowing costs of AED 113 million have been capitalised during the year ended 31 December 2023 (2022: AED 35.2 million).

(i) During the year ended 31 December 2022, the Group has constructed improvements to Fujairah Port Infrastructure totaling to AED 500 million. The assets developed are funded by Ministry of Presidential Affairs and were disclosed under Receivable for Fujairah Port development (note 14) and Advances for Fujairah Port development project (note 26). During the year ended 31 December 2022, the Group received communication from Ministry of Presidential Affairs to retain these assets and therefore these assets are transferred to "Property, plant and equipment" from Receivable and "Deferred government grants" (note 21) from "Advances for Fujairah Port development project" (note 26), respectively.

6 Investment properties

	Completed properties AED'000	Properties under development AED'000	Total AED'000
Cost			
At 1 January 2022	4,528,576	550,327	5,078,903
Additions during the year	–	321,629	321,629
Transfers from properties under development	78,099	(78,099)	–
Transfers from property, plant and equipment (note 5)	–	730,936	730,936
Write off of properties under development	–	(34,145)	(34,145)
At 1 January 2023	4,606,675	1,490,648	6,097,323
Additions during the year	130,486	1,711,613	1,842,099
Transfers from properties under development	1,009,141	(1,009,141)	–
Acquired through business combination (note 37)	4,838,399	–	4,838,399
At 31 December 2023	**10,584,701**	**2,193,120**	**12,777,821**
Accumulated depreciation			
At 1 January 2022	1,007,962	–	1,007,962
Charge for the year	203,932	–	203,932
At 1 January 2023	1,211,894	–	1,211,894
Charge for the year	211,590	–	211,590
Acquired through business combination (note 37)	1,376,451	–	1,376,451
At 31 December 2023	**2,799,935**	**–**	**2,799,935**
Accumulated impairment			
At 1 January 2022	433,086	–	433,086
Reversal of impairment on investment properties – net	(29,592)	–	(29,592)
At 1 January 2023	403,494	–	403,494
Reversal of impairment on investment properties – net	(363,501)	–	(363,501)
At 31 December 2023	**39,993**	**–**	**39,993**
Carrying amount			
At 31 December 2023	**7,744,773**	**2,193,120**	**9,937,893**
At 31 December 2022	2,991,287	1,490,648	4,481,935

The depreciation charge has been recorded under the direct costs in the consolidated statement of profit or loss.

Rental income from investment properties of AED 1,877 million (2022: AED 1,739 million) was earned and direct operating expenses (including maintenance expense) of AED 541.1 million was incurred during the year ended 31 December 2023 (2022: AED 561.4 million).

6 Investment properties continued

During the year ended 31 December 2022, the Group has reclassified AED 730.9 million from property, plant & equipment (capital work-in-progress) to Investment properties (properties under development) due to the change in the intended use of the assets upon completion.

Investment properties under development mainly comprises the costs relating to warehouses and workers residential cities in Economic Cities and Free Zone.

The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be Level 3 valuation.

Some of the Group's investment properties have been recognised at cost of AED 1, as the nominal value at which these properties were granted from the Government of Abu Dhabi as disclosed in note 21. These investment properties include warehouses relating to Khalifa Industrial Zone Company LLC, Zayed Port, and Industrial City of Abu Dhabi.

Investment properties under development mainly comprises the costs relating to warehouses and Razeen workers residential cities in industrial zones.

There has been no change to the valuation technique during the year and no transfer in the current year between the levels of the fair value hierarchy (2022: Nil).

7 Intangible assets and goodwill

	Goodwill AED'000	Customer contracts and relationships AED'000	Rights, brand name and others AED'000	Concession rights AED'000	Total AED'000
Cost					
At 1 January 2022	54,534	181,200	27,170	–	262,904
Acquired through business combination (note 37)	289,990	372,599	113,430	–	776,019
At 1 January 2023	**344,524**	**553,799**	**140,600**	**–**	**1,038,923**
Acquired through business combination (note 37)	**1,273,938**	**465,333**	**99,214**	**433,695**	**2,272,180**
Additions during the year	**–**	**–**	**–**	**16,072**	**16,072**
Foreign exchange differences	**–**	**–**	**–**	**5,355**	**5,355**
As at 31 December 2023	**1,618,462**	**1,019,132**	**239,814**	**455,122**	**3,332,530**
Accumulated amortisation					
At 1 January 2022	–	35,691	3,170	–	38,861
Charge for the year	–	40,436	12,724	–	53,160
At 1 January 2023	**–**	**76,127**	**15,894**	**–**	**92,021**
Charge for the year	**–**	**95,723**	**31,254**	**16,399**	**143,376**
Foreign exchange differences	**–**	**(495)**	**(477)**	**1,874**	**902**
As at 31 December 2023	**–**	**171,355**	**46,671**	**18,273**	**236,299**
Carrying amount					
As at 31 December 2023	**1,618,462**	**847,777**	**193,143**	**436,849**	**3,096,231**
As at 31 December 2022	344,524	477,672	124,706	–	946,902

Goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The carrying amount of goodwill has been allocated to CGUs as follows:

Carrying value of goodwill

	2023 AED'000	2022 AED'000
Logistics cluster – Abu Dhabi Terminals LLC	**32,824**	32,824
Logistics cluster – MICCO Logistics	**21,710**	21,710
Maritime & Shipping cluster – Divetech Marine Engineering Services LLC	**26,100**	26,100
Maritime & Shipping cluster – Alligator Shipping Container Line LLC	**18,526**	10,826
Maritime & Shipping cluster – Safeen Diving and Subsea Services LLC	**102,572**	92,572
Maritime & Shipping cluster – Transmar International Shipping Company	**153,609**	148,704
Ports cluster – Transcargo International	**11,788**	11,788
EC FZ cluster – Al Eskan Al Jamae LLC	**232,489**	–
Digital cluster – TTEK Inc.	**46,389**	–
Logistics/Maritime & Shipping/Ports clusters – Noatum Holding S.L.U and Subsidiaries	**972,455**	–
	1,618,462	344,524

During the year, the Group has finalized purchase price allocation of Alligator Shipping Container Line LLC (ASCL), Transmar International Shipping Company and Safeen Diving and Subsea Services LLC. Accordingly, the Group has recognized the difference between the identifiable net assets acquired and the consideration as goodwill. The initial accounting for these acquisitions were incomplete as at 31 December 2022 and provisional purchase price allocation was recorded. This has resulted in an additional goodwill of AED 22.6 million.

The recoverable amount of the CGUs has been determined based on their value in use calculated using cash flow projections based on the financial budgets approved by management covering a five-year period and a discount rate of 5.5% (2022: 5.5%) per annum calculated by weighted average cost of capital ("WACC").

The key assumptions used by management in setting the financial budgets for the initial five-year period for all the CGUs were as follows:

Forecast sales growth rates

Forecast sales growth rates are based on past experience adjusted for future trends in the relevant industries.

Operating profits

Operating profits are forecasted based on historical experience of operating margins, adjusted for the impact of for future trends in the relevant industries.

Cash flows beyond that five-year period have been extrapolated using a steady 3.5% (2022: 4%) growth rate per annum.

The steady growth rate of 3.5% (2022: 4%) is estimated by the Directors of the Group based on past performance of the CGU and their expectations of market development. The Directors estimate that a decrease in growth rate by 3.5% would not reduce the headroom in the CGU to nil and would not result in an impairment charge.

For the new acquisitions made during the year, management considers that the carrying value of these CGUs for which goodwill has been allocated does not exceeds their recoverable amounts.

Customer contracts and relationships

Customer contracts and relationships includes:

- AED 173 million was acquired during 2018 from a business combination as a result of evaluating a long-term contract between ADT and a local entity on which ADT is providing gateway operation services since 2013;
- AED 8 million of customer contracts and relationships as a result of the acquisition of Al Mazroui International Cargo Company LLC on 24 January 2019; and
- AED 373 million and AED 625 million of customer contracts and relationships as a result of the acquisitions during the year 2022 and 2023 respectively.

7 Intangible assets and goodwill continued

Rights

During the year, the Group has recorded the rights and brand names amounting to AED 241.3 million (2022: AED 113.4 million) on business combinations.

The amortisation period for customer contracts and relationships in the Group is 3 to 29 years. Rights are amortised over their estimated useful lives which ranges from 3 to 30.

Concession rights

During 2023, the Group acquired AED 406 million of concession rights through business acquisitions.

8 Right-of-use assets and lease liabilities

Right-of-use assets

	Land AED'000	Port concessions AED'000	Warehouses AED'000	Plant and equipment AED'000	Total AED'000
Cost					
At 1 January 2022	89,089	391,461	252,071	74,646	807,267
Acquisition through business combination during the year (note 37)	–	–	–	316,948	316,948
Additions during the year	–	–	–	30,762	30,762
Transfer to property, plant and equipment (note 5)	–	–	–	(122,570)	(122,570)
At 1 January 2023	89,089	391,461	252,071	299,786	1,032,407
Acquisition through business combination during the year (note 37)	–	66,376	367,878	47,821	482,075
Additions during the year	–	216,831	31,683	150,663	399,177
Foreign exchange differences	–	(4,890)	2,884	609	(1,397)
Transfer to property, plant and equipment (note 5)	–	–	(74,646)	–	(74,646)
Other movement	–	(3)	(2,565)	(9,864)	(12,432)
Termination of lease agreement	–	(2,909)	(109,715)	(140,485)	(253,109)
At 31 December 2023	**89,089**	**666,866**	**467,590**	**348,530**	**1,572,075**
Accumulated depreciation					
At 1 January 2022	8,950	50,330	49,971	62,607	171,858
Acquisition through business combination during the year (note 37)	–	–	–	25,314	25,314
Accumulated depreciation on transfer to property, plant and equipment	–	–	–	(10,563)	(10,563)
Charge for the year	1,724	11,185	16,964	16,087	45,960
At 1 January 2023	10,674	61,515	66,935	93,445	232,569
Acquisition through business combination during the year (note 37)	–	29,201	135,410	23,957	188,568
Accumulated depreciation on transfer to property, plant and equipment (note 5)	–	–	(66,163)	-	(66,163)
Charge for the year	1,725	24,411	56,054	29,940	112,130
Foreign exchange differences	–	109	1,583	383	2,075
Other movement	–	(72)	75	(3,383)	(3,380)
Termination of lease agreement	–	(1,497)	–	(41,761)	(43,258)
At 31 December 2023	**12,399**	**113,667**	**193,894**	**102,581**	**422,541**
Carrying amount					
At 31 December 2023	**76,690**	**553,199**	**273,696**	**245,949**	**1,149,534**
At 31 December 2022	78,415	329,946	185,136	206,341	799,838

The Group leases land, warehouse and port infrastructure. The leases typically run for a period of 10 to 50 years, with an option to renew the lease after that date. The Group is restricted from entering into any sub-lease arrangements.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Amounts recognised in consolidated statement of profit or loss:

	2023 AED'000	2022 AED'000
Depreciation expense on right-of-use assets (note 28)	**112,130**	45,960
Interest expense on lease liabilities (note 30)	**61,351**	40,649
Expense relating to short-term leases	**9,800**	13,602
Expense relating to leases of low value assets	**22,938**	8,722

All the property leases in which the Group is the lessee contain fixed lease payment terms and there are no lease contracts with variable lease payments.

Lease liabilities

The movement in lease liabilities is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**915,327**	805,269
Additions during the year	**203,897**	30,977
Acquisition through business combination during the year (note 37)	**304,330**	195,146
Interest expense for the year (note 30)	**61,351**	40,649
Payments during the year	**(146,365)**	(156,714)
Termination of lease agreement	**(209,656)**	–
Other movement	**(54,544)**	–
Foreign exchange differences	**2,191**	–
At 31 December	**1,076,531**	915,327

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The maturity analysis of lease liabilities is presented below.

	2023 AED'000	2022 AED'000
Maturity Analysis:		
Year 1	**198,252**	71,639
Year 2	**144,874**	73,380
Year 3	**131,878**	73,388
Year 4	**123,719**	64,069
Year 5	**113,086**	64,078
Onwards	**1,387,533**	1,158,195
Balance at the end of the year	**2,099,342**	1,504,749
Less: future interest	**(1,022,811)**	(589,422)
	1,076,531	915,327

The current and non-current classification of lease liabilities as of the reporting date is as follows:

	2023 AED'000	2022 AED'000
Current lease liabilities	**219,321**	70,249
Non-current lease liabilities	**857,210**	845,078
	1,076,531	915,327

9 Investment in joint ventures
Details of the Group's joint ventures at the end of the reporting period are as follows:

	Percentage of ownership		
Joint ventures	2023	2022	Place of registration
Abu Dhabi Terminals LLC (ADT)	**51%**	51%	UAE
K-Shipping Investment Ltd	**50%**	50%	UAE
ALM Shipping Management Ltd	**50%**	50%	UAE
Compagnie Des Chargeurs De Guinee SA	**50%**	50%	Guinea
Compagnie Maritime De Guinee SA	**50%**	50%	Guinea
ZonesCorp Infrastructure Fund (ZIF)	**50%**	50%	UAE
Caspian Integrated Maritime Solutions Ltd	**51%**	–	Republic of Kazakhstan

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3.

Movement in the investment in joint ventures during the year is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**612,241**	455,493
Additions during the year	**60,860**	–
Share of profit for the year	**118,377**	127,929
Share of other comprehensive income for the year	**4,768**	55,885
Dividend received	**(45,500)**	(27,066)
Reduction in investment	**(108,273)**	–
At 31 December	**642,473**	612,241

Investment in Abu Dhabi Terminals LLC ("ADT")
Investment in Abu Dhabi Terminals LLC ("ADT") represents the Company's 51% ownership in ADT (container operations).

AD Ports sold 49% of ADT to Terminal Investment Limited SARL ("TIL") in accordance with a sale and purchase agreement dated 7 May 2018 ('the SPA'). Based on the SPA, the operations of ADT will be jointly managed and controlled by AD Ports and TIL. Consequently, AD Ports lost the control over ADT and derecognised the related assets and liabilities from its consolidated statement of financial position. The retained interest in ADT was accounted for as a joint venture amounting to AED 20.7 million including goodwill of container operations of AED 17.9 million. During the year ended 31 December 2021, this goodwill was fully impaired and the carrying value of the investment was nil.

Investment in joint ventures with LDPL
On 15 June 2018, the Company and LDPL Ship Management & Operation DMCEST ("LDPL") signed undertakings agreeing to form the below joint ventures which will be jointly managed and operated by the Company and LDPL:
- K Shipping Investment Ltd ("K-Shipping");
- ALM Shipping Management Ltd ("ALM Shipping");
- Compagnie Des Chargeurs De Guinee SA ("CCG"); and
- Compagnie Maritime De Guinee SA ("CMG")

Together referred as "LDPL JV"

The main objective of these entities is to own and operate a number of vessels to manage the transshipments of certain materials from the port of Guinea to the mother vessels in the ocean for onward shipment to the UAE. The LDPL had signed contract on 16 April 2018 with Emirates Global Aluminium ("EGA") for the Transshipment business.

Further to that, the management concluded that the loans given to the joint ventures namely K Shipping Investment Ltd, ALM Shipping Management Ltd, Compagnie Des Chargeurs De Guinee SA and Compagnie Maritime De Guinee SA are extensions of the Group's investment in the joint ventures.

The LDPL JV is currently under liquidation phase. Management has assessed the recoverable amount of this investment and concluded that no provision for impairment should be made.

Investment in ZonesCorp Infrastructure fund ("ZIF")

On first June 2020, the Group acquired a 50% equity interest in ZonesCorp Infrastructure fund ("ZIF"). ZIF comprises 100% equity interests in four subsidiaries, 'the Project Companies', refer to note 20. ZIF is a closed investment fund domiciled in the United Arab Emirates ("UAE") and is governed under the authority of the Central Bank Board of Directors' Resolution No. 164/8/94.

The Project Companies have signed agreements with the Group to construct and transfer the Industrial City of Abu Dhabi Extension Phases 1 and 2 in Abu Dhabi, the Al Ain Industrial City, and the Industrial City of Abu Dhabi Industrial Effluent Treatment Plant. All construction has been completed and there is currently no operations ongoing except for periodical invoicing and loan settlements.

Investment in Caspian Integrated Maritime Solutions Ltd

During the year, the Group acquired 51% equity interest in Caspian Integrated Maritime Solutions Ltd ("CIMS") through International Maritime Investments Ltd, a subsidiary company of Abu Dhabi Ports Company PJSC for a total consideration of AED 60.9 million. The main activities of CIMS are to conduct maritime and coastal freight transport services.

Summary of the statements of financial position of the joint ventures is set out below:

	ADT		Joint ventures with LDPL		ZIF		CIMS
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000
Current assets	**216,716**	259,001	**135,019**	103,597	**370,157**	354,660	**7,898**
Non-current assets	**2,444,029**	2,529,285	**1,253**	498,551	**2,113,383**	2,139,765	**116,355**
Current liabilities	**(162,043)**	(345,525)	**(8,099)**	(333,071)	**(86,043)**	(80,275)	**(3,420)**
Non-current liabilities	**(3,165,795)**	(2,933,657)	**(89)**	(328,306)	**(1,169,833)**	(1,261,798)	**–**
(Net liabilities)/net assets	**(667,093)**	(490,896)	**128,084**	(59,229)	**1,227,664**	1,152,352	**120,833**
Group share of net assets	**–**	–	**64,042**	–	**613,832**	576,176	**61,625**
Other equity movements	**–**	–	**(988)**	136,028	**(96,038)**	(99,963)	**–**
Group's carrying amount in the joint ventures	**–**	–	**63,054**	136,028	**517,794**	476,213	**61,625**
Cash and bank balances	**83,219**	118,342	**26,942**	25,823	**73,760**	75,766	**1,239**
Financial liabilities (excluding trade payables and provisions)	**(3,046,950)**	(3,057,809)	**(117,030)**	(613,362)	**(1,246,480)**	(1,331,854)	**–**
Guarantees	**–**	–	**–**	–	**–**	–	**–**
Capital commitments	**9,206**	9,525	**–**	–	**–**	–	**–**

Summarised statement of profit or loss and other comprehensive income is as follows:

	ADT		Joint ventures with LDPL		ZIF		CIMS
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000
Revenue	**375,739**	351,579	**20,134**	221,762	**253,132**	248,307	**2,063**
Direct costs	**(234,935)**	(244,687)	**(39,955)**	(197,200)	**–**	–	**(2,791)**
Administrative expenses	**(139,810)**	(136,009)	**(775)**	(6,455)	**(1,501)**	(2,180)	**(1,820)**
Finance income	**–**	–	**–**	–	**–**	–	**24,360**
Finance costs	**(154,859)**	(141,801)	**(1,332)**	(9,847)	**(87,086)**	(190)	**(20,308)**
Other income	**1,421**	16,540	**92,519**	1,577	**83**	85	**–**
(Loss)/profit for the year	**(152,444)**	(154,378)	**70,591**	9,837	**164,628**	246,022	**1,504**
Group's share of profit	**–**	–	**35,296**	4,918	**82,314**	123,011	**767**
Other comprehensive income	**–**	–	**–**	–	**9,536**	111,770	**–**
Share of other comprehensive income for the year	**–**	–	**–**	–	**4,768**	55,885	**–**
Total comprehensive income/ (loss) for the year	**–**	–	**35,296**	4,918	**87,082**	178,896	**767**

9 Investment in joint ventures continued

Investment in Caspian Integrated Maritime Solutions Ltd continued

The above profit/(loss) for the year include the following:

	ADT		Joint ventures with LDPL		ZIF		CIMS
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000
Depreciation and Amortization	**(117,181)**	(126,997)	**(908)**	(31,628)	**-**	–	**–**
Interest income	**-**	–	**–**	–	**83**	85	**24,360**
Interest expense	**(154,859)**	(141,801)	**(1,268)**	(9,847)	**(93,370)**	(190)	**(20,308)**
The unrecognised share of loss of a joint venture for the year	**(76,982)**	(78,733)	**–**	–	**–**	–	**–**
Cumulative share of unrecognised losses	**(265,805)**	(188,823)	**–**	–	**–**	–	**–**

10 Investment in associates

Movement in the balance of investment in associates is as follows:

	2023 AED'000	2022 AED'000
At 01 January	**1,280,325**	–
Additions during the year	**35,972**	–
Disposal of investment	**(3,836)**	–
Transferred from parent entity	**–**	1,307,295
Share of profit for the year	**26,071**	36,913
Share of other comprehensive loss for the year	**(4,271)**	(21,398)
Dividend received	**(34,422)**	(42,485)
Acquired through business combination (note 37)	**113,796**	–
Foreign exchange differences	**743**	–
Impairment loss	**(139,452)**	–
At 31 December	**1,274,926**	1,280,325

Investment in Aramex PJSC

During the prior year, the parent undertaking of the Group, ADQ transferred 22.32% of ownership of Aramex PJSC as the shareholder's contribution for no consideration. The Group recognised the transferred ownership as an investment in an associate as the Group determined that they have significant influence over the investment by virtue of representation on the Board of Directors. The Group recorded the transferred ownership at fair value of investment in associate at the acquisition date.

Investment in CMA Terminal Khalifa L.L.C

Pursuant to a Shareholders' Agreement entered between Abu Dhabi Ports Company PJSC ("AD Ports"), CMA CGM S.A ("CMA CGM") and CMA Terminals SAS ("CMAT"), AD Ports will build the North Quay Terminal and CMA CGM will use the North Quay Terminal as a gateway terminal in the UAE and regional transhipment hub for its container shipping services in the Arabian Gulf. Based on this arrangement, AD Ports and CMAT has incorporated a limited liability company namely CMA Terminal Khalifa L.L.C in accordance with the laws of Emirate of Abu Dhabi to undertake the business. AD Ports has acquired 30% stake in CMA Terminal Khalifa L.L.C for a consideration of AED 36 million.

Acquisition through business combination

The Group has acquired some investments in associates through business combination with Noatum Holdings S.L.U and subsidiaries.

Summary of the statements of financial position of the associates is set out below:

	Aramex PJSC		CMA Terminal Khalifa L.L.C	Associates of Noatum Holdings S.L.U
	2023 AED'000	2022 AED'000	**2023 AED'000**	**2023 AED'000**
Current assets	**1,936,880**	2,189,571	**79,025**	**356,552**
Non-current assets	**3,890,960**	3,902,938	**137,454**	**569,104**
Current liabilities	**(2,058,409)**	(1,519,857)	**(5,656)**	**(293,280)**
Non-current liabilities	**(1,301,511)**	(2,054,264)	**(98,981)**	**(218,532)**
Net assets	**2,467,920**	2,518,388	**111,842**	**413,844**
Attributable to:				
Owners of the entity	**2,461,366**	2,509,523	**111,842**	**271,228**
Non-controlling interests	**6,554**	8,865	**–**	**142,616**
Group share of net assets	**549,377**	560,126	**33,553**	**114,902**
Goodwill	**712,428**	712,428	**–**	**–**
Other adjustments	**(141,074)**	7,771	**2,419**	**3,321**
Group's carrying amount in the associates	**1,120,731**	1,280,325	**35,972**	**118,223**
Cash and bank balances	**567,189**	758,954	**75,969**	**61,823**
Financial liabilities (excluding trade payables and provisions)	**2,985,882**	3,336,062	**102,900**	**134,660**
Guarantees	**143,414**	162,881	**-**	**-**
Capital commitments	**17,000**	18,000	**-**	**-**

Summarised statement of profit or loss and other comprehensive income is as follows:

	Aramex PJSC		CMAT	Associates of Noatum Holdings S.L.U
	2023 AED'000	2022 AED'000	**2023 AED'000**	**2023 AED'000**
Revenue	**5,694,022**	5,926,005	**–**	**440,482**
Direct costs	**(4,267,093)**	(4,501,701)	**–**	**(448,987)**
Administrative expenses	**(845,128)**	(1,181,383)	**(6,320)**	**44,969**
Selling and marketing expenses	**(308,453)**	–	**–**	**(1,008)**
Impairment of trade receivables	**(19,812)**	–	**–**	**(71)**
Other expenses	**(227)**	–	**–**	**(813)**
Finance costs	**(128,152)**	(72,773)	**–**	**(3,814)**
Finance income	**8,367**	4,933	**–**	**2,864**
Other income	**18,924**	15,979	**–**	**8,112**
Income tax expense	**(22,713)**	(25,674)	**–**	**(9,955)**
Other adjustments	**(61,246)**	–	**6,320**	**–**
Profit for the year	**68,489**	165,386	**–**	**31,779**
Group's share of profit	**15,286**	36,913	**–**	**10,785**
Other comprehensive income of associates	**(25,167)**	(134,657)	**–**	**–**
Group's share of other comprehensive income	**(5,617)**	(30,055)	**–**	**–**
Other adjustments	**1,346**	8,657	**–**	**–**
Share of other comprehensive loss for the year	**(4,271)**	(21,398)	**–**	**–**
Total comprehensive loss for the year	**11,015**	15,515	**–**	**10,785**

10 Investment in associates continued

The above profit for the year include the following:

	2023 AED'000	2022 AED'000	2023 AED'000	2023 AED'000
Depreciation and amortization	**(347,509)**	(363,665)	**–**	**(18,528)**
Interest income	**8,367**	4,933	**–**	**3,151**
Interest expense	**(128,152)**	(72,773)	**–**	**(4,099)**

11 Financial assets at fair value through other comprehensive income

The Group's financial assets at fair value through other comprehensive income ("FVOCI") comprise of strategic investments in equity securities that were irrevocably designated as measured at FVOCI. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Financial assets at FVOCI breakdown as at the end of the year comprises the following:

	2023 AED'000	2022 AED'000
Quoted equity security (i)	**2,459,751**	2,019,600
Unquoted debt and equity security (ii)	**58,788**	58,788
	2,518,539	2,078,388

(i) During 2022, the parent undertaking of the Group, ADQ transferred 10% ownership in National Marine Dredging Company PJSC ("NMDC") as the shareholder's contribution for no consideration. The Group recognised the transferred ownership as a financial asset at FVTOCI and recorded the fair value of the security at the acquisition date.

(ii) The Group holds 10% ownership in CSP Abu Dhabi Terminal LLC, a container terminal operator operating from Khalifa Port.

Movement in the balance of financial assets at FVOCI is as follows:

	2023 AED'000	2022 AED'000
At 01 January	**2,078,388**	58,788
Acquired through business combination (note 37)	**1,221**	–
Transferred from parent entity during the year	**–**	1,090,650
Change in fair value recognised in other comprehensive income	**438,908**	928,950
Foreign exchange differences	**22**	–
At 31 December	**2,518,539**	2,078,388

The valuation methodology for these investments is disclosed in note 36.

12 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) include investment in quoted shares. Movement during the year is as follows:

	2023 AED'000	2022 AED'000
At 01 January	**–**	–
Acquired through business combination (note 37)	**75,449**	–
Fair value loss	**(3,822)**	–
At 31 December	**71,627**	–

Fair value measurement and hierarchy of financial assets at fair value through profit or loss (FVTPL) is disclosed in the note 30.

13 Derivative financial instruments

	2023 AED'000	2022 AED'000
Non-current asset		
Derivative financial assets	**23,990**	–

As part of business combination (note 37), the Group acquired the derivative financial asset of Al Eskan Al Jamae LLC (EAJ) which was entered as an Interest Rate Swap Agreement ("IRS Agreement") with a local bank for a pay fixed interest rate of 3.75% p.a. and receive floating AED EIBOR interest rate swap on its bank borrowing. The notional amount of the swap is AED 975 million at the end of the reporting period. Fixed and floating rates are payable/receivable every 24th of January, April, July and October until the termination date on 1 July 2030.

14 Trade and other receivables

	2023 AED'000	2022 AED'000
Non-current portion		
Unbilled lease receivables	**2,669,095**	2,309,214
Less: loss allowance	**(203,904)**	(195,485)
Other receivables	**26,466**	–
Loan to a related party (notes 14(i) & 32)	**29,275**	–
	2,520,932	2,113,729
Current portion		
Trade receivables	**3,127,410**	2,318,949
Due from related parties (note 32)	**726,235**	414,268
Accrued income	**1,033,571**	623,931
	4,887,216	3,357,148
Less: loss allowance	**(613,625)**	(598,561)
	4,273,591	2,758,587
Tax receivables	**73,499**	–
Staff receivables	**35,446**	28,984
Other receivables	**359,332**	134,493
	4,741,868	2,922,064

(i) Pursuant to an agreement (the "Agreement") dated 01 September 2023 entered between CMA Terminals Khalifa L.L.C (the "Borrower"), CMA Terminals and Abu Dhabi Ports Company P.J.S.C (together, the "Lenders"), the Borrower will raise finance from the Lenders for a total amount of USD 48.8 million split between USD 14.6 million from Abu Dhabi Ports Company P.J.S.C and USD 34.2 million from CMA Terminals. During the year, an amount of AED 29.2 million was disbursed by Abu Dhabi Ports Company P.J.S.C. This loan bears an interest of 7.40% per annum and shall be receivable after the grace period of 18 months from the signing date of the Agreement.

The average credit period on rendering of services is 60-90 days. No interest is charged on outstanding trade receivables.

During the year ended 31 December 2022, the Group has constructed improvements to Fujairah Port Infrastructure totaling to AED 500 million. The assets developed are funded by Ministry of Presidential Affairs and were disclosed under Receivable for Fujairah Port development (note 12) and Advances for Fujairah Port development project (note 23). During the year, the Group received communication from Ministry of Presidential Affairs to retain these assets and therefore these assets are transferred to "Property, plant and equipment" from Receivable and "Deferred government grants" (note 18) from "Advances for Fujairah Port development project" (note 23), respectively.

The Group always measures the loss allowance for trade receivables, due from related parties, accrued income and unbilled receivable at an amount equal to lifetime ECL. The expected credit losses on trade receivables including un-billed lease receivables, accrued income and due from related parties are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the

14 Trade and other receivables continued

debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against the individual customer balances identified as fully credit impaired and not recoverable.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. During the year, the Group has written off AED 57.0 million (2022: AED 82.7 million) subject to enforcement activities. The Group had assigned full impairment allowances for these trade receivables in previous years.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

	Not past due AED'000	0 – 90 days AED'000	91 – 180 days AED'000	181 – 270 days AED'000	271 – 365 days AED'000	> 365 Days AED'000	Individually assessed AED'000	Total AED'000
31 December 2023								
Total gross carrying amount	**925,730**	**706,078**	**341,252**	**247,498**	**157,967**	**364,909**	**464,786**	**3,208,220**
Expected credit loss rate (average)	**1.51%**	**2.12%**	**5.42%**	**9.89%**	**12.09%**	**15.73%**		
Lifetime ECL	**13,981**	**14,963**	**18,500**	**24,488**	**19,093**	**57,385**	**464,786**	**613,196**
31 December 2022								
Total gross carrying amount	566,110	506,391	241,430	95,278	109,069	377,315	423,356	2,318,949
Expected credit loss rate (average)	3.02%	4.42%	6.73%	10.24%	12.20%	14.35%		
Lifetime ECL	17,084	22,367	16,240	9,756	13,308	54,157	423,356	556,268

Movements in the allowance for impairment of trade and other receivables were as follows:

	Collectively assessed AED'000	Individually assessed AED'000	Total AED'000
At 1 January 2022	100,813	633,630	734,443
Net remeasurement of loss allowance	55,945	86,368	142,313
Amounts written off	–	(82,710)	(82,710)
At 1 January 2023	156,758	637,288	794,046
Net remeasurement of loss allowance	39,526	40,568	80,094
Amounts written off	–	(56,977)	(56,977)
Foreign exchange difference	–	366	366
At 31 December 2023	**196,284**	**621,245**	**817,529**

Out of total allowance for impairment of trade and other receivables, AED 204 million (2022: AED 201 million) is related to un-billed lease receivables, accrued income and due from related parties.

15 Prepayments and advances

	2023 AED'000	2022 AED'000
Non-current portion		
Advance to suppliers	**41,096**	–
Prepaid expenses	**–**	48,600
	41,096	48,600
Current portion		
Advance on acquisition of investment (note 15(i))	**587,600**	–
Advance payments to contractors	**245,292**	470,614
Prepaid expenses	**333,812**	126,125
	1,166,704	596,739

(i) The Group has signed an agreement to acquire 51% ownership in Global Feeder Shipping (GFS), a global container shipping company. The purchase consideration of the acquisition is AED 1,873 million out of which AED 588 million was paid during the year. The transaction was completed on 31 January 2024.

16 Inventories

	2023 AED'000	2022 AED'000
Spare parts	**65,204**	25,481
Fuel	**56,457**	35,038
Vessels	**264,676**	–
Less: provision for obsolete and slow-moving inventories	**(11,670)**	(9,747)
	374,667	50,772

The cost of inventories recognised as an expense during the year was AED 2,050 million (2022: AED 68 million).

Movements in the provision for obsolete and slow-moving inventories are as follows:

	2023 AED'000	2022 AED'000
At 1 January	**9,747**	7,915
Provided during the year (note 29.1)	**1,923**	1,832
At 31 December	**11,670**	9,747

17 Term deposit and cash and bank balances

Term deposit is comprised of the following:

	2023 AED'000	2022 AED'000
Non-current portion		
Term deposit with maturity of more than one year	**50,000**	–

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are comprised for the following:

	2023 AED'000	2022 AED'000
Current portion		
Cash at bank	**3,167,486**	691,209
Cash on hand	**8,056**	4,256
Short term deposits	**107,548**	95,357
Cash and bank balances	**3,283,090**	790,822
Less: deposits with an original maturity of more than three months	**(15,685)**	(45,087)
Cash and cash equivalents	**3,267,405**	745,735

Short term deposit deposits with banks carried an average interest rate of 4.50%-5.15% per annum (2022: 0.81% per annum).

The term deposit with maturity of more than one year carried an average interest rate of 2% per annum.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

18 Income tax

18.1 Income tax expense

Income tax for the year relates to overseas operations of the Group. The Group calculates income tax expense using the tax rate that would be applicable to the expected net profit. The major components of income tax expense in the consolidated statement of profit or loss as follows:

	2023 AED'000	2022 AED'000
Current income tax		
Current income tax charged from foreign jurisdiction	**16,577**	2,014
Deferred income tax		
Relating to origination and reversal of temporary differences from foreign subsidiaries	**3,407**	–
Relating to enactment of UAE corporate income tax*	**30,487**	–
	33,894	–
Income tax expense recognised in the consolidated statement of profit or loss	**50,471**	2,014

Income tax reconciliation schedule as follows:

	2023 AED'000	2022 AED'000
Profit for the year before tax	**1,410,689**	1,286,427
Net profit not subject to tax	**(1,359,034)**	(1,277,476)
Net profit subject to tax	**51,655**	8,951
Effective income tax on foreign operations	**18,859**	2,014
Disallowed expenses	**8,525**	–
Other movements	**(7,400)**	–
	19,984	2,014
Deferred income tax relating to enactment of UAE corporate income tax*	**30,487**	–
Income tax expense	**50,471**	2,014

18.2 Deferred tax assets/liabilities

The following are the major deferred tax assets and liabilities recognised by the Group. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	2023 AED'000	2022 AED'000
Deferred tax assets		
At 01 January	**–**	–
Acquired through business combination (note 37)	**40,149**	–
Relating to origination and reversal of temporary differences from foreign operation	**(1,340)**	–
At 31 December	**38,809**	–

Unrecognized deferred tax assets/liabilities

There was no deferred tax assets/liabilities which have not been recognised during the year due to uncertainties over the timing and recoverability in the foreseeable future.

	2023 AED'000	2022 AED'000
Deferred tax liabilities		
Investment properties	**202,238**	–
Property, plant and equipment	**1,402**	–
Intangible assets and goodwill	**29,085**	–
	232,725	–

* Deferred tax liabilities arises from the enactment of UAE corporate income tax (note 35) and on the acquisitions made during the year.

The movement in deferred tax liabilities is as follows:

	2023 AED'000	2022 AED'000
At 01 January	–	–
Acquired through business combination (note 37)	**200,171**	–
Deferred income tax recognised on UAE CT enactment*	**30,487**	–
Relating to origination and reversal of temporary differences from foreign subsidiaries	**2,067**	–
At 31 December	**232,725**	–

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The Corporate Tax Law is applicable to Tax Periods commencing on or after 1 June 2023 (where the Tax Period is generally aligned with the financial accounting period).

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The UAE CT Law is subject to further clarification by supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate.

With the publication of this Decision, the Group considers the UAE CT Law to be substantively enacted for the purposes of International Accounting Standard (IAS) 12 – Income Taxes, and accordingly the impact of the UAE CT Law is assessed on the consolidated financial statements for the year ended 31 December 2023.

Current Tax

As set out above, the UAE CT Law shall apply to the Group with effect from 1 January 2024 and it will be liable to pay corporate tax on the taxable income for the year ending 31 December 2024. Accordingly, no current tax provision is accounted for in the consolidated financial statements for the year ended 31 December 2023 relating to UAE entities.

Deferred Tax*

Following assessment of the potential impact of the UAE CT Law, the Group considers that temporary differences arise in respect of historical Purchase Price Allocation (PPA) adjustments and accounting policy alignments carried on the Group's consolidated statement of financial position. While the PPA adjustments relate to corporate transactions completed in prior accounting periods, the deferred tax arises due to the introduction of the UAE CT) Law, and on the basis that the entities to which those PPA adjustments are attributed should be subject to UAE CT in the future. The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to this position at subsequent reporting dates.

International Tax Reform – Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules") designed to address the tax challenges arising from the digitalisation of the global economy.

The Group is in scope of Pillar Two legislation as it operates in a jurisdiction that has substantively enacted Pillar Two legislation and its consolidated revenue exceeds €750 million threshold.

UAE, where the head quarter of the Group is based, published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses on 24 November 2023, as part of its commitment to the OECD guidelines.

18 Income tax continued
18.2 Deferred tax assets/liabilities continued
Deferred Tax* continued

International Tax Reform – Pillar Two model rules continued

The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar 2 Rules. The implementation of these rules in the UAE is still pending additional Cabinet Decisions, and the specific form and manner of implementation are yet to be determined.

Additionally, Pillar Two legislation is effective in the jurisdiction in financial year ending 31 December 2024 where the Group operates. The Group will continue to monitor the Pillar Two legislations in all relevant jurisdictions and accrue any potential top-up tax when the legislation is effective in those jurisdictions in accordance with the IAS 12 Amendments and taking into consideration the transitional CbC safe harbour relief.

The Group is in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in its next interim financial statements for the period ending 30 June 2024.

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Group has applied this mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

19 Share capital

	2023 AED'000	2022 AED'000
Authorised, issued and paid up capital		
5,090,000 ordinary shares of AED 1 each (2022: 5,090,000 ordinary shares of AED 1 each)	**5,090,000**	5,090,000

Movement in the balance is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**5,090,000**	3,840,000
Additions during the year	–	1,250,000
At 31 December	**5,090,000**	5,090,000

During the year ended 31 December 2022, the Group made its first equity placement through a pre-listing private placement of 1,250 million of ordinary shares. Nominal value of a share is AED 1 and issued at a price of AED 3.20 per share. Total cash received from the share subscription was AED 4,000 million with a premium of AED 2,750 million. ADQ will remain as the majority shareholder with 75.42% ownership in the Company's share capital.

Treasury shares
During the year, the Company acquired 2,107,500 own ordinary shares through acquisition of EAJ (as these were held by EAJ at the time of transaction) at a total value of AED 12,098 thousand. These shares are held as treasury shares as at 31 December 2023.

20 Reserve

20(a) Statutory reserve

In accordance with the Articles of Association of the Company and in line with the provisions of the UAE Federal Decree Law No. 32 of 2021, the Company is required to transfer annually to a statutory reserve account an amount equal to 10% of its annual profit, until such reserve reaches 50% of the share capital of the Company.

20(b) Assets distribution reserve

As per the Executive Council resolution no. (108) of 2015, the Group should bear the cost of construction for certain Government Related Entities' ("GREs'') assets without requesting or obtaining any funds from the Government of Abu Dhabi. The Government of Abu Dhabi will compensate the Group by deducting the cost of these GREs' constructed assets from the future dividends to be declared annually.

20(c) Cash flow hedge reserve

	2023 AED'000	2022 AED'000
Balance at 1 January	**41,154**	97,039
Gain arising on changes in fair value of hedging instruments during the year	**2,810**	(55,885)
Balance at 31 December	**43,964**	41,154

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

20(d) Merger reserve

On 1 June 2020, the President of United Arab Emirates issued Law No. (16) for 2020 (the "Law"). As per the law, The Higher Corporation for Specialized Economic Zones in the Emirate of Abu Dhabi ("ZonesCorp") was dissolved and all its assets, rights and obligations were transferred to AD Ports Group from its immediate parent company, Abu Dhabi Development Holding Company PJSC ("ADQ").

ZonesCorp was primarily involved in the leasing of residential buildings and industrial plots in the Industrial City of Abu Dhabi and Al Ain Industrial City and provision of foreign labour services. ZonesCorp commenced its commercial activities effective from 1 October 2004.

Pursuant to applicable law, the Group will establish, own, plan, manage and operate economic zones, as well as develop its infrastructure, and provide services required by facilities or companies to practice their activities in the economic zones, in cooperation with relevant authorities. It must also provide economic zones with technical, administrative, logistic and technological support.

In accordance with the policy, the Group has accounted for the acquisition of ZonesCorp at book value, electing for retrospective accounting, which resulted in the restatement of the balances for the year ended 31 December 2019. During the year ended 31 December 2020, an adjustment was made to the merger reserve to reflect any difference between the consideration paid for the acquisition of ZonesCorp and its net capital. The consideration adjustment was reflected in the period in which the transaction occurred during the year ended 31 December 2020.

21 Deferred government grants

The Group has recognised several grants from the Government of Abu Dhabi as stated below:

1. During the prior years, the Government of Abu Dhabi granted the Group non-monetary assets comprising land in Taweelah, the head office building, furniture and fixtures, warehouses, commercial ports and other ports assets in Abu Dhabi. These non-monetary government grants are recognised at a nominal value of AED 1.

   Granted warehouses and portions of office buildings that are held to earn rentals are classified as investment properties (note 6). The remainders of the granted assets are either held for owner-occupation or under development for future owner-occupation and accordingly are classified as property, plant and equipment (note 5).

2. On 13 December 2011 the Executive Council approved additional funding to the Group as compensation for certain assets constructed by the Group and in December 2013 the Group signed an agreement with the Government of Abu Dhabi, through the Department of Finance – Abu Dhabi ("DOF") in relation to those assets. The significant terms of the agreement are as follows:

   DOF reimbursed the Group for the cost of constructing the assets for an amount of AED 6 billion. AED 5 billion of this was provided as loan which was subsequently waived off by DOF, along with all due interest;
   - As part of the settlement agreement, the Group further received an amount of AED 1 billion during 2013;
   - DOF granted the Group the perpetual possession and perpetual enjoyment of the assets under the agreement; and
   - AD Ports has the perpetual right to:
     - Develop, alter, modify, construct or otherwise treat the assets as it deems fit; and
     - Manage, use and benefit from the assets in accordance with its articles of association and the Decree.

   Management has assessed the agreement with DOF and concluded that it represents a monetary government grant. As such, a government grant of AED 6 billion has been recognised in the consolidated statement of financial position.

3. During 2020, the Group received grants of AED 322.9 million related to construction of Covid-19 related assets which mainly included a cold store and Razeen infrastructure.

4. Along with the transfer of the assets and liabilities of ZonesCorp to the Group during 2019, the Group has recognised government grant amounting to AED 223.8 million. There were further additions of AED 362.6 million during the year 2019. The closing balance of AED 498.5 million as at 31 December 2019 mainly included a grant amounting to AED 221.3 million received from Musanada, AED 90.3 million from the Executive Council and AED 186.8 million received from the DOF for specific projects.

5. During 2022, the Group received monetary grants of AED 21.6 million from the parent and AED 300.3 million from the DOF with the aim of financing the constructions of certain capital projects of the Group.

6. Government grants that are received to construct the assets and where construction of those assets is ceased, are transferred to the profit & loss upon completion of three years from the cessation of construction of assets or receipt of such government grants whichever is later.

7. During 2022, the Group has constructed improvements to Fujairah Port Infrastructure totaling to AED 500 million. The assets developed are funded by Ministry of Presidential Affairs and were disclosed under Receivable for Fujairah Port development (note 12) and Advances for Fujairah Port development project (note 23). During the prior year, the Group received communication from Ministry of Presidential Affairs to retain these assets and therefore these assets are transferred to "Property, plant and equipment" from Receivable and "Deferred government grants" (note 18) from "Advances for Fujairah Port development project" (note 23) respectively.

8. During 2023, the Group has received a grant of AED 22.5 million for constructing livestock facilities at Khalifa Ports from Abu Dhabi Agriculture and Food Safety Authority. Moreover, a grant of AED 20.6 million was received from the Department of Municipalities and Transport ("DMT") to sponsor projects undergone by Abu Dhabi Maritime Authority.

Movement in the balance is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**6,841,612**	6,402,712
Additions during the year	**45,251**	821,942
Amount recognised as revenue during the year (note 28)	**(183,335)**	(383,042)
Foreign exchange differences	**44**	–
At 31 December	**6,703,572**	6,841,612

The current and non-current classification of deferred government grants is as follows:

	2023 AED'000	2022 AED'000
Current liability	**279,740**	279,740
Non-current liability	**6,423,832**	6,561,872
	6,703,572	6,841,612

22 Provision for employees' end of service benefits

	2023 AED'000	2022 AED'000
At 1 January	**157,308**	120,011
Transferred through business combination (note 37)	**2,429**	9,542
Charged during the year	**36,733**	37,211
Paid during the year	**(15,847)**	(9,456)
At 31 December	**180,623**	157,308

23 Payable to the project companies

The balance is payable in relation to the following projects:

	2023 AED'000	2022 AED'000
Industrial City of Abu Dhabi (ICAD III)	**1,050,785**	1,074,908
Industrial City of Abu Dhabi (ICAD II)	**776,117**	767,266
Al Ain Industrial City (AAIC)	**344,062**	333,738
Industrial Effluent Treatment Plant (IETP)	**235,985**	242,534
	2,406,949	2,418,446

The movement in balance is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**2,418,446**	2,424,072
Interest charge for the year (note 30)	**243,300**	248,307
Payments during the year	**(254,797)**	(253,933)
At 31 December	**2,406,949**	2,418,446

The current and non-current classification of payable to project companies is as follows:

	2023 AED'000	2022 AED'000
Current liability	**296,185**	278,681
Non-current liability	**2,110,764**	2,139,765
	2,406,949	2,418,446

23 Payable to the project companies continued

Amounts payable to project companies owned by ZIF represent amounts payable towards costs of construction of Industrial City of Abu Dhabi Extension Phase I ('ICAD II'), Industrial City of Abu Dhabi Extension Phase II ('ICAD III'), Al Ain Industrial City ('AAIC') and Industrial Effluent Treatment Plant ('IETP') in accordance with agreements with ICAD II Limited LLC, ICAD III Limited LLC, AAIC Project LLC and ICAD Industrial Waste Treatment Services LLC, respectively (the "Project Companies").

The agreements oblige the project companies to:

- Design, develop and build ICAD II, ICAD III, AAIC and IETP;
- Operate and maintain IETP; and
- Finance the projects by obtaining bank borrowings or other funds.

In accordance with the restated agreements for ICAD II and ICAD III, and a variation order for AAIC, ZonesCorp has released the project companies from the obligation to operate and maintain the industrial cities.

Finance cost of AED 243.3 million (2022: AED 248.3 million) reflects the effective interest 9%-12% (2022: 9%-12%) on the amounts payable to project companies. The project companies have obtained borrowings from a bank to fund the construction of the above projects.

As per terms of the agreements, the Group shall make payments to the project companies for each contract month, which shall continue to occur during the tenure of the agreements as follows:

	Commencement date	Maturity date
Industrial City of Abu Dhabi (ICAD III)	26 October 2007	25 October 2037
Industrial City of Abu Dhabi (ICAD II)	14 February 2008	13 February 2038
Al Ain Industrial City (AAIC)	26 October 2009	25 October 2039
Industrial Effluent Treatment Plant	26 February 2009	25 February 2039

Payables to the project companies are measured under the amortised cost method, where the fair value approximates its present value.

24 Bond payable

The Company issued unsecured USD 1 billion 10-year bonds (the "Notes") under a Euro Medium Term Note Programme ("EMTN Programme"), which was jointly listed on the London Stock Exchange (LSE) and Abu Dhabi Securities Exchange (ADX). The Notes will mature on 6 May 2031 and carry a coupon of 2.5% per annum. Proceeds of the Notes will be used for general corporate purposes and debt refinancing. The settlement of the offering occurred on 6 May 2021 and the Group received cash of USD 979.2 million (AED 3,579.2 million). The par value of the bond was USD 1,000 million (AED 3,673.5 million) and was issued at a price below par resulting in net proceeds being lower by USD 20.8 million (AED 76.3 million).

The fair value of the bond payable as of 31 December 2023 is USD 851.8 million, which is equivalent to AED 3,128 million (2022: USD 829.16 million and AED 3,046 million).

As of 31 December 2023, unamortised prepaid transaction cost for the bond is AED 16.2 million (2022: AED 18.4 million) and unmortised discount is AED 58.3 million (2022: AED 65.1 million).

25 Bank borrowings

	2023 AED'000 (unaudited)	2022 AED'000 (audited)
Non-current		
Term loan I (ii)	**66,537**	80,795
Term loan II (iii)	**778,388**	–
Term loan III (iv)	**5,632,335**	–
Term loan IV (v)	**98,371**	–
Ijara facility (vi)	**917,500**	–
Loan facility (i)	**3,672,435**	–
	11,165,566	80,795
Current		
Loan facility (i)	**–**	1,395,698
Current portion of term loan I (ii)	**14,258**	–
Current portion of term loan II (iii)	**130,502**	–
Current portion of term loan IV (v)	**195,149**	–
	339,909	1,395,698
Total bank borrowings	**11,505,475**	1,476,493

(i) Loan facility

During 2021, the Group obtained an unsecured senior revolving credit facility with a credit limit of USD 1,000 million (AED 3,673.5 million) from a syndicate of local and international banks for the purpose of financing capital expenditure and general corporate purposes of the Group. The facility has a tenure of 3 years and an extension option of two years at one year increments and carries an effective interest rate of 0.85% over LIBOR depending on the facility utilisation. The terms of the agreement require the Group to maintain a minimum tangible net worth of AED 6 billion. As of the reporting date, the Group is in compliance with this financial covenant.

(ii) Term loan I

During 2022, a subsidiary of the Group obtained a secured medium-term loan with a value of USD 22 million (AED 80.8 million) from a local bank in Egypt for the purpose of early settlement of lease liabilities and subsequent capitalization of a vessel that was previously recorded as a right of use asset under IFRS 16. The loan carries an interest rate of 5.88%. The loan is repayable in quarterly instalments, with the first instalment commencing fifteen months after the loan draw down date.

(iii) Term loan II

During the period, the Group completed a transaction to merge 100% of Al Eskan Al Jamae LLC (EAJ) with KEZAD Communities Development & Services Company LLC (KC), a 100% owned subsidiary of the Group. As part of business combination, the Group recognised a loan facility of EAJ of AED 725 million which was entered on 24 June 2020 with a local bank to finance the settlement of loan used to construct Phase II of ICAD Residential City. The loan bears an interest at 3 Month EIBOR + 2.35% per annum and is repayable over 7 years through 28 quarterly instalments which commenced on 24 October 2020.

On 24 June 2022, EAJ entered into a loan facility agreement of AED 453.49 million with a local bank to refinance part of the facility. The loan bears an interest at 3 Month EIBOR + 3% per annum and is repayable over 7 years through 28 quarterly instalments which will commence on 24 January 2024.

(iv) Term loan III

On 3 April 2023, the Group signed a General Corporate Facility (GCF) agreement with a syndicate of 13 regional and international banks. The multi-currency facility, equivalent to around USD 2 billion includes three tranches amounting to EUR 0.6 billion, USD 0.6 billion and AED 2.8 billion with a tenure of up to 2.5 years with initial terms of 1.5 years extendable by up to 12 months at the Group's discretion. An aggregate of at least 50% of this financing shall go towards funding acquisitions undertaken by the Group or its subsidiaries and the rest could be utilized for funding organic growth projects and for general corporate purposes. The facility was priced at initial 12-month margin of 0.50%, 0.65% and 0.45% for the Euro, US Dollar and UAE Dirham tranches respectively. The terms of the agreement require the Group to maintain a minimum tangible net worth of AED 6 billion.

25 Bank borrowings continued

(v) Term loan IV

During the period, the Group completed a transaction to acquire 100% of Noatum Holdings S.L.U. and Subsidiaries ("Noatum Group"). As part of business combination, the Group recognised the loan facilities of Noatum Group entered with different banking institutions at different interest rates.

(vi) Ijara facility

On 23 June 2023, the Group signed a commercial terms agreement for Ijara facility with Abu Dhabi Islamic Bank. The facility is a single tranche dirham facility of AED 917.5 million with terms identical to the GCF with initial terms of 1.5 years extendable by up to 12 months at the Group's discretion.

Reconciliation of borrowing movement to the cash flows arising from financing activities is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**1,476,493**	1,146,132
Loans drawdown during the year	**9,694,221**	1,476,493
Acquired during the business combination (note 37)	**1,337,526**	–
Loans repaid during the year	**(1,000,144)**	(1,146,132)
Foreign exchange differences	**(2,621)**	–
At 31 December	**11,505,475**	1,476,493

26 Trade and other payables

	2023 AED'000	2022 AED'000
Non-current portion		
Deferred income	**462,117**	405,973
Customer deposits	**137,183**	100,315
Other payable	**335,565**	–
Purchase consideration payable	**16,456**	–
	951,321	506,288
Current portion		
Accrued expenses and construction related costs	**2,177,742**	1,392,102
Contractors and suppliers payables	**1,121,103**	572,630
Deferred income	**599,565**	475,116
Customer advances	**296,507**	180,312
Due to related parties (note 32)	**131,055**	227,667
Retentions payable	**51,094**	61,861
Other payables	**205,084**	56,442
Contingent and deferred consideration	**–**	5,300
Tax payable	**33,920**	–
Purchase consideration payable	**29,452**	–
	4,645,522	2,971,430

The average credit period is 60 days. The Group has financial risk management policies in place to ensure that payables are paid within credit time frame.

27 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time and also recognises rental income from its properties in the following major service lines. This disclosure is consistent with the revenue and rental income information that is disclosed for each reportable segment under IFRS 8 (note 34).

	2023 AED'000	2022 AED'000
Maritime & Shipping services (a)	**6,246,142**	2,136,972
Economic Cities & Free Zones leasing (b)	**1,444,381**	1,316,618
Ports concessions and leasing (c)	**578,866**	547,943
Ports operations (d)	**990,963**	531,703
Logistics operations (e)	**1,921,287**	518,268
Economic Cities & Free Zones other services (f)	**320,050**	333,168
Digital services (g)	**176,841**	113,164
	11,678,530	5,497,836

a) Maritime & Shipping services represent revenue from feedering, as well as transshipment and offshore support services within and outside UAE. Maritime mainly derives its revenue from port side service fees, feedering, offshore services, vessel chartering, underwater surveys and other general marine services.
b) Economic Cities & Free Zones leasing represents revenue earned from land leasing, warehousing and other built assets within KIZAD and ZonesCorp.
c) Ports concessions and leasing represents revenue from concessions granted for the container terminals at Khalifa Port, port infrastructure lease revenue and leasing revenue from land lease within the port areas.
d) Ports operations represent revenue from general cargo, cruise and other operations within the different ports owned by the Group.
e) Logistics operations represent revenue earned from various logistics operations including freight forwarding, trucking and transportation.
f) Economic Cities & Free Zones other services represents revenue earned from supply of gas to industrial zone customers and other miscellaneous services.
g) Digital services represent revenue from digital and technology development and support to external customers as well as foreign labor services.

In the following table, revenue from contracts with customers is disaggregated by products and service lines and timing of revenue recognition.

a) Disaggregation of revenue from contracts with customers:

	2023 AED'000	2022 AED'000
Services transferred at a point in time		
Maritime & Shipping services	**6,246,142**	2,136,972
Logistics operations	**1,921,287**	518,268
Ports operations	**990,963**	531,703
Digital services	**176,841**	113,164
Economic Cities & Free Zones other services	**43,479**	75,049
	9,378,712	3,375,156
Services transferred over-time		
Economic Cities & Free Zones other services related to lease contracts	**276,571**	254,583
Total revenue from contracts with customers	**9,655,283**	3,629,739

27 Revenue continued

b) Disaggregation of revenue from rental income:

	2023 AED'000	2022 AED'000
Economic Cities & Free Zones services	**1,444,381**	1,316,618
Ports concessions and leasing	**578,865**	547,943
Other lease income	**–**	3,536
	2,023,246	1,868,097

28 Direct costs

	2023 AED'000	2022 AED'000
Cost of vessels	**1,927,386**	–
Warehousing & handling cost	**1,689,081**	266,299
Vessel operating cost	**1,184,379**	348,643
Depreciation of property, plant and equipment and investment properties (note 5 and 6)	**823,490**	685,800
Staff cost	**826,962**	476,200
Fuel costs	**503,489**	280,122
Utility cost	**299,658**	227,077
Repair & maintenance cost	**299,027**	280,618
Marine port costs	**211,371**	29,143
Trucking & transportation cost	**164,202**	197,460
Other operating cost	**136,143**	18,807
Outsourcing and external manpower	**133,024**	51,996
Amortisation of intangible assets (note 7)	**143,376**	53,160
Amortization of right-of-use assets (note 8)	**112,130**	45,960
Insurance & consultancy costs	**100,350**	53,831
Non-vessel container carrier operating cost	**80,758**	62,555
Equipment hire	**75,579**	121,058
Application license & maintenance cost	**31,324**	31,566
Foreign labor service charge	**15,429**	18,156
	8,757,158	3,248,451
Less: Government grants (note 21)	**(183,335)**	(383,042)
	8,573,823	2,865,409

29.1 General and administrative expenses

	2023 AED'000	2022 AED'000
Staff cost	**745,558**	532,750
Outsourcing and external manpower	**147,916**	128,006
Professional fees	**213,567**	110,204
Depreciation of property, plant and equipment (note 5)	**89,565**	103,253
Other expenses	**49,030**	22,677
Facility management	**21,888**	21,088
Administration	**28,117**	20,104
Communication expenses	**19,332**	12,589
Car rental and fuel expenses	**14,484**	10,905
Licensing and subscriptions	**14,275**	8,284
IT expenses	**39,531**	6,004
Insurance	**16,331**	3,987
Utilities	**6,354**	2,833
Provision for slow moving inventories (note 16)	**1,923**	1,832
	1,407,871	984,516

The Group made social contributions amounting to AED 660,767 during the year ended 31 December 2023 (2022: AED 2.5 million).

29.2 Staff cost

Staff costs of the Group comprised as follows:

	2023 AED'000	2022 AED'000
Salaries, bonuses and other benefits	**1,528,282**	877,721
Outsourced manpower and staffing costs	**280,940**	268,155
Employees' end of service benefits (note 22)	**36,733**	37,211
Staff training and development costs	**7,505**	5,865
	1,853,460	1,188,952

The Group has made pension contributions amounting to AED 129.9 million (2022: AED 53.1 million) in respect of UAE national employees to the Abu Dhabi Retirement Pensions and Benefits Fund in accordance with Law No. (2), 2000 of the Emirate of Abu Dhabi.

	2023 AED'000	2022 AED'000
Staff costs are allocated to:		
Direct costs	**959,986**	528,196
General and administrative expenses	**893,474**	660,756
	1,853,460	1,188,952

30 Finance cost

	2023 AED'000	2022 AED'000
Unitary payment to the project companies (note 23)	**243,300**	248,307
Interest on bond payable	**100,941**	100,771
Finance cost of lease liabilities (note 8)	**61,351**	40,649
Interest on bank borrowing	**368,159**	23,818
Other finance costs	**6,283**	15,803
Total interest expense	**780,034**	429,348
Less: amounts included in the cost of qualifying assets (note 5)	**(113,077)**	(35,240)
	666,957	394,108

Borrowing costs included in the cost of qualifying assets during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 0.66% (2022: 0.51%) to expenditure on such assets.

31 Other income, net

	2023 AED'000	2022 AED'000
Payable written back	**98,314**	–
Other income	**5,615**	7,535
(Loss)/gain on disposal of property, plant and equipment	**(1,377)**	1,972
	102,552	9,507

32 Related party balances and transactions

In the ordinary course of business, the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. Related parties comprise shareholders, Directors, key management staff, and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions and balances with other related parties are disclosed in below note.

Terms and conditions of transactions with related parties

The services to and from related parties are made at normal market prices.

Balances with these related parties generally arise from commercial transactions in the normal course of business on an arm's length basis. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Balances with related parties reflected in the consolidated statement of financial position at the reporting date comprised:

	2023 AED'000	2022 AED'000
Due from related parties (note 14):		
Joint ventures		
Abu Dhabi Terminals Company LLC	**48,050**	46,418
Parent Company		
Abu Dhabi Developmental Holding ("ADQ")	**103**	–
Entities under common control		
Department of Finance – Abu Dhabi	**25,399**	20,564
Abu Dhabi Police	**36,168**	8,562
Abu Dhabi Polymers Co. Ltd (Borouge)	**27,196**	27,252
Emirates Steel Industries Co. PJSC	**70,457**	64,323
Department of Municipalities and Transport	**2,739**	11,018
Abu Dhabi National Oil Company	**266,696**	111,249
Rafed Healthcare Supplies LLC	**21,502**	10,435
CMA Terminal Khalifa LLC	**–**	47,712
General Headquarter Armed Forces	**3,287**	3,485
Department of Economic Development LLC	**83,407**	–
Other entities controlled by the Government of Abu Dhabi	**141,231**	63,250
	678,082	367,850
	726,235	414,268

	2023 AED'000	2022 AED'000
Accrued income (note 14)		
Parent Company		
Abu Dhabi Developmental Holding ("ADQ")	**2,912**	2,466
Joint venture		
Abu Dhabi Terminals Company LLC	**17,532**	26,504
Entities under common control		
Abu Dhabi Police	**9,156**	119,450
Abu Dhabi National Oil Company	**61,405**	513
Department of Municipalities and Transport	**12,652**	31,764
Rafed Healthcare Supplies LLC	**3,694**	1,516
Other entities controlled by the Government of Abu Dhabi	**296**	12,526
	87,203	165,769
	107,647	194,739
Unbilled lease receivables (note 14)		
Joint venture		
Abu Dhabi Terminals Company LLC	**307, 672**	286,269
Entities under common control		
Al Gharbia Pipe Company LLC	**26,267**	–
G42 Pharmaceutical Manufacturing LLC	**24,937**	–
Abu Dhabi National Oil Company	**4,474**	–
LuLu Group International	**14,936**	–
Twofour54 FZ LLC	**19,899**	–
Other entities controlled by the Government of Abu Dhabi	**28,583**	71,546
	426,768	357,815
Loan to a related party (note 14)		
CMA Terminals Khalifa LLC	**29,275**	–

32 Related party balances and transactions continued

Terms and conditions of transactions with related parties continued

	2023 AED'000	2022 AED'000
Prepayments and advances (note 15) (continued)		
Joint venture		
Abu Dhabi Terminals Company LLC	**30,400**	48,600
Entities under common control		
National Health Insurance Company PJSC (Daman)	**12,954**	3,544
	43,354	52,144
Cash and bank balances (note 17)		
Entity under common control		
Banks controlled by the Government of Abu Dhabi	**2,756,215**	573,387
Investment in joint ventures (note 9)	**642,473**	612,241
Impairment loss on financial assets and unbilled lease receivable (note 14)	**7,935**	32,382
Due to related parties (note 26)		
Parent Company		
Abu Dhabi Developmental Holding	**323**	646
Joint venture		
Abu Dhabi Terminals Company LLC	**3,667**	9,228
Entities under common control		
Department of Finance – Abu Dhabi	**23,402**	98,314
Abu Dhabi National Oil Company	**1,980**	30,551
Abu Dhabi Retirement Pensions & Benefits Fund	**11,949**	7,674
Ministry of Labor MOL Services	**45,749**	–
Abu Dhabi National Insurance Company	**17,986**	–
Other entities controlled by the Government of Abu Dhabi	**25,999**	81,254
	127,065	217,793
	131,055	227,667
Other income, net (note 31)		
Entities under common control		
Department of Finance – Abu Dhabi	**98,314**	–

	2023 AED'000	2022 AED'000
Payable to the project companies (note 23)		
Joint venture		
ZonesCorp Infrastructure Fund	**2,406,949**	2,418,446
Deferred government grants (note 21)		
Ultimate controlling undertaking		
Government of Abu Dhabi	**6,513,589**	6,648,395
Parent Company		
Abu Dhabi Developmental Holding	**189,983**	193,217
	6,703,572	6,841,612
Borrowings (note 25)		
Entities under common control		
First Abu Dhabi Bank	**1,643,377**	279,140
Abu Dhabi Commercial Bank	**704,042**	–
	2,347,419	279,140
Accrued expenses, customers deposits and advances and other payables (note 26)		
Entities under common control		
Abu Dhabi National Oil Company	**–**	22,745
Other entities controlled by the Government of Abu Dhabi	**–**	10,409
	–	33,154
Owner's contribution		
Parent Company		
Abu Dhabi Developmental Holding	**4,559,468**	4,467,655

Significant transactions with related parties are as follows:

	2023 AED'000	2022 AED'000
Revenue (Note 27)		
Parent Company		
Abu Dhabi Developmental Holding	**1,977,838**	14,976
Joint venture		
Abu Dhabi Terminals Company LLC	**147,886**	169,208
Entities under common control		
Abu Dhabi Police	**62,667**	329,575
Abu Dhabi Polymers Co. Ltd (Borouge)	**49,998**	76,108
Emirates Steel Industries Co. PJSC	**187,147**	188,633
Abu Dhabi National Oil Company	**436,089**	322,800
Rafed Healthcare Supplies LLC	**21,274**	7,508
Department of Municipalities and Transport	**138,782**	143,626
Silal Food and Technology LLC	**6,893**	5,817
Department of Finance – Abu Dhabi	**1,416**	1,416
General Headquarter Armed Forces	**2,592**	1,186
Aramex	**1,306**	–
Other entities controlled by the Government of Abu Dhabi	**160,748**	104,506
	1,068,912	1,181,175
	3,194,636	1,365,359

32 Related party balances and transactions continued

Significant transactions with related parties continued

	2023 AED'000	2022 AED'000
Transactions with joint ventures (note 9)		
Share of profit for the year	**118,377**	127,929
Share of other comprehensive income for the year	**4,768**	55,885
Dividend received	**45,500**	27,066
Expected credit loss allowance on trade and other receivables for entities under common control (note 14)		
Write off during the year	**25,196**	99
Owner's contributions received		
Parent Company		
Abu Dhabi Developmental Holding	**91,813**	2,397,945
Government grants related transactions (note 21)		
Grant received during the year	**45,351**	821,942
Amount recognised during the year	**183,334**	383,042

	2023 AED'000	2022 AED'000
Project payable related transactions with a joint venture – ZonesCorp Infrastructure Fund (note 23)		
Finance cost during the year	**243,300**	248,307
Payments made during the year	**254,797**	253,933
Bank borrowing related transactions with bank controlled by the Government of Abu Dhabi (note 25)		
Loan drawdown during the year	**1,298,992**	279,140
Repayments during the year	**227,043**	1,146,132
Finance costs during the year	**91,604**	23,818
Advance payment made to a joint venture		
Abu Dhabi Terminals Company LLC	**30,400**	48,600
Key management compensation		
Short term employee benefits	**60,064**	52,509
Long term employee benefits	**5,848**	1,085
	65,912	53,594
Staff loans and advances provided to key management personnel	**–**	946

Owner's contribution

Owner's contribution comprised of the following:

i) Cash flows provided by the immediate parent to finance the Group's expansion and working capital requirements; and
ii) Transfer of certain assets by the immediate parent to the Company.

These contributions are provided without any obligation for the Company to deliver cash or other financial assets or deliver its own equity instruments of the Company.

33 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. As there are no dilutive instruments outstanding, basic and diluted earning per share are identical. The calculation of basic and diluted earnings per share attributable to the owners of the Company is given below.

	2023	2022
Earnings (AED'000)		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Group)	**1,071,972**	1,248,342
Weighted average number of share ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,087,893**	4,959,863
Basic and diluted earnings per share attributable to owners of the Group in AED	**0.21**	0.25

During the prior year, the equity shares of the Company were split / sub-divided such that each equity share having face value of AED 10/– fully paid-up, was sub-divided into ten (10) equity shares having face value of AED 1/– each, fully paid-up with effect from January 2022.

34 Segment information

Information reported to the Group's Chief Executive Officer (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. The operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic operating unit that offers different products and serves different markets.

Operating segments

For management purposes, the Group is currently organised into six major operating segments. These segments are the basis on which the Group reports its primary segmental information. These are:

- **Ports**, which owns or operates ports and terminals. Ports cluster mainly derives its revenue from general cargo operations, container terminal concessions and port infrastructure leases.
- **Economic Cities & Free Zones (EC&FZ)**, which principally operates KEZAD and other industrial cities. Economic Cities & Free Zones mainly derives its revenue from lease of land, warehouses, staff accommodation and other utility services.
- **Logistics**, which provides a range of logistical services, such as transportation, warehouse, freight forwarding, supply chain services and cargo handling services along with other value added services. Logistics mainly derives its revenue from warehouse management, freight forwarding and cargo services.
- **Maritime** & Shipping, which provides a range of marine services, feedering, as well as transshipment and offshore support services. Maritime & Shipping mainly derives its revenue from port side service fees, feedering, offshore services, vessel chartering, underwater surveys and other general marine services.
- **Digital**, which provides digital services to external customers through Maqta Gateway as well as services to the Group's other segments. Digital mainly derives its revenue from digitalisation of transactional services, software development and other support services.
- **Corporate**, responsible for managing investments held by the Group, development of infrastructure assets for other segments, management of administrative activities for the segments and general coordination of the Group's activities.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance management. Segment performance is measured based on adjusted EBITDA. Adjusted EBITDA is calculated by adjusting net profit for the period from continuing operations by excluding the impact of taxation, net finance costs, depreciation, amortisation, revenue from government grant, amortisation and impairment related to goodwill, intangible assets, property and plant and equipment and investment properties. The Group's management reporting process allocates intra-Group profit on a product sale to the market in which that sale is recorded.

34 Segment information continued

	Ports AED'000	EC&FZ AED'000
31 December 2023		
External revenue	1,554,924	1,764,431
Inter segment revenue	37,506	15,906
Total revenue (note 27)	**1,592,430**	**1,780,337**
Direct costs (note 28)	(654,066)	(737,492)
Gross profit/(loss)	**938,364**	**1,042,845**
General and administrative expenses (note 29.1)	(333,872)	(156,921)
Impairment losses (including reversals of impairment Losses) on financial assets and unbilled lease receivables (note 14)	(4,749)	(43,203)
Selling and marketing expenses	(10,722)	(16,667)
Share of profit from joint ventures (note 9)	–	82,314
Share of profit from associate (note 10)	6,851	–
Reversal of impairment/(impairment and write off)/ on investment properties (note 6)	–	363,501
Finance income	5,202	1,780
Finance costs (note 30)	(51,865)	(282,487)
Loss on investment at FVTPL (note 12)	–	(1,841)
Gain on disposal of associates (note 10)	39,119	–
Impairment of investment in associates (note 10)	–	–
Other income, net (note 31)	9	103,892
Income tax expense (note 18.1)	(18,618)	2,227
Net profit/(loss) for the year	**569,719**	**1,095,440**
Adjustment for:		
Finance costs	51,865	282,487
Finance income	(5,202)	(1,780)
Depreciation of property, plant and equipment, investment properties	299,097	238,506
Amortisation of right-of-use assets and intangible assets	58,619	18,660
Government grants amortisation	(166,164)	(5,056)
(Impairment and write off)/reversal of impairment on investment properties	–	(363,501)
Income tax expense	18,618	(2,227)
Adjusted EBITDA	**826,552**	**1,262,529**

	Logistics AED'000	Maritime & Shipping AED'000	Digital AED'000	Corporate AED'000	Eliminations AED'000	Total AED'000
	1,885,685	6,280,292	176,840	16,358	–	11,678,530
	49,523	9,412	276,978	281	(389,606)	–
	1,935,208	**6,289,704**	**453,818**	**16,639**	**(389,606)**	**11,678,530**
	(1,705,309)	(5,478,461)	(98,199)	(31,668)	131,372	(8,573,823)
	229,899	**811,243**	**355,619**	**(15,029)**	**(258,234)**	**3,104,707**
	(195,466)	(273,339)	(119,130)	(507,136)	177,993	(1,407,871)
	(10,523)	(25,560)	1,205	2,736	–	(80,094)
	(2,271)	(9,077)	(2,840)	(35,131)	28	(76,680)
	–	36,063	–	–	–	118,377
	15,772	3,448	–	–	–	26,071
	–	–	–	–	–	363,501
	12,791	9,738	3	11,848	(10,124)	31,238
	(40,895)	(21,520)	(51)	(282,730)	12,591	(666,957)
	–	–	–	–	(1,981)	(3,822)
	–	–	–	–	–	39,119
	(139,452)	–	–	–	–	(139,452)
	59	(1,410)	–	2	–	102,552
	(10,158)	(18,122)	130	(5,930)	–	(50,471)
	(140,244)	**511,464**	**234,936**	**(831,370)**	**(79,727)**	**1,360,218**
	40,895	21,520	51	282,730	(12,591)	666,957
	(12,791)	(9,739)	(3)	(11,847)	10,124	(31,238)
	54,061	286,471	14,801	20,575	(456)	913,055
	63,586	116,728	1,611	–	(3,698)	255,506
	–	(12,115)	–	–	–	(183,335)
	–	–	–	–	–	(363,501)
	10,158	18,122	(130)	5,930	–	50,471
	15,665	**932,451**	**251,266**	**(533,982)**	**(86,348)**	**2,668,133**

34 Segment information continued

	Ports AED'000	EC&FZ AED'000
31 December 2022		
External revenue	1,081,914	1,646,249
Inter segment revenue	53,450	11,433
Total revenue	1,135,364	1,657,682
Direct costs	(394,783)	(449,625)
Gross profit/(loss)	740,581	1,208,057
General and administrative expenses	(260,660)	(109,138)
Impairment losses (including reversals of impairment losses) on financial assets and unbilled lease receivables	(3,105)	(121,264)
Selling and marketing expenses	(5,467)	(18,319)
Share of profit from joint ventures	–	123,011
Share of profit from associate	–	–
(Impairment and write off)/reversal of impairment on investment properties	–	(4,553)
Finance income	951	308
Finance costs	(30,160)	(265,734)
Gain on disposal of assets held for sale	–	–
Other income, net	1,895	55
Income tax expense	(220)	–
Net profit/(loss) for the year	443,815	812,423
Adjustment for:		
Finance costs	30,160	265,734
Finance income	(951)	(308)
Depreciation of property, plant and equipment, investment properties	274,118	231,070
Amortisation of right-of-use assets and intangible assets	14,786	20,357
Government grants amortisation	(123,596)	(247,296)
(Impairment and write off)/reversal of impairment on investment properties	–	4,553
Income tax expense on foreign operations	220	–
Adjusted EBITDA	638,552	1,086,533

The segment assets and liabilities and capital expenditures are as follows:

	Ports AED'000	EC&FZ AED'000
31 December 2023		
Total assets	**28,985,100**	**17,758,920**
Total liabilities	**26,517,694**	**10,867,379**
Capital expenditures*	**–**	**–**
31 December 2022		
Total assets	25,767,734	13,377,006
Total liabilities	24,315,459	10,374,429
Capital expenditures*	–	–

* Capital expenditure is incurred by the corporate on behalf of other segments and assets are transferred to the segments upon completion.

Logistics AED'000	Maritime & Shipping AED'000	Digital AED'000	Corporate AED'000	Eliminations AED'000	Total AED'000
518,268	2,138,242	113,163	–	–	5,497,836
13,375	2,324	287,019	264	(367,865)	–
531,643	2,140,566	400,182	264	(367,865)	5,497,836
(465,063)	(1,515,350)	(67,688)	(187,528)	214,628	(2,865,409)
66,580	625,216	332,494	(187,264)	(153,237)	2,632,427
(44,948)	(195,919)	(122,427)	(323,359)	71,935	(984,516)
2,267	(18,111)	(2,554)	454	–	(142,313)
(1,688)	(7,489)	(823)	(49,189)	–	(82,975)
–	4,918	–	–	–	127,929
36,913	–	–	–	–	36,913
–	–	–	–	–	(4,553)
(1,455)	366	–	14,946	–	15,116
(3,332)	(7,074)	(1)	(90,370)	2,563	(394,108)
73,000	–	–	–	–	73,000
951	6,546	–	60	–	9,507
–	(1,794)	–	–	–	(2,014)
128,288	406,659	206,689	(634,722)	(78,739)	1,284,413
3,332	7,075	1	90,371	(2,565)	394,108
1,455	(366)	–	(14,946)	–	(15,116)
43,813	190,724	11,122	38,206	–	789,053
10,782	54,063	–	–	(880)	99,108
–	(12,150)	–	–	–	(383,042)
–	–	–	–	–	4,553
–	1,794	–	–	–	2,014
187,670	647,799	217,812	(521,091)	(82,184)	2,175,091

Logistics AED'000	Maritime & Shipping AED'000	Digital AED'000	Corporate AED'000	Eliminations AED'000	Total AED'000
8,240,549	**20,145,633**	**2,171,776**	**53,337,434**	**(75,028,423)**	**55,610,989**
7,226,798	**17,053,896**	**1,693,925**	**41,355,159**	**(73,413,075)**	**31,301,776**
–	**–**	**–**	**4,696,803**	**–**	**4,696,803**
4,405,348	11,261,583	1,749,354	39,158,850	(57,207,884)	38,511,991
4,099,515	9,327,521	1,493,793	26,320,667	(57,054,526)	18,876,858
–	–	–	5,521,337	–	5,521,337

34 Segment information (continued)

Capital expenditures

Capital expenditure is incurred by the corporate on behalf of other segments and assets are transferred to the segments upon completion.

Geographical information

The Group is principally operating in six geographical segments:

	2023 AED'000	2022 AED'000
Revenue (Note 27)		
United Arab Emirates	**9,363,495**	5,363,965
Rest of Middle East	**3,146**	–
Europe	**1,378,178**	–
America	**368,199**	–
Asia	**261,685**	–
Africa	**303,827**	133,871
Total revenue	**11,678,530**	5,497,836
Assets		
United Arab Emirates	**51,800,308**	37,565,159
Rest of Middle East	**128,326**	–
Europe	**2,145,150**	–
America	**236,416**	–
Asia	**438,605**	–
Africa	**862,184**	946,832
Total assets	**55,610,989**	38,511,991
Liabilities		
United Arab Emirates	**28,670,848**	18,584,852
Rest of Middle East	**29,961**	–
Europe	**1,977,406**	–
America	**124,284**	–
Asia	**233,345**	–
Africa	**265,932**	292,006
Total liabilities	**31,301,776**	18,876,858

Revenues from major products and services

The Groups revenues from its major services are disclosed in note 27.

Information about major customers

Included in revenues arising from Maritime & Shipping (2022: EC&FZ) segment was approximately AED 1,978 million (2022: AED 330 million) from sales to the Group's largest customer. No other single customer contributed 10% or more of the Group's revenue in either 2023 or 2022.

35 Contingent liabilities and commitments
Contingent liabilities

	2023 AED'000	2022 AED'000
Bank guarantees	**348,549**	157,802
Financial guarantees	**367,500**	367,500

The Group's policy is to provide financial guarantees for subsidiaries and joint ventures' liabilities. The Group has the following guarantees in effect as at the reporting date.

i) The Group has issued guarantee in 2019 to Abu Dhabi Commercial Bank PJSC in respect of credit facility granted to its joint venture ADT, equal to 50% of the principal amount of the facility then outstanding, such aggregate amount shall not exceed AED 367.5 million, which is the maximum amount the Group is exposed to.

Commitments

	2023 AED'000	2022 AED'000
Commitments for fixed assets	**1,301,553**	1,467,320
Commitments for investments	**1,252,000**	5,400,000

i) The Group has announced that it has signed an agreement to acquire 51% of ownership in Global Feeder Shipping (GFS), a global container shipping company. Purchase consideration for this acquisition will be USD 501 million subject to fulfilment of conditions precedent in the agreement. GFS has built one of the largest fleets of container ships globally, featuring 26 owned and operated vessels with a total capacity of 72,500 TEUs, covering the Middle East, Indian Subcontinent and Southeast Asia regions. Subsequent to the reporting date, the acquisition was completed and accounted for as a business combination as per the requirements of IFRS 3 as the Group will assume control over the investee.

Operating lease arrangements
The Group as lessor
Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between 1 to 5 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last 10 years. The Group did not identify any indications that this situation will change.

36 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the consolidated financial statements.

Categories of financial instruments

	Financial assets			Financial liabilities	
	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Amortised cost AED'000	Total AED'000
31 December 2023					
Term deposits	**–**	**–**	**50,000**	**–**	**50,000**
Derivative financial assets	**23,990**	**–**	**–**	**–**	**23,990**
Cash and bank balances	**–**	**–**	**3,283,090**	**–**	**3,283,090**
Trade and other receivables	**–**	**–**	**7,153,855**	**–**	**7,153,855**
Investment at FVTPL	**71,627**	**–**	**–**	**–**	**71,627**
Investment at FVOCI	**–**	**2,518,539**	**–**	**–**	**2,518,539**
Bank borrowings	**–**	**–**	**–**	**11,505,475**	**11,505,475**
Bond payable	**–**	**–**	**–**	**3,599,058**	**3,599,058**
Trade and other payables	**–**	**–**	**–**	**4,204,734**	**4,204,734**
Payable to project companies	**–**	**–**	**–**	**2,406,949**	**2,406,949**
Lease liabilities	**–**	**–**	**–**	**1,076,531**	**1,076,531**
Total	**95,617**	**2,518,539**	**10,486,945**	**22,792,747**	
31 December 2022					
Cash and bank balances	–	–	790,822	–	790,822
Trade and other receivables	–	–	5,006,809	–	5,006,809
Investment in FVOCI	–	2,078,388	–	–	2,078,388
Bank borrowings	–	–	–	1,476,493	1,476,493
Bond payable	–	–	–	3,589,954	3,589,954
Trade and other payables	–	–	–	2,416,317	2,416,317
Payable to project companies	–	–	–	2,418,446	2,418,446
Lease liabilities	–	–	–	915,327	915,327
Total	**–**	**2,078,388**	**5,797,631**	**10,816,537**	

	Hierarchy levels			
	1 AED'000	2 AED'000	3 AED'000	Total AED'000
	–	–	–	–
	–	23,990	–	23,990
	–	–	–	–
	–	–	–	–
	71,627	–	–	71,627
	2,459,751	–	58,788	2,518,539
	–	–	–	–
	–	–	–	–
	–	–	–	–
	–	–	–	–
	–	–	–	–
	2,531,378	**23,990**	**58,788**	**2,614,156**
	–	–	–	–
	–	–	–	–
	2,019,600	–	58,788	2,078,388
	–	–	–	–
	–	–	–	–
	–	–	–	–
	–	–	–	–
	–	–	–	–
	2,019,600	**–**	**58,788**	**2,078,388**

36 Financial instruments continued

Reconciliation of liabilities arising from financing activities

The below table details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes

	At 1 January 2023	Financing cash flows	Non-cash changes (other movements)		
	AED'000	AED'000	Amortisation of discounts AED'000	Amount recognised as revenue during the year AED'000	Termination AED'000
Bank borrowings	**1,476,493**	**8,694,077**	**–**	**–**	**–**
Bond payable	**3,589,954**	**–**	**9,104**	**–**	**–**
Deferred government grants	**6,841,612**	**40,733**	**–**	**(183,335)**	**–**
Payable to the project companies	**2,418,446**	**(254,797)**	**–**	**–**	**–**
Lease liabilities	**915,327**	**(146,365)**	**–**	**–**	**(209,656)**
Total liabilities from financing activities	**15,241,832**	**8,333,648**	**9,104**	**(183,335)**	**(209,656)**

	At 1 January 2022	Financing cash flows	Non-cash changes (other movements)		
	AED'000	AED'000	Amortisation of discounts AED'000	Amount recognised as revenue during the year AED'000	Termination AED'000
Bank borrowings	1,146,132	330,361	–	–	–
Bond payable	3,581,021	–	8,933	–	–
Deferred government grants	6,402,712	821,942		(383,042)	–
Payable to the project companies	2,424,072	(253,933)	–	-	–
Lease liabilities	805,269	(64,304)	–	-	(61,295)
Total liabilities from financing activities	14,359,206	834,066	8,933	(383,042)	(61,295)

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance (excluding cash flow hedge reserve, assets distribution reserve, merger reserve and owner's contribution).

The capital structure of the Group consists of net debt (borrowings disclosed as in notes 8, 23, 24 and 25) after deducting cash and bank balances) and equity of the Group (comprising share capital, share premium, treasury shares, statutory reserve, retained earnings, and owner's contribution) is measured at AED 18,236 million as at 31 December 2023 (2022: AED 17,085 million).

	2023 AED'000	2022 AED'000
Total debt	**18,588,013**	7,484,893
Less: cash and bank balances	**(3,283,090)**	(790,822)
Net debt	**15,304,923**	6,694,071
Total equity attributable to the owners of the Company (excluding cash flow hedge reserve, assets distribution reserve, investment revaluation reserve, foreign currency revaluation reserve and merger reserve)	**18,236,190**	17,084,503
Net debt to adjusted equity ratio	**0.84**	0.39

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Non-cash changes (other movements)					At 31 December 2023
Interest charge AED'000	Acquisitions AED'000	Foreign Exchange differences AED'000	Additions AED'000	Other Movements AED'000	AED'000
–	**1,337,526**	**(2,621)**	**–**	**–**	**11,505,475**
–	**–**	**–**	**–**	**–**	**3,599,058**
–	**–**	**44**	**4,518**	**–**	**6,703,572**
243,300	**–**	**–**	**–**	**–**	**2,406,949**
61,351	**304,330**	**2,191**	**203,897**	**(54,544)**	**1,076,531**
304,651	**1,641,856**	**(386)**	**208,415**	**(54,544)**	**25,291,585**

Non-cash changes (other movements)		At 31 December 2022
Interest charge AED'000	Acquisitions AED'000	AED'000
–	–	1,476,493
–	–	3,589,954
–	–	6,841,612
248,307	–	2,418,446
40,649	195,008	915,327
288,956	195,008	15,241,832

36 Financial instruments continued

Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
Foreign currency	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000
Egyptian Pound	**36,942**	11,472	**82,028**	47,984
EURO	**1,167,455**	–	**1,902,508**	–
Indian Rupee	**55**	–	**–**	–
Iraqi Dinar	**120,181**	58,365	**–**	–
Jordanian Dinar	**5,324**	1,932	**29,937**	–
Pakistani Rupee	**65,361**	–	**162,815**	–
US Dollars	**138,463**	–	**84,563**	–
Vietnamese Dong	**18,613**	–	**2,962**	–
Total	**1,552,394**	71,769	**2,264,813**	47,984

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies disclosed in the above table. The following table details the Group's sensitivity to a ten percent increase and decrease in currency units against the relevant foreign currencies. Ten percent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a ten percent change in foreign currency rates.

A positive number below indicates an increase in profit where currency units strengthen ten percent against the relevant currency. For a ten percent weakening of currency units against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	Profit or loss		Other equity	
Foreign currency	2023 AED '000	2022 AED '000	2023 AED '000	2022 AED '000
Egyptian Pound	**–**	1,174	**4,509**	–
EURO	**40,187**	–	**33,318**	–
Indian Rupee	**(6)**	–	**–**	–
Iraqi Dinar	**(12,018)**	5,836	**–**	–
Jordanian Dinar	**2,461**	193	**–**	–
Pakistani Rupee	**–**	–	**9,744**	–
US Dollars	**(5,390)**	–	**–**	–
Vietnamese Dong	**(1,565)**	–	**–**	–
Total	**23,669**	7,203	**47,571**	–

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds and Bond at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

At 31 December 2023, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been AED 24.9 million (2022: AED 3.9 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such nonrelated counterparties.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up actions are taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade and other receivables including dues from related parties on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Of the trade receivables balance at the end of the year, AED 75 million (2022: AED 104 million) is due from the Group's largest customer. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The tables below detail the credit quality of the Group's financial assets and unbilled lease receivable, as well as the Group's maximum exposure to credit risk:

	Notes	External credit ratings	12 month or lifetime ECL	Gross carrying amount AED'000	Loss allowance AED'000	Net carrying amount AED'000
31 December 2023						
Trade and other receivables (including unbilled receivables, accrued income and due from related parties)	14	N/A	Lifetime ECL	**8,052,194**	**(898,339)**	**7,153,855**
Term deposit	17	A+ B2	12-month ECL	**50,000**	**–**	**50,000**
Cash and bank balances	17	A+ B2	12-month ECL	**3,283,090**	**–**	**3,283,090**
31 December 2022						
Trade and other receivables (including unbilled receivables, accrued income and due from related parties)	14	N/A	Lifetime ECL	5,800,855	(794,046)	5,006,809
Cash and bank balances	17	A+ Baa	12-month ECL	790,822	–	790,822

For trade receivables, due from related parties, accrued income and unbilled lease receivable, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 12 include further details on the loss allowance for these assets respectively.

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

36 Financial instruments continued

Liquidity risk management continued

The table below summarises the maturities of the Group's undiscounted cash flows on financial liabilities as of 31 December 2023 and 2022 based on contractual payment dates and current market interest rates.

	Weighted average effective Interest rate	Less than one year AED'000	1 to 5 years AED'000	After 5 years AED'000	Total AED'000
31 December 2023					
Non-interest-bearing financial liabilities					
Trade and other payables	–	**3,715,530**	**437,054**	–	**4,204,734**
Interest bearing financial liabilities					
Payable to the project companies	**10.3%**	**296,185**	**1,392,189**	**718,575**	**2,406,949**
Bond payable	**2.7%**	-	-	**3,599,058**	**3,599,058**
Bank borrowings	**1.5%**	**339,909**	**11,010,426**	**155,140**	**11,505,475**
		636,094	**12,402,615**	**4,472,773**	**17,511,482**
31 December 2022					
Non-interest-bearing financial liabilities					
Trade and other payables	–	2,316,002	100,315	–	2,416,317
Interest bearing financial liabilities					
Payable to the project companies	10.3%	240,115	1,462,058	3,442,107	5,144,280
Bond payable	2.7%	–	–	3,589,954	3,589,954
Bank borrowings	1.2%	1,395,698	76,042	4,753	1,476,493
		1,635,813	1,538,100	7,036,814	10,210,727

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function and all lease obligations are denominated in AED.

The Group is using combination of the cash inflows from the financial assets and the available bank facilities to manage the liquidity.

The table below presents the cash inflows from financial assets:

	Less than one year AED'000	1 to 5 years AED'000	After 5 years AED'000	Total AED'000
31 December 2023				
Financial asset at fair value through other comprehensive income	–	–	**2,518,539**	**2,518,539**
Financial asset at fair value through profit or loss	**71,627**	–	–	**71,627**
Derivative financial assets	–	**23,990**	–	**23,990**
Term deposits	–	**50,000**	–	**50,000**
Trade and other receivables	**4,632,923**	**29,275**	**2,491,657**	**7,153,855**
Cash and bank balances	**3,283,090**	–	–	**3,283,090**
	7,987,640	**103,265**	**5,010,196**	**13,101,101**
31 December 2022				
Financial asset at fair value through other comprehensive income	–	–	2,078,388	2,078,388
Trade and other receivables	2,893,080	–	2,113,729	5,006,809
Cash and bank balances	790,822	–	–	790,822
	3,683,902	–	4,192,117	7,876,019

Fair value of financial instruments

The Group's management considers that the carrying amount of financial assets and financial liabilities approximates their fair value.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- **Level 3** – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Following table gives information about how the fair value of financial asset at fair value through other comprehensive income is determined.

	Fair value AED'000 2023	Fair value AED'000 2022	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
Financial asset at fair value through other comprehensive income (note 11)	**58,788**	58,788	Level 3	Dividend Discount Method has been used for valuing the present of future dividends to assess the value of investment	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 2% to 22% per cent	The higher the revenue growth rate, the higher the fair value.
					Long-term EBIDA margin, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 26% to 27% per cent	The higher the pre-tax operating margin, the higher the fair value.
					Weighted average cost of capital, determined using 5.6% which is based on the mix of Equity/Debt.	The higher the weighted average cost of capital, the lower the fair value.
Financial asset at fair value through other comprehensive income (note 11)	**2,459,751**	2,019,600	Level 1	Quoted bid prices in an active market.	N/A	N/A
Derivative financial assets	**23,990**	–	Level 2	Market comparable	N/A	N/A
Financial asset at fair value through profit or loss (note 12)	**71,627**	–	Level 1	Quoted bid prices in an active market.	N/A	N/A

36 Financial instruments continued

Fair value of financial instruments continued

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements. Also, there is no movement in fair value of investments categorised within Level 3 during the year ended 31 December 2023 and 2022.

There were no financial instruments that are measured at amortised cost but for which fair value was disclosed classified as Level 3 either in current year or in prior year.

37 Business combinations

Acquisitions made during the year ended 31 December 2022

Divetech Marine Engineering Services LLC
Alligator Shipping Container Line LLC
International Associated Cargo Carrier B.V
Safeen Diving and Subsea Services LLC

Acquisitions made during the year ended 31 December 2023

Al Eskan Al Jamae LLC
TTEK Inc.
Noatum Holdings, S.L.U and Subsidiaries

Divetech Marine Engineering Services LLC

During December 2021, the Group (the "Buyer") entered into a sale and purchase agreement with Innovation Management Services FZC (the "Seller") to acquire 100% ownership of Divetech Marine Engineering Services LLC ("Divetech") for a total consideration of AED 188.5 million. The sale terms specified in the agreement were satisfied, rights and cash transferred and obligations attached to the transaction was completed on 28 February 2022 at which the Group obtained control of the entity.

Divetech Marine Engineering Services LLC is a UAE-based limited liability company that is a topside-subsea solutions provider that offers a range of services including installation, inspection, repair and maintenance for ports and other maritime organisations. The business acquired qualifies as a business combination under IFRS 3.

Acquisition will complement Group's existing capabilities and allow the Group to further pursue opportunities in the Oil and Gas market. Post-acquisition, Group's expanded capabilities would have the potential to dominate the diving, marine, and rope access market in the region and generate commercial, operational and financial synergies.

The acquisition has been accounted for using the acquisition method of accounting in 2022, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The consolidated financial statements include the results of Divetech for the ten-month period from the acquisition date.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per our best of knowledge and provisional purchase price allocations available as of the date:

	Fair values recognised on acquisition AED'000
Assets	
Cash and bank balances	**903**
Trade and other receivables	**81,332**
Property, plant and equipment	**6,647**
Intangible assets	**90,400**
Total assets	**179,282**
Liabilities	
Trade and other payables	**15,764**
Employees' end of service benefits	**1,095**
Total liabilities	**16,859**
Total identifiable net assets at fair value	**162,423**
Add: goodwill	**26,100**
Total purchase consideration	**188,523**

The goodwill of AED 26.1 million arising from the acquisition consists of qualified and trained work force, established processes etc. that do not qualify for separate recognition.

Intangible assets include customer relationship, backlogs, brand name, non-compete contracts and licenses acquired as part of business combination and have historically contributed to revenue and generating independent cash flows and have been valued using multi-period excess earning method, Relief from Royalty Method, With and Without Method.

Acquisition related costs amounted to AED 0.8 million were expensed during the year and are included in general and administrative expenses. From the date of acquisition, Divetech contributed revenue of AED 89.1 million and net loss of AED 9.2 million towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 19.3 million and net profit would have been higher by AED 3.7 million.

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	(188,523)
Net cash acquired on business combination	903
Net cash outflows on acquisition (included in cash flows from investing activities)	(187,620)
Net cash outflow on acquisition	**(187,620)**

Alligator Shipping Container Line LLC

The Group (the "Buyer") entered into a sale and purchase agreement with two individuals (the "Sellers") to acquire 100% ownership of Alligator Shipping Container Line LLC ("ASCL") for a total consideration of AED 34.9 million. The sale terms specified in the agreement were satisfied, rights and cash transferred and obligations attached to the transaction was completed on 28 February 2022 on which the Group obtained control of the entity.

Alligator Shipping Container Line LLC is a UAE-based limited liability company engaged in global shipping and logistics service provider. The business acquired qualifies as a business combination under IFRS 3.

The Group acquired ASCL to expand container value chain as core part of the strategy to drive trade and support to convert Khalifa Port as transshipment hub for the region. The acquisition of Non-vessel container carrier operating cost (NVOCC) business is expected to enable direct sales of logistics services to strengthen client relationships and enable cross-selling on to its own ships for the Group.

The acquisition has been accounted for using the acquisition method of accounting in 2022, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. The consolidated financial statements include the results of ASCL for the ten-month period from the acquisition date.

37 Business combinations continued

Alligator Shipping Container Line LLC continued

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per our best of knowledge and provisional purchase price allocations available as of the date:

	Fair values recognised on acquisition AED'000
Assets	
Cash and bank balances	73
Trade and other receivables	12,635
Property, plant and equipment	16,312
Intangible assets	11,000
Total assets	**40,020**
Liabilities	
Trade and other payables	15,903
Total identifiable net assets at fair value	24,117
Add: goodwill	18,526
Total purchase consideration	**42,643**

Purchase consideration comprised as follows:	AED'000
Cash consideration paid	29,643
Contingent and deferred consideration arrangements	13,000
Total consideration	**42,643**

The goodwill of AED 18.5 million arising from the acquisition consists of assembled work-force, processes that do not qualify for separate recognition under IAS 38.

Intangible assets include trademark and non-compete contracts acquired as part of business combination and have historically contributed to revenue and generating independent cash flows and have been valued using relief from royalty method and with and without method.

The contingent consideration arrangement requires actual EBITDA in a financial year to exceed the targeted EBITDA for financial year FY22 and FY23. The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between nil and AED 13.0 million. The fair value of the contingent consideration arrangement of AED 5.3 million was estimated by discounting the EBITDA projected in the business for FY22 and FY23 by 6.9%.

Acquisition related costs amounted to AED 0.6 million were expensed during the year and are included in general and administrative expenses. From the date of acquisition, ASCL contributed revenue of AED 207.6 million and net profit of AED 13.9 million towards the operations of the Group. If the acquisition had taken place at the beginning of the year, revenue of the Group would have been higher by AED 20.0 million and net profit would have been higher by AED 2.5 million.

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	(29,643)
Net cash acquired on business combination	73
Net cash outflows on acquisition (included in cash flows from investing activities)	(29,570)
Net cash outflow on acquisition	**(29,570)**

International Associated Cargo Carrier B.V:

During July 2022, the Group (the "Buyer") entered into a sale and purchase agreement with Leocorp B.V (the "Seller") to acquire 70% ownership of International Associated Cargo Carrier B.V. ("IACC") for a total consideration of AED 483 million. The sale terms specified in the agreement were satisfied, rights and cash transferred, and obligations attached to the transaction were completed on 12 September 2022 on which the Group obtained control of the entity.

International Associated Cargo Carrier B.V. is a private limited liability company duly established and existing under the laws of the Netherlands having operations in Egypt. The company wholly owns Transmar, a leading regional container line and Transcargo International (TCI) specialized in stevedoring, warehousing and port services. The business acquired qualifies as a business combination under IFRS 3.

This acquisition will support Group's wider growth targets for North Africa and the Gulf region and broaden the portfolio of services to offer in those markets.

The acquisition has been accounted for using the acquisition method of accounting in 2022, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. For the non-controlling interests in IACC, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired assets and liabilities.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per the purchase price allocations finalised during the year:

	Fair values recognised on acquisition AED'000
Assets	
Cash and bank balances	**81,739**
Inventory	**1,540**
Prepayments	**8,320**
Trade and other receivables	**57,502**
Property, plant and equipment	**69,862**
Intangibles	**183,673**
Right of use asset	**294,961**
Total assets	**697,597**
Liabilities	
Trade and other payables	**34,298**
Lease liabilities	**209,737**
Total liabilities	**244,035**
Total identifiable net assets at fair value	**453,562**
Add: goodwill	**165,397**
Less: non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	**(135,985)**
Total: purchase consideration	**482,974**

The goodwill of AED 165.4 million arising from the acquisition consists of assembled work-force, processes that do not qualify for separate recognition under IAS 38.

Acquisition related costs amounted to AED 1.2 million were expensed during 2022 and were included in general and administrative expenses. During the year ended 31 December 2023, IACC contributed revenue of AED 281.4 million and net profit of AED 15.1 million towards the operations of the Group.

37 Business combinations continued

International Associated Cargo Carrier B.V: continued

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	(482,974)
Net cash acquired on business combination	81,739
Net cash outflows on acquisition (included in cash flows from investing activities)	(401,235)
Net cash outflow on acquisition	**(401,235)**

Safeen Diving and Subsea Services LLC:

During June 2022, the Group entered into a shareholders agreement with National Marine Dredging Company (NMDC) relating to establishing a new subsidiary company under the name Safeen Diving and Subsea Services LLC (Subsea). The Group holds 51% shares in Subsea and consolidate the financial results of the entity as the Group exercises control over the subsidiary. The conditions specified in the agreement were satisfied on 30 June 2022 on which the Group obtained control of the entity.

Safeen Diving and Subsea Services LLC (Subsea) has been incorporated for deep sea diving and underwater survey activities.

For the non-controlling interests in Safeen Subsea, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired assets and liabilities.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below as per purchase price allocations finalized during the year:

	Fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	**136,575**
Intangibles	**185,006**
Total assets	**321,581**
Liabilities	
End of service benefit	**8,447**
Other payables	**105**
Total liabilities	**8,552**
Total identifiable net assets at fair value	**313,029**
Add: goodwill	**102,572**
Less: non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	**(153,384)**
Total purchase consideration	**262,217**

The goodwill of AED 102.6 million arising from the acquisition consists of assembled work-force, processes that do not qualify for separate recognition under IAS 38.

Acquisition related costs amounted to AED 0.1 million were expensed during the 2022 and were included in general and administrative expenses. During the year ended 31 December 2023, Safeen Subsea contributed revenue of AED 483 million and net profit of AED 48.6 million towards the operations of the Group.

Al Eskan Al Jamae LLC

During December 2022, the Group (the "Buyer") entered into a sale and purchase agreement with the shareholders of Al Eskan Al Jamae LLC (EAJ) to merge 100% of EAJ with Kizad Communities Development & Services Company (KC), a 100% owned subsidiary of the Group. The merger was effective 01 January 2023 and, as part of the merger, the shareholders of EAJ were issued 47.8% share of KC in the value of AED 2,686 million.

EAJ, a leading staff accommodation owner and operator in Abu Dhabi, is a real estate development and management company that owns and operates ICAD Residential City in Mussafah, Abu Dhabi. The residential city has circa. 58k beds along with support amenities. EAJ also operates fully owned subsidiaries offering support services, including Khadamat, a facilities management company, EJRC, a property management company and Your Laundry.

The transaction qualifies as a business combination under IFRS 3 and support the Group's wider growth targets in expanding business mass group accommodations and management of workers residential cities.

The transaction has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective provisional fair values.

The consolidated financial statements include the results of EAJ for the year ended 31 December 2023. For the non-controlling interests in the resulting entity, the Group elected to recognise the non-controlling interests at its proportionate share of the combined assets and liabilities.

The amounts recognised in respect of the fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below as per the purchase price allocations finalized during the year:

	Fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	**2,388**
Investment properties	**3,461,948**
Inventories	**2,197**
Financial asset at fair value through profit or loss	**75,457**
Own shares buy back	**12,098**
Derivative financial asset	**38,509**
Term deposit with maturity of more than one year	**50,000**
Trade and other receivables	**32,213**
Prepayment and advances	**4,842**
Cash and bank balances	**48,233**
Total assets	**3,727,885**
Liabilities	
End of service benefit	**2,429**
Bank borrowings	**996,350**
Trade and other payables	**189,787**
Deferred tax liability	**85,936**
Total liabilities	**1,274,502**
Total identifiable net assets at fair value	**2,453,383**
Add: goodwill	**232,489**
Total purchase consideration	**2,685,872**
Satisfied by:	
Cash	**16,305**
Equity shares	**2,669,567**
	2,685,872

37 Business combinations continued

Al Eskan Al Jamae LLC continued

The goodwill of AED 232.5 million arising from the acquisition consists of assembled work-force, processes mainly in wholly owned subsidiaries of EAJ that do not qualify for separate recognition under IAS 38.

Acquisition related costs amounting to AED 1.2 million were expensed during the year ended 31 December 2023 and are included in general and administrative expenses.

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	**(16,306)**
Net cash acquired on business combination	**48,233**
Net cash inflows on acquisition (included in cash flows from investing activities)	**31,927**
Net cash inflow on acquisition	**31,927**

Noatum Holdings, S.L.U and Subsidiaries ("Noatum")

During November 2022, the Group (the "Buyer") entered into a sale and purchase agreement with the shareholders of Noatum LLC to acquire 100% of Noatum. The acquisition was effective 30 June 2023.

Noatum is a global integrated logistics services provider with presence across 26 countries. AD Ports Group received the final approval from Spanish Authorities, after it attained regulatory clearance from the European Commission earlier in the year. The total purchase consideration for 100% ownership of Noatum amounts to EUR 541 million.

Recognising Noatum's high growth potential and capacity to scale, AD Ports Group intends to create a market-leading international logistics brand, merging its existing logistics business with Noatum to create a significant presence in the region and enhancing services across the company's global footprint.

The amounts recognised in respect of the provisional fair values at the date of acquisition of the identifiable assets acquired and liabilities assumed as set out in the table below are complete and accurate as per our best of knowledge and provisional purchase price allocations available as of the date:

	Fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	465,919
Right of use asset	290,180
Intangible assets	1,009,126
Investment associate	113,796
Inventory	5,640
Deferred tax asset	40,149
Trade and other receivables	799,766
Prepayments and advances	42,265
Financial assets through OCI	1,221
Derivative financial assets	3,102
Tax receivables	179,716
Cash and bank balances	518,105
Total assets	**3,468,985**
Liabilities	
Bank borrowings	341,176
Trade and other payables	1,415,478
Deferred tax liability	114,235
Tax payables	105,917
Derivative financial liabilities	195
Lease liabilities	289,739
Total liabilities	**2,266,740**
Total identifiable net assets at fair value	1,202,245
Add: goodwill	972,455
Less: non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities	(31,289)
Total purchase consideration	**2,143,411**

The initial accounting for this transaction (which was assessed as a business acquisition in line with IFRS 3) was incomplete as at 31 December 2023, therefore the Group has recognised identifiable assets acquired and liabilities assumed using provisional amounts and the difference between the identifiable net assets acquired and the consideration is recognised as goodwill.

The goodwill of AED 972 million arising from the acquisition consists of assembled work-force, processes that do not qualify for separate recognition under IAS 38.

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	(2,143,411)
Net cash acquired on business combination	518,105
Net cash outflows on acquisition (included in cash flows from investing activities)	(1,625,306)
Net cash outflow on acquisition	**(1,625,306)**

37 Business combinations continued

TTEK Inc.

During April 2023, the Group (the "Buyer") entered into a sale and purchase agreement with the trustee and other minority interest option holders (the "Sellers") to acquire 100% stake of TTEK Inc. ("TTEK") for a total consideration of USD 17.9 million. The sale terms specified in the agreement were satisfied, rights and cash transferred and obligations attached to the transaction was completed during May 2023.

TTEK is a Barbados based entity, specializing in developing and deploying technology for the optimization of customs and border processing.

The acquisition has been accounted for using the acquisition method of accounting in 2023, and accordingly, the identifiable assets acquired and liabilities assumed, have been recognised at their respective fair values. These consolidated financial statements include the results of TTEK from the acquisition date.

	Fair values recognised on acquisition AED'000
Assets	
Property, plant and equipment	**36**
Intangible assets	**41,156**
Trade and other receivables	**2,755**
Cash and bank balances	**10,916**
Total assets	**54,863**
Liabilities	
Trade and other payables	**2,765**
Total identifiable net assets at fair value	**52,098**
Add: goodwill	**46,390**
Total purchase consideration	**98,488**

Analysis of cashflow on acquisition:

	AED'000
Cash paid for the acquisition	**(98,488)**
Net cash acquired on business combination	**10,916**
Net cash outflows on acquisition (included in cash flows from investing activities)	**(87,572)**
Net cash outflow on acquisition	**(87,572)**

38 Assets classified as held for sale

During December 2021, the Group entered into a sale and purchase agreement with a related party (the "Buyer"), per which one of the Group's warehouse property to be sold to the related party at an agreed price. Neither the sales conditions as specified in the sale and purchase agreement were satisfied, nor the rights and obligations attached to the property was transferred to the buyer as of the reporting date and accordingly, the sale was not recognised for the year ended 31 December 2021. However, the property attached to this sale was recognised as an asset held for sale as of 31 December 2021. Based on the assessment performed, management concluded that the carrying value of the property as of the reporting date was lower than the net realisable value from the sale. During the year 2022, the sales conditions as specified in the sale and purchase agreement were satisfied and rights and obligations attached to the property were transferred to the buyer. Hence, consideration for the sale were realised and gain was recorded in the books of the Group.

During the year ended 31 December 2023, the Group has reached an agreement for the development and transfer of certain assets to a related party having a carrying amount of AED 226.9 million. It is expected that the transaction will be completed during the year 2024. Upon completion and transfer, balances will be transferred to receivables and realised in cash.

39 Non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations

	OFCO Offshore Support and Logistics services LLC		Auto Terminal Khalifa Port LLC		International Associated Cargo Carrier B.V.	
	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000
Current assets	**258,004**	230,307	**41,915**	23,281	**233,072**	54,318
Non-current assets	**70,043**	76,165	**2,451**	2,307	**416,623**	704,271
Current liabilities	**(180,659)**	(188,622)	**(24,554)**	(11,310)	**(125,321)**	(56,188)
Non-current liabilities	**(3,757)**	(3,322)	**(969)**	(676)	**(86,128)**	(188,594)
Net assets	**143,631**	114,528	**18,843**	13,602	**438,246**	513,807
Equity attributable to owners of the Company	**73,252**	58,409	**9,610**	6,937	**306,772**	359,665
Non-controlling interests	**70,379**	56,119	**9,233**	6,665	**131,474**	154,142
Revenue	**405,512**	282,212	**70,088**	50,750	**285,197**	154,069
Expenses	**(376,410)**	(263,960)	**(57,847)**	(43,709)	**(296,492)**	(99,346)
Profit for the year	**29,102**	18,252	**12,241**	7,041	**(11,295)**	54,723
Profit attributable to owners of the Company	**14,842**	9,308	**6,245**	3,591	**(7,907)**	38,306
Profit attributable to the non-controlling interests	**14,260**	8,944	**5,998**	3,450	**(3,388)**	16,417
	29,102	18,252	**12,241**	7,041	**(11,295)**	54,723
Total comprehensive income attributable to owners of the Company	**14,842**	9,308	**6,243**	3,591	**(21,246)**	38,306
Total comprehensive income attributable to the non-controlling interests	**14,260**	8,944	**5,998**	3,450	**(9,105)**	16,246
	29,102	18,252	**12,241**	7,041	**(30,351)**	54,552

Safeen Diving and Subsea Services LLC		Safeen Invictus LLC	KEZAD Communities	Infrastructure and Development Investments Limited	Subsidiaries of Noatum Holdings S.L.U	Total	
2023 AED'000	2022 AED'000	2023 AED'000	2022 AED'000	2023 AED'000	2023 AED'000	2023 AED'000	2022 AED'000
559,422	165,531	**88,183**	5,100,948	**79,492**	**213,247**	**6,574,283**	473,437
255,326	402,164	**301**	5,210,019	**259,027**	**354,086**	**6,567,876**	1,184,907
(329,408)	(211,334)	**(80,630)**	(3,363,742)	**(32,486)**	**(226,032)**	**(4,362,833)**	(467,454)
(8,450)	(8,449)	**(122)**	(867,448)	**(29,936)**	**(165,304)**	**(1,162,116)**	(201,041)
476,890	347,912	**7,732**	6,079,777	**276,097**	**175,997**	**7,617,210**	989,849
243,214	177,435	**3,942**	3,188,297	**165,658**	**142,174**	**4,132,918**	602,446
233,676	170,477	**3,788**	2,891,480	**110,439**	**33,823**	**3,484,292**	387,403
483,139	257,940	**372,406**	816,225	**93,427**	**254,997**	**2,780,991**	744,971
(434,552)	(243,124)	**(374,676)**	(337,549)	**(62,690)**	**(236,820)**	**(2,177,036)**	(650,139)
48,587	14,816	**(2,270)**	478,676	**30,737**	**18,177**	**603,955**	94,832
24,779	7,556	**(1,158)**	249,821	**18,442**	**10,645**	**315,709**	58,761
23,808	7,260	**(1,112)**	228,855	**12,295**	**7,532**	**288,246**	36,071
48,587	14,816	**(2,270)**	478,676	**30,737**	**18,177**	**603,955**	94,832
24,779	7,556	**(1,158)**	242,244	**18,972**	**10,645**	**295,321**	58,761
23,808	7,260	**(1,112)**	221,914	**12,648**	**7,532**	**275,941**	35,900
48,587	14,816	**(2,270)**	464,158	**31,620**	**18,177**	**571,262**	94,661

39 Non-controlling interests continued

	2023 AED'000	2022 AED'000
At 1 January	**387,403**	52,546
Share of profit	**288,246**	36,071
Share from other comprehensive income	**(12,305)**	(171)
Payment of dividends	**(17,688)**	(2,241)
Non-controlling interests arising on the acquisitions	**19,460**	301,198
Additional contribution made by NCI (note 39 (i))	**2,821,257**	–
Other movements	**(2,081)**	–
At 31 December	**3,484,292**	387,403

(i) During the year, one of the subsidiaries of the Group, KEZAD Communities ("KC") merged with Al Eskan Al Jamae ("EAJ") to create Abu Dhabi's largest integrated accommodation company. The merger was effective 1st January 2023 and, as part of the merger, shareholder of EAJ were issued 47.8% share in KC amounting to 2,670 million. Additionally, there has been additional capital contribution made by minority shareholders amounting to 151 million.

40 Events after the reporting period

Subsequent to the reporting date, the following transactions have occurred:

- AD Ports Group, in partnership with Kaheel Terminals, secured a second port concession agreement in Karachi (Pakistan) for bulk and general cargo operations. The JV plans to invest approximately AED 275 million (USD 75 million) in the first two years, covering upfront fees, prepayments and investments in superstructure and equipment, with a further investment of AED 367 million (USD 100 million) within five years to increase efficiency and capacity by 75%, enabling the terminal to handle up to 14 million tons per annum.
- AD Ports Group's Maqta Gateway has signed a Share Purchase Agreement ("SPA") to acquire 60% stake in Dubai Technologies, a Dubai based trade and transportation solutions developer, for AED 28 million. This sum includes deferred and performance-linked earnout payments. The acquisition broadens its digital trade portfolio, and also enhances Maqta Gateway's inhouse capabilities, realises cost synergies and further strengthens its position as the leading developer of cutting-edge digital trade solutions.
- AD Ports Group, through Noatum, completed the acquisition of 100% ownership of Sesé Auto Logistics, the Finished Vehicles Logistics (FVL) business of Grupo Logístico Sesé, for EUR 81 million, enhancing Noatum's standing in the European automotive logistics market. Sesé Auto Logistics specialises in the road transport logistics of light and heavy vehicles, operates in most European countries, with offices in Spain, Germany, Poland, Czech Republic, and Hungary, and a fleet of over 200 trucks covering more than 30 million km annually.
- AD Port Group, through Noatum Terminals, acquired APM Terminals Castellón in Spain for EUR 10 million. Together with its existing multipurpose terminal, Noatum Terminals' combined capacity in Castellón has expanded to 250,000 TEUs in the container business and 2 million tons of bulk cargo, in addition to its Ro-Ro capabilities.
- Maqta Gateway, part of the Digital Cluster, made its first international venture in Aqaba (Jordan) to deploy a Port Community System (PCS) digital solution through Maqta Ayla, established as a 51/49 joint venture (JV) between Maqta Gateway and Aqaba Development Corporation (ADC).

41 Approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 11 March 2024.

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