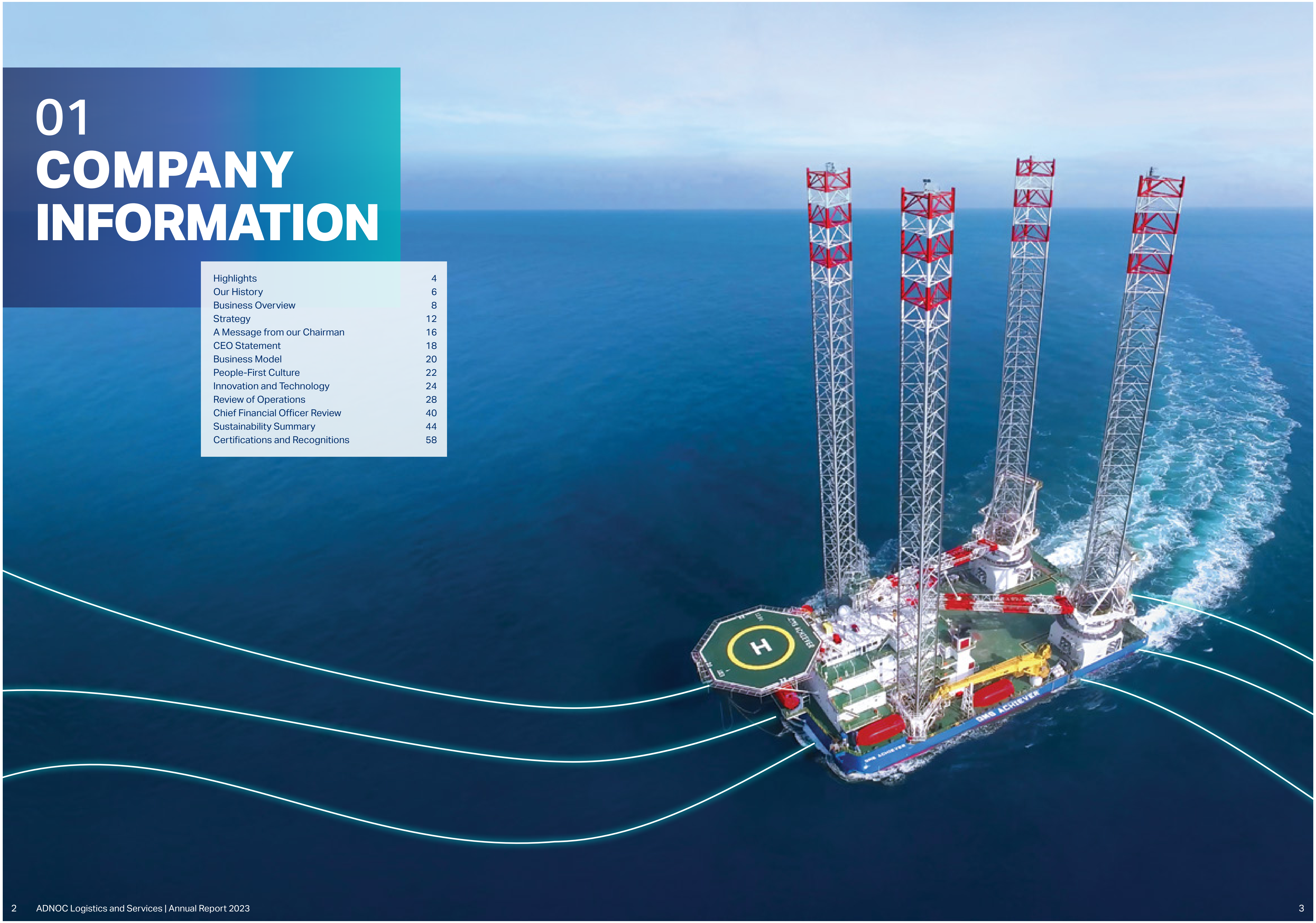
ADNOC Logistics & Services

ANNUAL REPORT 2023

Delivering Energy for Life

ADNOC Logistics & Services

01 COMPANY INFORMATION



HIGHLIGHTS

2023 Financial Highlights

Revenue
$2,755
million

EBITDA
$876
million

Net Profit
$620
million

2023 Revenue by Operating Segment / Sub-Segment

$1,739
million
Integrated Logistics 63%

$407
million
Tanker 15%

$174
million
Gas Carriers 6%

$258
million
Dry-Bulk and Containers 9%

$177
million
Marine Services 6%

2023 Operational Highlights

Owned Vessels
233

50	67	49	67
Shipping	Offshore	Marine	ZMI

CAPEX 2023
$875
million

Projected CAPEX (2024)
>$1.0
billion

Year-on-Year increase

2023 Sustainability Highlights

Energy Efficiency
24%
Across shipping fleet compared to 2020 baseline

Energy Efficiency Operational Indicator (EEOI)

Investment
$2 billion
Committed on Environmentally Efficient New Build Vessels since 2023

In-Country Value
86%

OUR HISTORY

With a heritage tracing back to the formation of the Abu Dhabi National Tanker Company in 1975, ADNOC L&S has led the evolution of the region's energy maritime and logistics sector, providing mission-critical and highly specialized services across the entire energy value chain.

Created through the merger of legacy companies ADNATCO, ESNAAD and IRSHAD in 2016, ADNOC L&S has delivered exceptional organic and non-organic growth, with the largest and most diversified fleet of vessels in the region with a world-class asset base. Through fleet expansion, acquisitions, joint ventures, and innovative integrated offerings, ADNOC L&S services a fast-growing portfolio of global customers and markets. Key milestones in the Company's strategic value creation and growth program over the past five years include:

1975

- **Abu Dhabi National Tankers Company (ADNATCO)** established.

1979

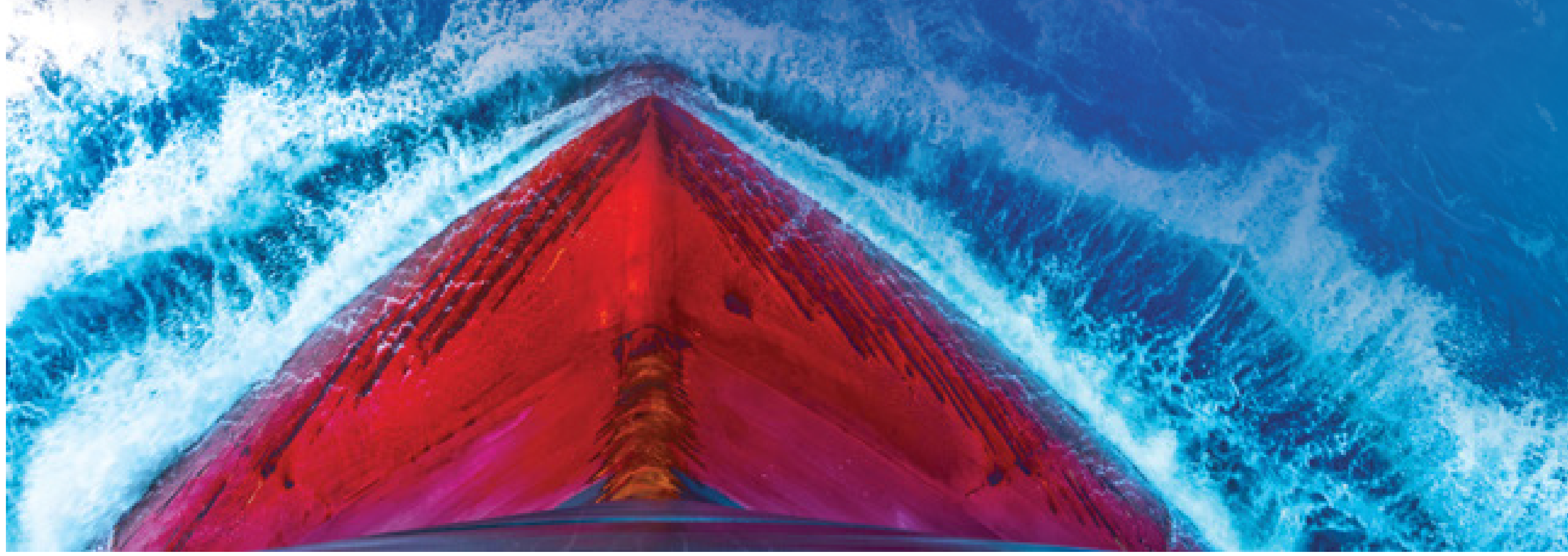
- **Abu Dhabi Petroleum Ports Operating Company (IRSHAD)** established.

1993

- **National Gas Shipping Company (NGSCO)** established.

2003

- **Petroleum Services Company (ESNAAD) PJSC** established by the merger of Abu Dhabi Drilling Chemicals & Products and National Marine Services.



2016

- **ADNOC L&S established** through the integration of **ADNATCO**, **ESNAAD** and **IRSHAD**, creating one of the largest energy maritime services companies.

2018

- **ADNOC L&S** signed a contract with **Borouge**, a leading provider of value-creating plastics solutions, to handle its Ruwais container terminal operations.

2019

- ADNOC L&S announces a **23% reduction** in its **fuel consumption** and **carbon emissions** across its shipping fleet as part of its 'Al Daffah Energy Efficiency Project'.

2020

- ADNOC L&S signed a **15-year agreement**, with an option of a five-year extension with AG&P, to utilize LNG/C Al Khaznah as a Floating Storage in Karaikal LNG Terminal, India.
- Establishment of **AW Shipping Limited**, an ADNOC L&S joint venture with Wanhua Chemical Group Co., Ltd, enhancing the Company's position in delivering liquefied petroleum gas (LPG) and other petroleum products to growing markets in Asia.

2021

- A strategic agreement was signed between ADNOC L&S and **AD Ports** to partner in the development of a port and associated infrastructure, including a liquids terminal and logistics facility, to support tenants of the **TA'ZIZ** Industrial Chemicals Zone.

2022

- Acquisition of ZMI Holdings that added the world's largest fleet of self-propelled and self-elevating jack-up barges to the ADNOC L&S asset base.
- **Inauguration** of the UAE Gateway at the Khalifa Economic Zone Abu Dhabi (KEZAD), where ADNOC L&S **owns** and **operates** one of the **largest warehouses** in the Middle East, dedicated to storing, handling and shipping all Borouge polymers.

2023

- Delivery of eight* additional Jack-up barges, expanding the Company's fleet to 39 and reinforcing its status as the owner and operator of the largest fleet of self-propelling and self-elevating jack-up barges in the world, with one of the new barges serving the Iraqi market for the first time.
- Unveiling of the pioneering **Integrated Logistics Services Platform (ILSP)** - one of the largest turnkey offshore logistics offerings in the world designed to enable coordinated end-to-end management of energy logistics and maritime operations.

* Six owned, two chartered-in.

- ADNOC L&S completed its initial public offering (IPO) on the Abu Dhabi Securities Exchange (ADX), raising approximately **$769 million** – the second-largest IPO in the MENA region at the time of listing.
- Announcement to distribute interim cash **dividend** of **$195 million** for Q2 and H2 2023, reaffirming the Company's commitment to deliver attractive returns to its shareholders.
- The Company commits to the International Maritime Organization's 2023 Strategy for the **Reduction of Greenhouse Gas Emissions** from Ships.
- Delivery of **four new-build Very Large Crude Carriers (VLCC)** equipped with energy-efficient dual-fuel engines.

BUSINESS OVERVIEW

Building upon nearly 50 years of history in shipping and maritime logistics services, ADNOC L&S was established in 2016 through the integration of several ADNOC Group entities operating in Integrated Logistics, Shipping, and Marine Services.

ABOUT US

ADNOC L&S, a subsidiary of the ADNOC Group, serves as a dedicated logistics services provider for ADNOC Group and the UAE while also providing a range of shipping and offshore services to international customers. It offers essential and specialized services throughout the energy supply chain. ADNOC L&S was established in 2016 through the integration of several ADNOC entities operating in integrated logistics, shipping and marine services, with the Company's heritage tracing back to the formation of the Abu Dhabi National Tanker Company in 1975.

WHAT WE DO

ADNOC L&S is a fully integrated global energy maritime logistics leader that operates across three key segments. With a total fleet of 233 owned vessels (by year-end 2023) and an additional 600 chartered every year, ADNOC L&S provides services to more than 100 customers in over 50 countries.

Driven by next-generation technologies, a talent base of over 7,000 people (including crew on vessels and outsourced manpower) and a steadfast commitment to decarbonization, ADNOC L&S offers secure, dependable, and efficient maritime and logistics solutions across the entire energy value chain.

OUR PURPOSE

ADNOC GROUP

Continue to provide end-to-end integrated logistics, shipping, and marine services to ADNOC Group and beyond.

UAE

To promote the growth of the UAE maritime economy and act as a key facilitator of global maritime trade.

NET ZERO

Continue to pioneer low-carbon solutions in the energy maritime logistics sector, supporting ADNOC Group's Net Zero by 2045 ambition and the UAE 2050 target.

A fully integrated global energy maritime logistics leader.

OUR THREE KEY BUSINESS SEGMENTS

Integrated Logistics

End-to-end logistics services

The Company's Integrated Logistics segment provides end-to-end services for the transportation of people, materials, equipment, fuel and water. Integrated Logistics (not ILSP) services include diving support, container terminal operations, jetty services and operations, and warehousing and material management, all of which are critical to the energy supply chain.

Shipping

Commercial shipping and chartering services

ADNOC L&S' Shipping segment provides market-leading commercial shipping and ship management solutions, in addition to chartering services for the transport of crude oil, refined products, dry-bulk, and both liquified petroleum gas (LPG) and liquified natural gas (LNG).

Marine Services

Petroleum ports operations, Oil Spill and Hazardous & Noxious Substances (OS & HNS) response

ADNOC L&S' Marine Services segment is comprised of two key business lines: specialist marine terminals' operations, covering all petroleum port operations in the Emirate of Abu Dhabi, and OS & HNS response operations, where it is one of the largest service providers in the UAE.

With a maritime heritage that traces back to the formation of the Abu Dhabi National Oil Tanker Company in 1975. ADNOC L&S serves as a critical logistics enabler of ADNOC Group and the UAE.

ADNOC L&S aims to be a global leader in the decarbonization of the shipping and maritime logistics industry, supporting the energy transition by investing in hydrogen product carriers and low-carbon fuel vessels.

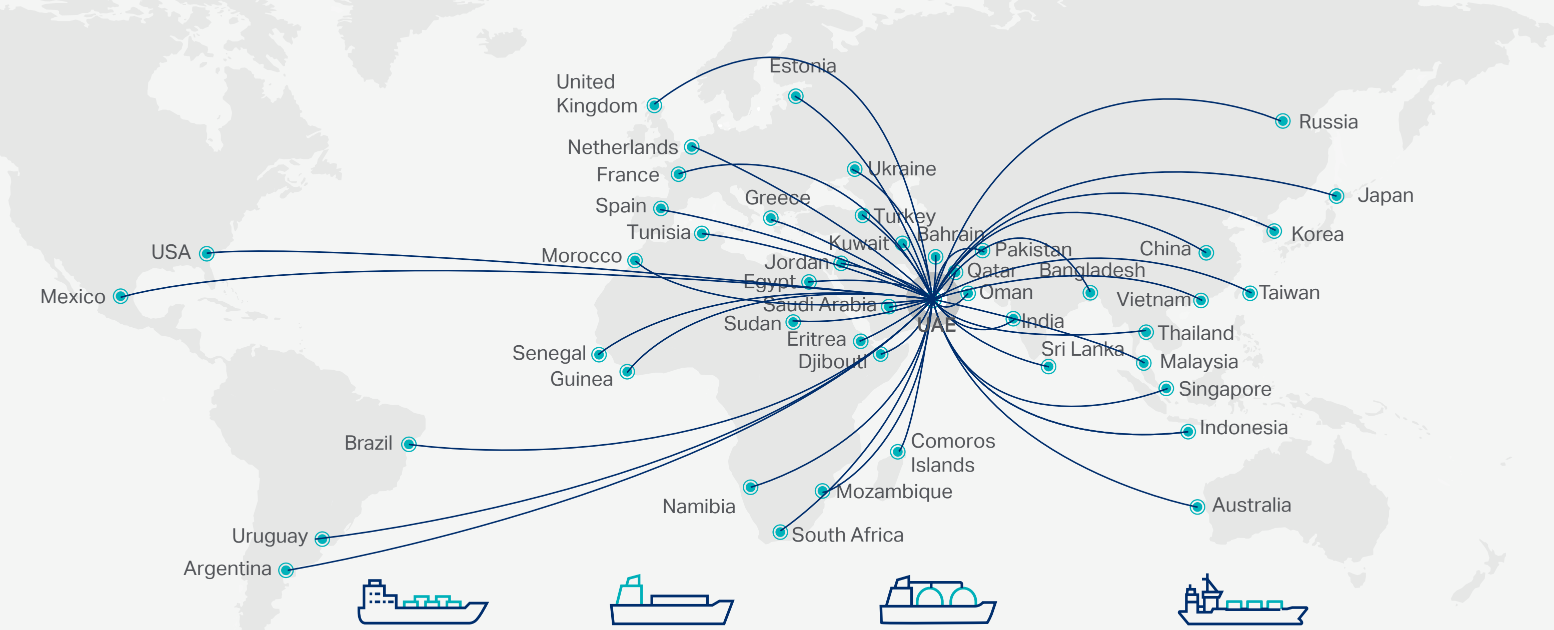
GLOBAL AND DOMESTIC COVERAGE

ADNOC L&S ensures a reliable supply of gas, crude, products, and industry feedstock to local and international customers. The Company has penetrated key growth markets around the world supported by strategic partnerships that increase its global reach, accelerate innovation, optimize operations, and reinforce the Company's continued role in creating value for Abu Dhabi and the UAE.

High-quality assets serving an international blue-chip customer base.

Key Clients	Tankers	Gas	Dry Bulk
	ADNOC, Reliance, TotalEnergies, Vitol, bp, Trafigura, enoc, Marubeni, Saudi Aramco	ADNOC, AG&P, Wison, Wanhua, Jera	ADNOC, aldahra, OCP, Borouge

Today, our ADNOC L&S fleet has global reach and will grow by 100% to support ADNOC Group's accelerate 100x targets.



4.2 MT
Crude Transported in 2023

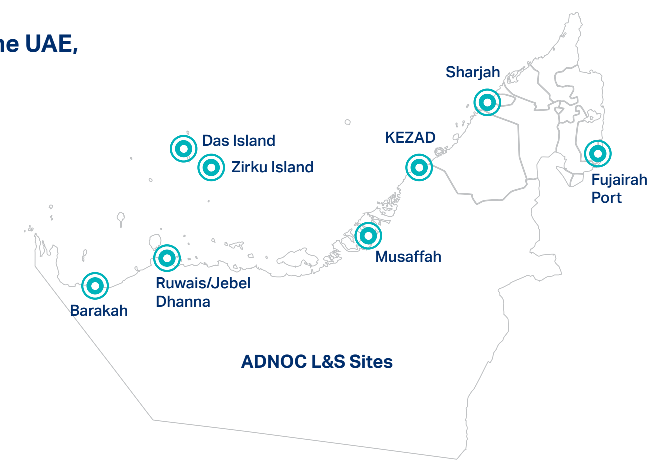
7.2 MT
Product Transported in 2023

4.5 MT
LNG & LPG Transported in 2023

12.4 MT
Bulk Transported in 2023

From its logistics bases and warehouses across the UAE, ADNOC L&S covers the entire offshore network

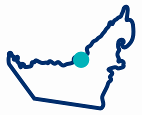
- Musaffah Base
- Ruwais Industrial City
- Das Island
- Zirku Island
- KEZAD
- Fujairah
- Sharjah
- Barakah



STRATEGY

To deliver sustainable long-term growth, ADNOC L&S aims to become the leading global energy maritime logistics company. It will continue to play a pivotal role in the UAE energy sector by expanding its services across the value chain, widening its global footprint, and supporting the energy transition through decarbonization and innovative energy solutions.

OUR STRATEGIC AREAS



Continuing to support the growth of the UAE energy sector and playing a pivotal role in the shipping and logistics value chain. 1

ADNOC L&S will continue to support the growth of the energy sector in the UAE and assisting ADNOC Group's expansion plans and associated growth in volumes of crude, gas, LNG, and chemicals. The Company will also support ADNOC Group's work in transporting innovative energy products and molecules as part of its strategic focus on sustainable and innovative energy solutions.

ADNOC Group and the UAE have made significant investments in the energy sector and expect to continue to do so, with ADNOC Group announcing in late 2022 its $150 billion investment program for the five years 2023 to 2027 (inclusive). It is expected that this will serve as a major growth catalyst for ADNOC L&S, providing numerous opportunities for the business both directly and indirectly.

The Company intends to make additional investments targeted at supporting ADNOC's Group volumes, ADNOC's exports of hydrogen derivatives, and expanding the ADNOC L&S maritime service solutions. Further opportunities within the ADNOC Group of companies are also possible through the expansion of the ADNOC L&S Integrated Logistics Services Platform "ILSP" and the transformation of Group-side warehouse and logistics management operations.

Outside of ADNOC Group, ADNOC L&S recognizes significant potential in further leveraging and strengthening relationships with its existing clients and expanding the scope of its services to new clients. The Company aims to capture new growth areas by partnering with and supporting EPC contractors with offshore services, in particular through its jack-up barges, which are required across all stages from development to decommissioning of a field, including dredging and construction of artificial islands.

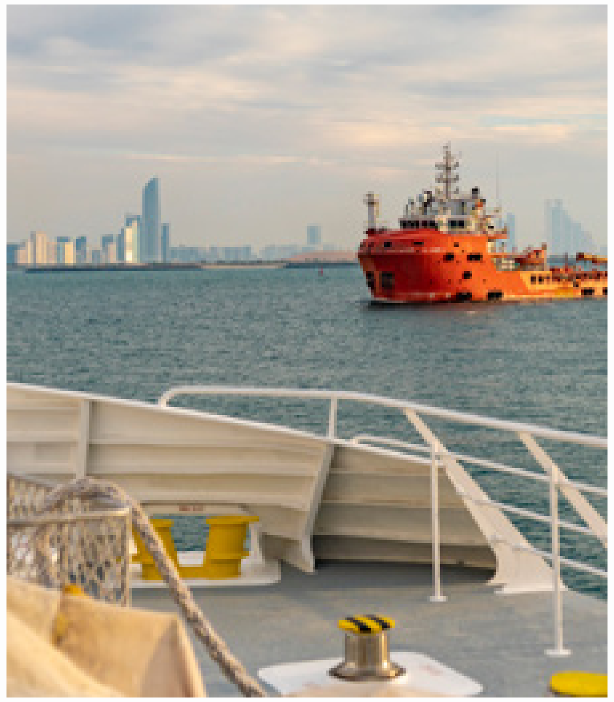
Strategy in Action | **UAE Energy Value Chains**

CREATING IN-COUNTRY VALUE

ADNOC L&S is pursuing an agenda that catalyzes In-Country Value by building on the capabilities of local suppliers and attracting investment to Abu Dhabi – helping to reduce reliance on imported goods and services. The Company supports the 'Make it in the Emirates' program by localizing critical supplies to ADNOC L&S' operations to create long-term benefits for the UAE and ADNOC Group.

The contribution that ADNOC L&S has made to Abu Dhabi in 2023 has proven to be widespread and impactful, supporting national value chains and aiding the development of ADNOC Group's production capacity goals.

In recognition of its role, ADNOC L&S received four awards at The Maritime Standard magazine's 2023 TMS Awards ceremony in November. The Company was awarded in the categories of Maritime Energy, Oil and Gas, Transportation and Logistics, Tanker Operator of the Year, and Ship Owner/Operator of the Year.

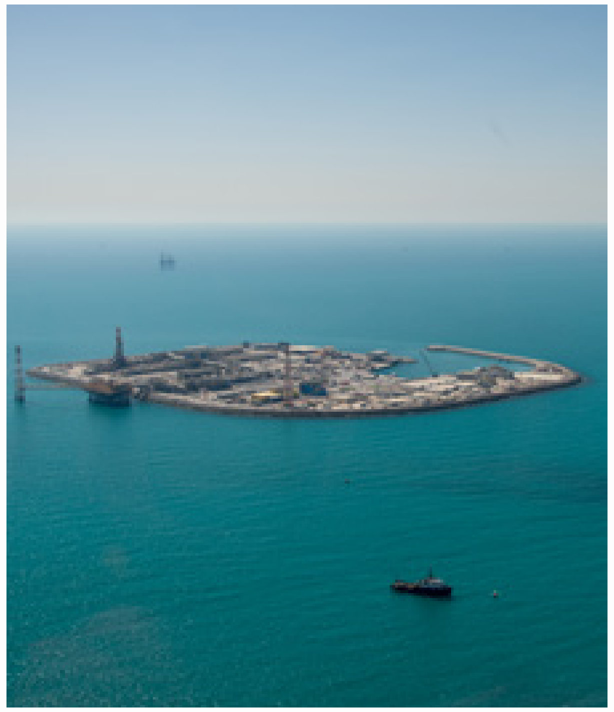


HAIL AND GHASHA

ADNOC L&S secured a contract valued at $681 million for the provision of offshore logistics and marine support services as part of ADNOC Group's contract with the Hail and Ghasha development project, which is part of the Ghasha Concession – the world's largest offshore sour gas development.

The concession agreement is a key component of ADNOC Group's integrated gas master plan and an enabler of gas self-sufficiency for the UAE – and in serving growing global demand. The $681 million contract awarded is for Phase 1 of the Hail and Ghasha project.

Looking ahead and following the project's receipt of FID approval from ADNOC Group, ADNOC L&S now has the opportunity to target Phase 2 of the project in the 2024-2025 period.



Expanding our services portfolio and extending the geographical footprint of ADNOC L&S.

2

ADNOC L&S will expand its services portfolio and provide end-to-end logistics solutions to its clients, increasing market share in existing markets such as Saudi Arabia and Qatar while also targeting new markets. Since 2020, the Company has increased its global gas shipping services through AW Shipping Limited while its jack-up barges fleet operates in KSA, Qatar, and Iraq.

The Company will continue to pursue its growth strategy aimed at enlarging its geographic footprint and operations outside of the UAE opportunistically and in line with its targeted expansion plans – all while leveraging the long-standing and mutually beneficial relationship with ADNOC Group companies.

The Company recognizes the growing opportunities to service offshore energy exploration in North Africa and the GCC region, including Morocco, Egypt, Sudan, Jordan, Saudi Arabia, and Qatar. This creates the potential for rising demand for jack-up barges and offshore marine and other services in those and other regions - including China and the Far East.

Strategy in Action | Services and Geographical Expansion

ACHIEVING DIVERSIFICATION

ADNOC L&S is pursuing service diversification and operational growth by enlarging its geographic footprint and operations outside of the UAE. The transformative ZMI Holdings Acquisition was a significant move forward in accelerating the Company's geographic reach. The size of the ZMI fleet has significantly strengthened ADNOC L&S' position as one of the largest shipping and integrated energy logistics companies in the world.

Through the pursuit of new opportunities across the value chain, ADNOC L&S is succeeding in serving a wider range of clients, including EPC contractors, with a range of offshore services. In particular, ADNOC L&S can serve contractors with its fleet of vessels, including jack-up barges, which are required across all stages from development to decommissioning of a field, including dredging and construction of artificial islands.

As one of the largest owners and operators of self-propelled, self-elevating jack-up barges and as a leading provider of offshore support vessels and subsea services in the GCC region, ADNOC L&S is exceptionally well-placed to serve EPC contractors across multiple geographies. The Company has been awarded six EPC projects since the end of 2021 with a total value of $1.2 billion, including a contract signed with Samsung C&T to provide end-to-end logistics services to offshore islands. ADNOC L&S has a significant pipeline of other projects at various stages of the tender process.

Commitment to decarbonization and the energy transition.

3

ADNOC L&S is actively exploring new business verticals, including services relating to decarbonization, creating growth opportunities for the Company's businesses right across the value chain. The Company is pursuing this growth opportunity through various strategies and investments, including owning and operating green carriers, such as methanol and ammonia, as carrier for low-carbon fuels. ADNOC L&S pursues opportunities to advise clients on decarbonization, emissions abatement, and other solutions with a view to growing the Company's renewable energy services while supporting the broader decarbonization agenda.

ADNOC L&S will explore further opportunities and investments in the hydrogen vessels, storage, and distribution sectors by leveraging UAE's position as a leader in hydrogen in emerging international markets.

ADNOC Group embraces the energy transition and our important role in providing the low-carbon energy the world needs today, while building the low-carbon energy system of tomorrow. We recognize that global energy systems must be transformed by reducing our emissions while providing the secure and reliable energy the world needs to drive progress.

Strategy in Action | Powering the Energy Transition

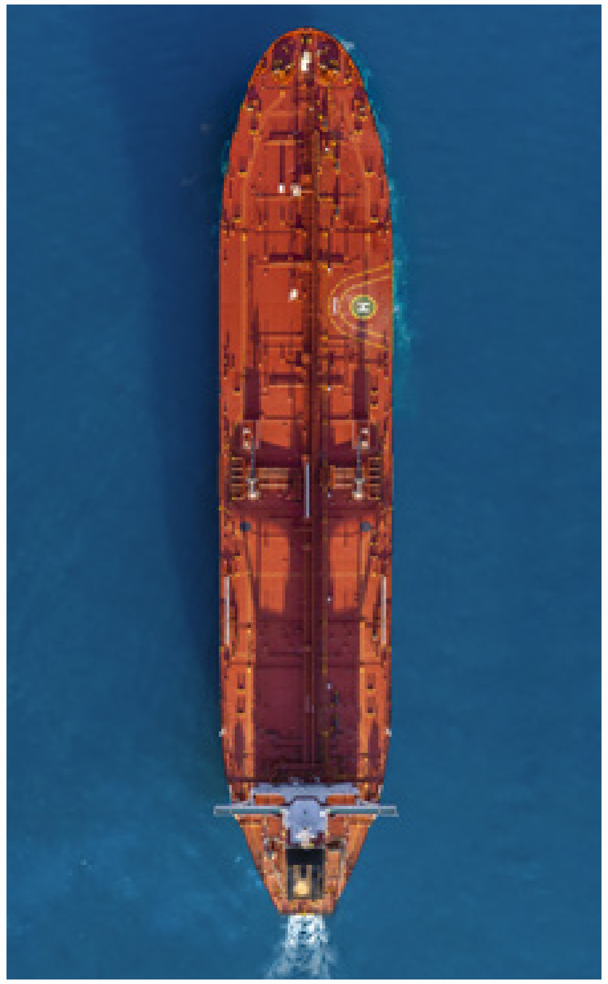
DELIVERING CLEANER FUELS

Global demand for methanol, ammonia and hydrogen could grow exponentially if selected to decarbonize the shipping industry.

ADNOC Group's sizable investment program aims to deliver transformative steps to make the lower carbon intensity energy that the world requires available today while investing in the clean energies of tomorrow. This includes the innovation and production of transformative lower-carbon fuel alternatives such as methanol, ammonia and hydrogen.

This growth strategy will be pursued by focusing on owning and operating a modern, technologically advanced fleet to transport emerging fuels, such as methanol, ammonia, and hydrogen. The Company will also continue to explore further opportunities and investments in low-carbon powered vessels using methanol, ammonia, and hydrogen as fuel, storage, and bunkering facilities.

Reflecting its aim to reduce its carbon intensity by 25% by 2030 and to reach net zero carbon emissions by 2045, ADNOC Group has allocated $23 billion (AED84.4 billion) of capital for investments that grow the company's domestic and international carbon management platforms.



A MESSAGE FROM OUR CHAIRMAN

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It was a milestone year for ADNOC Logistics & Services in 2023 as the company undertook a record-breaking IPO on the Abu Dhabi Securities Exchange, posted an exemplary set of financial results that have exceeded market expectations, and created shareholder value through historic revenue and net profit growth.

This report highlights an exceptional set of financial and operational achievements from a year that has fundamentally transformed ADNOC L&S and accelerated its growth trajectory.

41%
Increase in revenue year-on-year

138%
Increase in net profit year-on-year

Record-Breaking IPO

In 2023, ADNOC L&S became the sixth ADNOC Group company to be publicly listed on the ADX, and its tremendously successful IPO was the second largest listing in the Middle East and North Africa region last year, and the most in demand globally at the time of listing.

There was record demand for the stock, which was 163 times oversubscribed, confirming the strong local and international investor confidence in the company. Following the IPO, ADNOC L&S produced exceptional financial results, recording a 138% year-on-year increase in net profit and a 41% year-on-year increase in revenues, demonstrating the strength of the company's transformational growth strategy.

163 times
Oversubscribed

By the end of 2023, the company's share price had soared by 91% and significantly outperformed the ADX, which saw growth of 2% over the same period. ADNOC L&S was also one of the best performing stocks globally, outperforming the S&P 500 and MSCI Emerging Markets indices.

The Largest Most Diversified Fleet in the Region

This robust performance in the stock market is built on increasing shareholder value over the long-term by owning and operating one of the largest and most diverse fleets in the region. In line with the strategy of improving the company's operational flexibility and providing outstanding services to its customers, ADNOC L&S received four new-build dual-fuel Very Large Crude Carriers and five new-build dual-fuel Very Large Gas Carriers. The company's investment in these highly efficient vessels will help achieve stable returns over the coming years.

The acquisition of Zakher Marine International in 2022 also paved the way for these outstanding results in 2023, and grew the company's offerings in the integrated logistics services sector. Following the acquisition, ADNOC L&S received eight Jack-Up Barges (JUBs), growing the company's fleet of JUBs by 25%, and strengthening its position as the largest owner and operator of self-propelled, self-elevating JUBs in the world.

A Sharp Growth Trajectory

ADNOC Logistics and Services is implementing a strong and promising growth strategy and has made significant progress in entering new business verticals as part of the company's transformational growth strategy. In 2023, ADNOC L&S won an engineering, procurement, and construction (EPC) project contract worth $975 million to construct an artificial island in the Lower Zakum field.

Supporting 100% HSE and Sustainability

Even as the company implements its growth strategy, it has continued to meet its sustainability goals. ADNOC L&S has achieved a 30% reduction in the carbon emissions intensity from its shipping operations and has committed approximately $2 billion to build highly environmentally efficient vessels and increase energy efficiency by 24%.

Embracing Artificial Intelligence (AI)

Technological innovation is a key pillar of the ADNOC L&S transformational growth strategy, and the company is increasingly utilizing artificial intelligence technologies to achieve its goal of supporting 100% HSE culture.

In 2023, the company embraced the use of "Smart Ship", a predictive maintenance solution that uses AI technologies to monitor and analyse the operational efficiency of ships and maximize effectiveness.

The "Smart Vessel" system, which has been applied to more than 80 ships, enhances maritime health and safety standards and aims to prevent damage and injuries by providing early identification of technical problems and malfunctions.

"

ADNOC Logistics and Services continues to take advantage of all opportunities to integrate applications of artificial intelligence and modern technology into its various businesses with the aim of strengthening its leadership in the field of maritime logistics services, and ensuring its ability to adapt to rapid technological developments.

In addition to the company's firm commitment to sustainability initiatives, ADNOC L&S is also a key partner in supporting the UAE's economic growth. The company continues to create In-Country Value (ICV) by supporting local supply chains, developing workforce skills, and contracting local companies to provide shipbuilding services. These efforts, among other initiatives, are reflected in the company's high ICV rate, which reached 86% in 2023.

Looking ahead, we look forward to building momentum as an enabler of domestic economic growth, international expansion, and in-country value. The company will also continue to implement its sustainability roadmap and, through the talents of all our people, continue to create growth in 2024 and beyond.

H.E. DR. SULTAN AHMED AL JABER
CHAIRMAN

CEO STATEMENT

CAPTAIN ABDULKAREEM AL MASABI
CHIEF EXECUTIVE OFFICER

"During a year of strategic growth in assets, markets, and capabilities, ADNOC L&S closed a record-breaking IPO while delivering on domestic growth, marine decarbonization, and maintaining a 100% HSE culture.

Throughout 2023, ADNOC L&S made significant progress on its smart growth strategy by expanding into new verticals and investing in asset expansion. Performance from the Integrated Logistics segment – financially, operationally, and in terms of strategic expansion – was strongly supported by increased capacity, fleet expansion and geographic growth underpinned by a culture of innovation and sustainability.

The implementation of Zakher Marine International Holdings' (ZMI) growth strategy also acted as a key driver for Integrated Logistics in 2023 by expanding its fleet and unlocking new business streams, including well-testing and offshore renewables. Within the Shipping segment, fleet expansion significantly increased transportation capacity, while Marine Services delivered a consistent performance through petroleum port operations and OS & HNS response services.

Growth and Expansion

ADNOC L&S serves over 100 customers in more than 50 countries. Recently, the Company successfully entered new geographies, extending its regional footprint into Iraq, and expanding its reach across Saudi Arabia and Qatar. ADNOC L&S now operates the largest diversified fleet in the region, with more than 230 vessels owned and over 600 vessels chartered and operated in 2023. Partnerships also helped to deliver on our global expansion with the successful commissioning of LNG carrier Ish as a Floating Storage Unit at the AG&P Philippines LNG Import Terminal.

Asset Growth
In line with our fleet expansion strategy, ADNOC L&S took delivery of four new-build Very Large Crude Carriers (VLCC). Additionally, we deployed five new Very Large Gas Carriers (VLGC) to help meet growing gas demand in China and globally. Powered by dual-fuel engine technologies that consume low-carbon fuels, the new vessels make it possible for ADNOC L&S to support growing global demand while advancing ADNOC Group's decarbonization objectives. At ZMI, a further eight jack-up barges were added, six owned and two chartered-in, taking ADNOC L&S' total fleet of jack-up barges to 39, reinforcing our status as the owner and/or operator of the largest fleet of self-propelling and self-elevating jack-up barges in the world.

Capacities and Capabilities
In addition to new markets, the Company secured its first major role as an engineering, procurement, and construction (EPC) contractor in 2023 with a $975 million contract for the construction of a new artificial island at the Lower Zakum field. That project is continuing successfully, with most of the activity to be completed during 2024. Indicative of the continued diversification of its offering, the development will see the business provide dredging, land reclamation, and marine construction services. The Company also provided a well-stimulation vessel for the first time in 2023, and optimized its passenger transport capacity.

Seafarers and Emirati Development
The Company's growth continues to be supported by the talents of the nation's highly skilled domestic workforce. The ADNOC L&S People-First strategy is actively investing in human capital and skills across the national maritime ecosystem, increasing the number of UAE nationals working as seafarers, in addition to engineers and corporate professionals. Robust career development programs are integral to the Company's sustainability and our ability to contribute to the nation's long-term Emiratization agenda.

Record-Breaking IPO

The value created through the Company's historical financial results in 2023 followed ADNOC L&S' record-breaking listing on the Abu Dhabi Securities Exchange (ADX), giving it a market capitalization at the time of listing of approximately $4.05 billion. The Company was the sixth ADNOC Group company to list on the ADX and the second-largest IPO in the region at the time of listing. The delivery of a 91% appreciation in the Company's share price - only months after it was listed – demonstrates not only the strength of the business in the eyes of investors and analysts but also the vast potential that ADNOC L&S possesses as a leading enabler of the global flow of energy products.

Enabling Innovation

In 2023, the integration of digital technologies strongly supported the automation and digitization of many parts of the Company's operations. The Integrated Logistics Services Platform (ILSP) acts as a digital interface for managing movements across the 82 offshore locations that ADNOC L&S services. ILSP is the first of its kind globally in terms of size and operating model, and throughout the year, it proved its efficacy as an enabler of growth, service diversification and delivery. As a fundamental enabler of fully integrated offshore logistics and services, the platform represents a sound and scalable investment in the Company's future and its ability to fortify and build upon its leadership position in the region.

The Company has also deployed highly innovative, advanced AI-based "Smart Ship" solutions designed to trigger predictive maintenance alerts using software installed on ocean-going vessels to help reduce ship maintenance costs and early detection of HSE risks on coastal vessels. The Company's advanced digital capabilities, geographic expansion, service diversification, asset growth and cash position leave ADNOC L&S operationally resilient and well-placed to deliver sustained growth over the coming years in the face of shifting market dynamics and geopolitical developments.

Reflecting on its HSE record in 2023, the Company's Total Recordable Incident Rate (TRIR) stood at 0.18, and the Company achieved a 71.43% reduction in Lost Time Incident Frequency (LTIF) rate between 2018 and 2023. In addition to its comprehensive approach to HSE, ADNOC L&S is committed to investing in environmental protection and decarbonization technologies to meet critical sustainability targets directed by the UAE and ADNOC Group's Net Zero ambitions, the International Maritime Organization's revised strategy on the reduction of Greenhouse Gases emissions from ships and ADNOC Group's 2030 Sustainability Agenda.

In-Country Value Creation

In addition to its commitment to sustainability, ADNOC L&S continued to create in-country value in 2023 by enriching the national logistics ecosystem and supporting localization. The Company signed a new $27 million contract with UAE-based ADNH Compass for the provision of catering services on its vessels and continued to procure shipbuilding through local firms Grandweld and Abu Dhabi Shipbuilding (ADSB). The economic contribution that ADNOC L&S has made to the UAE in 2023 has proven to be widespread and impactful, supporting national value chains, job creation, and the development of a highly skilled workforce – as evidenced by an in-country value (ICV) rate of 86% in 2023.

Looking ahead, ADNOC L&S will continue to invest to unlock new revenue streams, market access and new growth opportunities through synergies with other ADNOC Group operating companies and value-accretive non-organic growth opportunities.

BUSINESS MODEL

A Fully Integrated International Maritime Logistics and Services Business.

*Oil Spill & Hazardous & Noxious Substances

Key Differentiators and Competitive Advantages

Unique Market Position
A key maritime logistics and services provider for the ADNOC Group

Exceptional Scale
Largest diversified shipping fleet in the Middle East

Digitally Advanced
World-leading Integrated Logistics Services Platform (ILSP)

Global Reach
International reach serving 100+ customers in 50+ countries

Truly Integrated Offering
One of the largest integrated energy supply bases in the region

Financially Strong
Robust balance sheet, strong cash flow generation and earnings visibility through long-term contracting

Value Creation for Our Stakeholders

Customers
Rapid EPC growth for non-ADNOC Group customers and significant potential to leverage other ADNOC Group companies

Shareholders
Sustained value creation through a high-growth, low-risk business model with a proven superior financial performance

Community
Effective and transparent communication and collaboration with the communities where ADNOC L&S operates, with a commitment to in-country value creation

Employees
A diverse, highly-skilled and cared-for employee base supported by a high rate of Emiratization and employee satisfaction

Partners and Suppliers
Responsible supply chain management with robust procurement processes for vendors across supply chain

PEOPLE-FIRST CULTURE

Our People-First Strategy

The ADNOC L&S People-First strategy reflects its commitment to developing a diverse, inclusive, and highly skilled national workforce across the national maritime ecosystem. From seafarers to engineers and corporate professionals, training and development is integral to talent development and retention.

Through highly targeted succession planning strategies, diversity frameworks, and robust career development programs, the Company is succeeding in building capabilities not just for ADNOC L&S – but for the nation itself.

Case Study

SUCCESSION PLANNING

In 2023, the ADNOC L&S people-first strategy accelerated its succession planning activities by selecting 88 employees to join the succession pool. Over past years, a majority of the Company's leadership have identified successors, and some have been successfully placed into leadership roles, all of which is governed transparently by the succession pool committee. The succession pool committee's role is to collaborate with leaders from across the business to identify individuals with the potential to succeed into leadership roles.

The committee works throughout the year to assess the efficacy of the succession pool, identify gaps, and track the development of individuals. This work makes it possible for the business to assess the individual suitability of each employee for progression and provide tailored developmental support in areas such as leadership, communications, technical skills, and managerial capabilities. Those who are selected to participate in the succession pool are assessed periodically during the year to analyze their respective progress and identify gaps in knowledge and skills. In doing so, ADNOC L&S is making significant progress in retaining its best and brightest talents, incentivizing hard work and loyalty, and safeguarding the sustainability of the c-suite positions.

A Strong Culture of Health and Safety

Throughout 2023, ADNOC L&S made progress in enhancing its HSE outcomes through the implementation of new technologies, policies, and awareness-raising initiatives. By instilling a comprehensive 100% HSE culture across all operations and assets, the Company has achieved a reduction of over 250% in Lost Time Injury Frequency and 227% in Total Recordable Incident Rates from 2017 to 2023.

Lost Time Incident Frequency Rate (LTIF)

2017	2018	2019	2020	2021	2022	2023
0.35	0.17	0.04	0.31	0.10	0.08	0.10

Total Recordable Incident Rate (TRIR)

2017	2018	2019	2020	2021	2022	2023
0.65	0.51	0.36	0.59	0.38	0.18	0.18

As part of its work in maintaining the Company's excellent HSE performance, ADNOC L&S is accredited by multiple International Standards Organization (ISO) certifications. They include:
ISO9001 Quality Management
ISO14001 Environmental Management
ISO27001 Information Security
ISO 223001 Business Continuity
ISO45001 Occupational Health and Safety
ISO50001 Energy Management
ISO55001 Asset Management

Diversity, Equity and Inclusion

The development of a culturally rich and inclusive workforce is integral to ADNOC L&S' sustainability agenda. Through its 'People-First' agenda, the Company sets out to provide equal opportunities for all men, women, and people of determination[1]. Fundamental to this approach is an understanding that diversity brings a multitude of attitudes, perspectives, and skills – and is critical to business success. ADNOC L&S also creates opportunities for people of determination by providing individuals with specialist access to personalized skills development and training opportunities that meet their unique needs. All people of determination at ADNOC L&S are empowered to pursue their passions and are guided to do so through ongoing one-to-one support.

To support its Diversity, Equity, and Inclusion approach, ADNOC L&S has established a Youth Committee and actively participates in the ADNOC Group's Gender Balance Committee. ADNOC L&S has also rolled out a specialized 'Women in

Leadership' Program to promote female representation in leadership roles. Reflecting its importance, the Youth Committee is personally overseen by the ADNOC L&S CEO.

The Youth Committee has worked hard to ensure that the youth demographic has been listened to, engaged with, and empowered through special projects, inclusion in managerial meetings, site visits and participation across the business. Young people represent a significant portion of the overall workforce, and because of their potential as future business leaders, they are actively encouraged to contribute to events, support the facilitation of programs, and conduct their business strategy workshops to provide them with an opportunity to make a meaningful contribution to the Company's future.

Talent Challenges and Opportunities

In 2023, the Company's People-First strategy focused sharply on retention through the continual review of compensation and through ongoing training and development to nurture specific areas of expertise. The business continues to focus on increasing the number of female employees, particularly female seafarers so that the entire business – including in logistics and services – can benefit from a diversity of outlooks, attitudes, and experiences.

Emiratization remained a core focus for the business in 2023, with the Company providing paid scholarships and training contracts to help Emirati talents discover their passions and skills and help steer them toward a fulfilling career. Such opportunities represent a fast-track approach for Emirati nationals and graduates into the business and the sector – helping ADNOC L&S to contribute to the evolution of a highly skilled workforce in the national maritime ecosystem. The Company currently sponsors 21 UAE cadets and has two on-ship female seafarers.

[1] The UAE refers to the people with disabilities as 'people of determination' in recognition of their achievements in different fields.

INNOVATION AND TECHNOLOGY

ADNOC L&S relies on technology, digitalization, and innovation to create value for its shareholders and customers. The integration of emerging technologies across its asset base, alongside a comprehensive digital transformation strategy, has helped the Company identify opportunity gains, operational synergies, lower operating and unit costs, and significant competitive advantages.

Digital Transformation Strategy

ADNOC L&S Digital has a strong focus on leveraging technology to drive business growth. ADNOC L&S has been aggressive in investing in areas of digital transformation and automation, Artificial Intelligence, supply chain optimization, and cloud computing adoption.

Emerging technologies such as artificial intelligence and machine learning are vital tools for ADNOC L&S in creating value for the Company and its shareholders.

Digital Transformation and Automation

Digital Transformation initiatives are assessed for potential impact and feasibility and prioritized based on business impact and potential savings.

Supply Chain Optimization

ADNOC L&S has been aggressive in leveraging technology to optimize the supply chain. Implemented ERP across the supply chain platform with the Integrated Logistics Management Solution (ILMS) initiative.

Artificial Intelligence

The integration of AI-based intelligence solutions has made it possible for the Company to utilize maritime predictive maintenance solutions that enhance planning optimization, operational efficiency, overall fleet performance, and asset reliability.

Real-time Data Analytics

Real-time analytics Data and Analytics are leveraged for the optimization of the ADNOC L&S supply chain. Analyzing transportation data to identify cost-saving opportunities, identifying key performance indicators (KPIs), selecting appropriate technology, and implementing and monitoring the optimized transport system.

Cloud\Edge Computing Adoption

The Company utilizes Cloud Computing operations and services, which offer many advantages, including flexibility, scalability, and cost-effectiveness. It allows the Company to be even more responsive to customer demand and capture greater value from its operations. In addition, Edge computing can provide ADNOC L&S with multiple benefits.

In alignment with the Company's two core innovation and technology tools, ADNOC L&S commenced the development of a new state-of-the-art digital platform with unified digital features in 2023. The platform's capabilities include integrated planning, 360 business analytics, and an AI-enabled data platform built upon three pillars:

Integrated Logistics Services

A service-oriented marketplace, integrated planning center, field resources enablement, supply chain automation, and warehouse and material management.

Smart Shipping

Real-time ship movement and altering, predictive maintenance, dynamic voyage performance, and crewless shipping and autonomous vessels.

Advanced Marine Services

Port and jetty operations, pilotage request management, real-time berth and automated yard planning, advanced analytics (port charges and revenues) and duty roster management.

The Company's AI and real-time data analytics solutions offer significant planning optimization for the Company and operational efficiencies and are already improving ADNOC L&S' overall fleet performance and asset reliability. AI and data analytics also offer considerable potential for enhanced risk management.

INNOVATION IN ACTION

Leveraging new physical and digital technologies in 2023, ADNOC L&S made significant progress in spearheading a transformative strategy to unlock value across the business. Following its integration, the ADNOC L&S Integrated Logistics Services Platform (ILSP) completed its first full year of operations in 2023. Additionally, the Company acquired next-generation dual-fuel vessels as part of its decarbonization strategy for the first time.

Key 2023 Initiatives

- **AI-powered intelligent, innovative ship monitoring system** helping to reduce the carbon emissions intensity of fleet operations by approximately 30% since 2020
- **Next-generation dual-fuel engine technologies**, low-carbon fuel engines, including methanol, ammonia and hydrogen
- **Integrated new AI** and machine learning technologies to improve performance, predictive maintenance, and monitor risks
- **Contributed to decarbonizing the maritime sector** and accelerated the Company's emissions reductions to advance the Net Zero by 2045 strategy
- **Signed an agreement with the French maritime** automation and digitization specialist SeaOwl for the design of unmanned remotely operated vessels

Smart Ship

AI based maritime predictive maintenance solution for planning optimization, operational efficiency, improving overall fleet performance and asset reliability.

Real-time Data Analytics

For risk management and asset optimization, maintenance and cost optimization and increased equipment up time.

Smart Vessel

Over 80 vessels have been converted using AI-based maritime solutions for health and safety.

REVIEW OF OPERATIONS

INTEGRATED LOGISTICS

The ADNOC L&S Integrated Logistics business segment provides onshore and offshore services, including jack-up barge services, supply services, personnel transportation, material handling and diving support.

The Integrated Logistics segment offers a comprehensive suite of packaging, container terminal operations, jetty services and operations, and warehousing and material management services, all of which are critical to the commodity supply chain.

To support its operations, the Company operates five logistics bases and warehouses in Mussafah, Ruwais, Riash, and Fujairah. These include the KEZAD Gateway in the UAE, the terminal handling at the Khalifa Port, and warehousing services through one of the largest single warehouses in the Middle East region.

ADNOC L&S is a mission-critical international energy logistics service provider to ADNOC, Abu Dhabi and the UAE.

Cranes

6
Quay Cranes

Integrated Logistics Base

1.5 million sq m
Size of Mussafah Base

24/7
Client Service

Specialist Manpower

2,720
Serving Offshore Logistics

EPC Services

$975 million
EPC contract awarded to build an artificial island in Lower Zakum field

75%
Of contract spend will flow back into the UAE economy

Fleet

134
Offshore Logistics Fleet

Transport

160,000
Passengers/year

3
Ferries

Building Capacity

ADNOC L&S's ability to deliver on its responsibilities to ADNOC Group, Abu Dhabi, and the UAE rests on its world-class, digitally advanced infrastructure and rapidly expanding capacity capabilities. Significant progress has been made in capacity development in 2023 through the optimization of passenger transport vessels and the acquisition of new jack-up barges.

Additionally, the Company's marine passenger terminal facilitates the transportation of 130,000 passengers each year from Zayed Port, ensuring seamless connectivity to offshore facilities across the UAE. Additionally, ADNOC L&S has expanded its offshore logistics and support capabilities through the acquisition of Zakher Marine International Holdings (ZMI).

Integrated Logistics Services Platform (ILSP)

Activated in 2022 and unveiled in 2023, the ADNOC L&S Integrated Logistics Services Platform (ILSP) has made a significant contribution to service excellence and growth throughout the year. The ILSP digital platform has supported the Company's ability to provide ADNOC Group and a growing portfolio of EPC customers with highly granular and detailed digital logistics planning and resource optimization capabilities.

ILSP offers:

- Supply chain management, including warehouse management, onshore and offshore material handling and logistics
- Integrated planning, including drilling and production supply planning and shipping logistics
- Maritime support services, including rig move and marine terminal operations and subsea diving

The Company's ILSP also supports ADNOC L&S' 100% HSE objectives and outcomes, helping to reduce non-productive time (NPT) by a factor of ten from 1.6% to 0.6% in 2023. The platform also represents an opportunity to drive greater efficiencies and grow the business, deliver efficiencies, and streamline end-to-end logistics processes.

This strategic addition has bolstered the Company's fleet with an additional eight Jack-Up barges (JUBs) - two of which were chartered. ADNOC L&S is the owner and operator of Borouge Global Gateway at Khalifa Port, housing the largest warehouse in the Middle East, which serves as a conduit for exporting Borouge's 'Made In UAE' polymer solutions to global markets. ADNOC L&S also operates the Borouge Container Terminal in Ruwais, a hub that dispatches over 3.5 million metric tons of cargo annually.

Strengthening The Core

To strengthen its core business and support the ADNOC Group's 5mmbpd by 2030 strategy for production enhancement, ADNOC L&S delivered unprecedented growth across its offshore business in 2023, strengthening its core business, boosting capacity and accelerating new EPC business streams. The ADNOC Group 5mmbpd by 2030 strategy sets out plans to deliver responsible growth by producing more lower-cost and lower carbon-intensive barrels to meet the world's increasing energy demands. This will see an increase in the production capacity of ADNOC Group's lower carbon-intensive hydrocarbons to five million barrels per day by 2027.

To support capacity development, a series of major infrastructure projects progressed in 2023. These included significant progress in upgrading the Das Island LNG facility, boosting the plant's capacity by approximately [0.9] million tons per annum (mtpa). This initiative involves the electrification of LNG trains to reduce greenhouse gas emissions, the debottlenecking of LNG trains, and ethane extraction and export.

ADNOC L&S also embarked upon a project at Bu Hasser to install two prefabricated modulars that will support an increase in production of around 15,000 barrels a day. The Jebel Al Dhanna channel was also progressed in 2023 and will be completed in 2024, allowing larger tankers to be received at the terminal. Furthermore, 2023 saw the start of the Hail & Ghasha development, which is the largest sour gas project in the world. ADNOC L&S is scheduled to support the development with a fully integrated logistics solution from accommodation to passenger transportation and materials. The Hail and Ghasha project involves the construction of offshore structures and subsea pipelines, as well as the development of onshore processing units. The Hail and Ghasha project represents a major milestone for ADNOC Group and its strategic partners, with a focus on advancing the Company's carbon capture capacity and supporting global energy security.

EPC Operations

In 2023, ADNOC L&S made significant progress in its strategic objectives as a provider of fully integrated engineering, procurement, and construction (EPC) services. In a landmark deal, ADNOC L&S commenced the construction of a $975 million artificial island at the Lower Zakum field in 2023. The project, called Al Omairah Island, involves dredging, land reclamation, and marine construction. This initiative represents a significant contract for ADNOC L&S and is part of the Company's strategy to expand its range of integrated maritime services and its proven ability to execute major offshore engineering, procurement, and construction contracts.

At least 75% of the ADNOC L&S Artificial Island EPC contract spend will flow into the UAE economy.

The Al Omairah project provides support to ADNOC Group's long-term objectives to increase oil and gas production and its responsibility to meet domestic and global energy demand. Additionally, as part of ADNOC Group's in-country value program, at least 75% of the total contract value for dredging reclamation and marine construction of the island will flow back into the UAE economy.

Leveraging Resources for EPC Operations

Supporting its ability to deliver on new EPC contracts, ADNOC L&S has worked to leverage and maximize its existing assets. This has enabled the Company to enter new markets – including Kuwait and Saudi Arabia – by chartering its vessels. The utilization of existing assets provides the Company with the ability to expand its EPC business stream without adding additional resources or investments.

New Adjacencies

Underlining its growth as a provider of fully integrated maritime logistics, ADNOC L&S advanced the development of multiple new adjacencies in 2023, adding additional breadth to the Company's service offering and new business streams.

Optimize Passenger Transport

ADNOC L&S transported a record 160,000 passengers from Abu Dhabi to offshore locations in 2023. The Company will continue to focus on increasing capacity to provide more efficient and sustainable solutions for passenger transport that are more environmentally sound, efficient, and economically viable than aviation alternatives.

Logistics Integration for Artificial Islands, Rigs, and Harbor Projects

As the sole provider of integrated offshore maritime logistics to ADNOC Group across more than 150 square kilometers, the Company is now increasingly considered a preferred provider for EPCs. Through the integration of logistics resources across ADNOC L&S segments - and through expanded capacity - the Company is supporting the acceleration of multiple major projects at the same time, making it possible for contractors to share resources.

Platform and Rig Maintenance

The addition of eight Jack-up barges at ZMI in 2023 provides significant additional capacity for platform and rig maintenance. These support the Company's objective to offer a broader range of services and support its smart growth strategy.

Well-Stimulation

In 2023, the Company provided a well-stimulation vessel to support the stimulation of drilling by clearing existing wells. While this is a niche segment, the vessel is specialized in design, and further investments will be made in alignment with the needs of ADNOC Group.

ZAKHER MARINE INTERNATIONAL HOLDINGS (ZMI)

A powerful strategic driver for the extension of the ADNOC L&S Integrated Logistics segment, ZMI Holdings (ZMI) delivered exceptional growth in 2023. The 2022 acquisition of ZMI represents an important part of ADNOC L&S' strategic value creation and growth program, reinforcing the Company's commitment to delivering value-accretive growth and driving investment in the UAE.

During and after the ADNOC L&S IPO, ZMI has played a key role in driving shareholder value, revenue growth and fortifying a powerful developmental story, subsequently highlighted through its expanding fleet of assets.

Organizationally, 2023 represented an important continuation of the vision of ZMI's founder, who still sits on ZMI's Board of Directors. This demonstrates that the speed and trajectory at which the business had delivered pre-acquisition would continue. In addition to its newly constituted Board, ZMI retains a significant proportion of its organizational and operational independence, enabling it to deliver complementary growth for ZMI, ADNOC L&S, and ADNOC Group.

Fleet Expansion

At the time of its acquisition by ADNOC L&S, ZMI owned 38 Offshore Support Vessels (OSVs) and 23 Jack-Up Barges (JUBs). By 31 December 2023, ZMI owned 29 JUBs and chartered-in another two. This took the total number of OSVs and JUBs to 38 and 31 respectively, supporting ZMI's entry into new markets in Iraq and providing immediate capacity for the expansion of its footprint in Saudi Arabia.

The Kingdom, alongside other geographies, represents an important part of the strategic rationale behind the acquisition of ZMI, thanks to its in-country operational capabilities, including the existing commercial management of clients. ZMI's capabilities, therefore, align with the larger vision of ADNOC L&S as the region's largest shipping and integrated energy logistics company and as a champion for the UAE.

Additionally, ZMI opened a new Well Testing Services division in 2023, enabling it to leverage its fleet to eradicate the use of third-party contractors and maximize efficiencies.

ZMI HSE and Sustainability

At ZMI, environmental protection – and the safety, security, and health of its employees – are a primary strategic priority. Throughout the year, ZMI retained its commitment to these critical operating principles, maintaining focus on:

- Zero harm to people, property, and the environment.
- Continual improvement and compliance with standards and requirements.
- Compliance with all applicable legal, international, statutory, regulatory, and consistent customer requirements.
- Identification of hazards and implementation of risk assessment.
- The practice of regular safety and emergency exercises.
- Promotion of open communications and employees' participation.
- Create a "no blame culture" and encourage reporting.
- Recruitment of well-qualified employees and continual development.
- Delivery of high-quality standards of services by recognizing and meeting clients' needs, requirements, and expectations.

Outlook

In 2024, ZMI aims to replicate the growth achieved over the past decade, work to create value for ADNOC Group and support ADNOC Group's wider production objectives. ZMI will continue to play an instrumental part in ADNOC L&S' strategy for geographic and service expansion, maintaining a steadfast commitment to excellence for its customers and shareholders.

By sharing synergies, ADNOC L&S will remain a fundamental supporting and driving force behind ZMI's evolution, aligned with their respective objectives as a mission-critical, fully integrated provider of global energy logistics. Furthermore, as ZMI looks to leverage its growing capacity, infrastructure, and know-how, the Company will seek to secure additional organic growth revenue streams into 2024.

SHIPPING

In a year marked by the acquisition of numerous new and chartered vessels, a robust LNG market, rising demand from ADNOC Group and operational efficiencies, the ADNOC Shipping segment delivered a set of outstanding results in 2023.

By 31 December 2023, Shipping revenues fell by 3% year-on-year (YoY) to $839 million, with a gross margin of 29%. EBITDA increased by 16% to reach $321 million, providing an EBITDA margin of 38%. Looking at the Shipping segment's three core revenue streams, the Tanker subsegment represented 50% of EBITDA, while Gas and Dry-Bulk and Containers represented 32% and 19%, respectively. By the close of the year, Shipping delivered a net income margin of 29% or $240 million, 17% higher than $204 million in 2022.

This strong probability, driven largely by rates and, asset additions in 2023, is anticipated to continue into 2024 due to asset utilization, further asset acquisition, and the demands of rising production at ADNOC Group. These core objectives will support the Shipping segment's ability to service ADNOC Group's production and clean energy objectives, and ADNOC L&S' global expansion plans.

The Shipping segment's strategy is to further grow and diversify its fleet to meet the rising and evolving demand for the safe transportation of energy from the UAE and beyond, with plans for a total of 40 LNG, LPG and ammonia carriers by 2027.

Fleet Expansion

The Shipping segment's global expansion strategy was heavily supported in 2023 through the continued renewal and expansion of its LNG fleet - a strategy that includes the re-purposing of older vessels to extend their life, generating incremental value and new revenue streams.

A total of four new dual-fuel Very Large Crude Carriers (VLCCs) were delivered in 2023 to support ADNOC L&S' smart growth strategy, taking the total to eight by year-end, comprising four conventional and four dual-fuel. Additionally, the business is building six further LNG carriers that will be delivered by 2025, five of which will be time chartered for 15 years to ADNOC Gas.

In 2023, the Gas Carriers subsegment continued to support the needs of ADNOC Gas through the addition of six Very Large Gas Carriers (VLGCs) for AW Shipping (a joint venture with Wanhua Chemical Group). The Company's Shipping segment's strategy is to continue to grow its fleet, with plans for a total of 40 LNG, LPG, and ammonia carriers by 2027. By the close of 2023, the ADNOC L&S Shipping segment's fully owned fleet of vessels reached 56 in addition to a further 125 vessels chartered on a voyage basis to accommodate the rapid growth in cleaner energy products, commodities, and the fast-growing sulfur business.

Liquified Natural Gas (LNG)

A significant portion of the 2023 growth story came from the LNG side of the Shipping business, with strong growth in tankers driven by the VLCC and CCP markets. Three LNG carriers were chartered to multiple owners on the spot market, generating robust output across the year. Additionally, a further two LNG carriers were chartered to fulfill ADNOC Group's export requirements.

The bulk market remained stable, and the Company continued to perform its role in supporting ADNOC Group's growing sulfur business by utilizing the Company's Janana chemical tanker. The triangulation of vessels with third parties supported the shipping of a full nine million tons of commodities.

The business also signed an eleven-year agreement (with a four-year extension option) in 2022 to charter a Floating Storage Unit (FSU) to Atlantic Gulf & Pacific International Holdings (AG&P) for the Philippines LNG Import Terminal. The agreement with AG&P builds on the Shipping segment's continued global expansion for ADNOC L&S as its focus on growth, diversification and unlocking new revenue streams.

Refined Products

In line with the ongoing expansion of the gas side of the Shipping segment, the tanker business took delivery of six Long Range 2 tankers (LR2) in 2021, which proved fundamental in supporting the significant growth delivered across the tanker business in 2023. Additionally, two Chemical Tankers have been chartered to ADNOC Distribution for 20 years, providing additional growth for the Shipping segment in 2023.

Dry-Bulk

As of 31 December, this business wholly owned 9 Bulk Carriers, comprising 4 Ultramax, 4 Supramax, and 1 Handysize, which were deployed in both ADNOC exports and third-party spot market business (3.8 million metric tons (MT) of third-party business was carried by the fleet in 2023). ADNOC Sulphur exports totaled 6.7 million MT, representing 100% CFR exports in 2023. ADNOC-owned vessels covered 4% of the shipments and chartered an additional 123 market vessels during the year.

For the ADNOC Group petcoke exports, there were 25 export cargoes totaling 407,000 MT. The owned Handysize vessel MV Ghantout carried 19 of these petcoke cargoes, and a further six market vessels were chartered. The Hail and Gasha projects are scheduled to come online in 2027-2028 and will generate additional sulfur volumes for transportation. The growth of the cargo book supports the case for further acquisition of dry-bulk tonnage.

Containers

As of 31 December 2023, the container side of the Shipping segment fleet comprised three feeder vessels, all of which are engaged with ADNOC L&S' sister company Borouge, supporting the movement of 4.6 million MT of containerized cargo from Ruwais to Khalifa Port and Jebel Ali.

Decarbonization

ADNOC Group and ADNOC L&S continued to place decarbonization at the top of their respective agendas in 2023. An entire new division has been created at the Group level, which has cascaded down to ADNOC L&S and the Shipping segment, as demonstrated through the acquisition of its dual-fuel tankers. The Shipping segment's work supports the projected expansion of ADNOC Group's production of methanol and low-carbon blue ammonia – 100 metric tons, respectively. ADNOC L&S – and the Shipping segment - are therefore heavily involved in supporting ADNOC Group's ability to deliver cleaner energy products to global markets, particularly ammonia. ADNOC Group's commitment to low-carbon energy alternatives is widespread and integral to strategy.

ADNOC L&S Shipping is heavily involved in supporting ADNOC Group's ability to deliver cleaner energy products to global markets, particularly ammonia.

As we advance, the strategy is to continue to acquire dual-fuel and ammonia vessels to support sustainable growth over the long term while supporting the UAE's decarbonization and Net Zero agendas.

Technologies

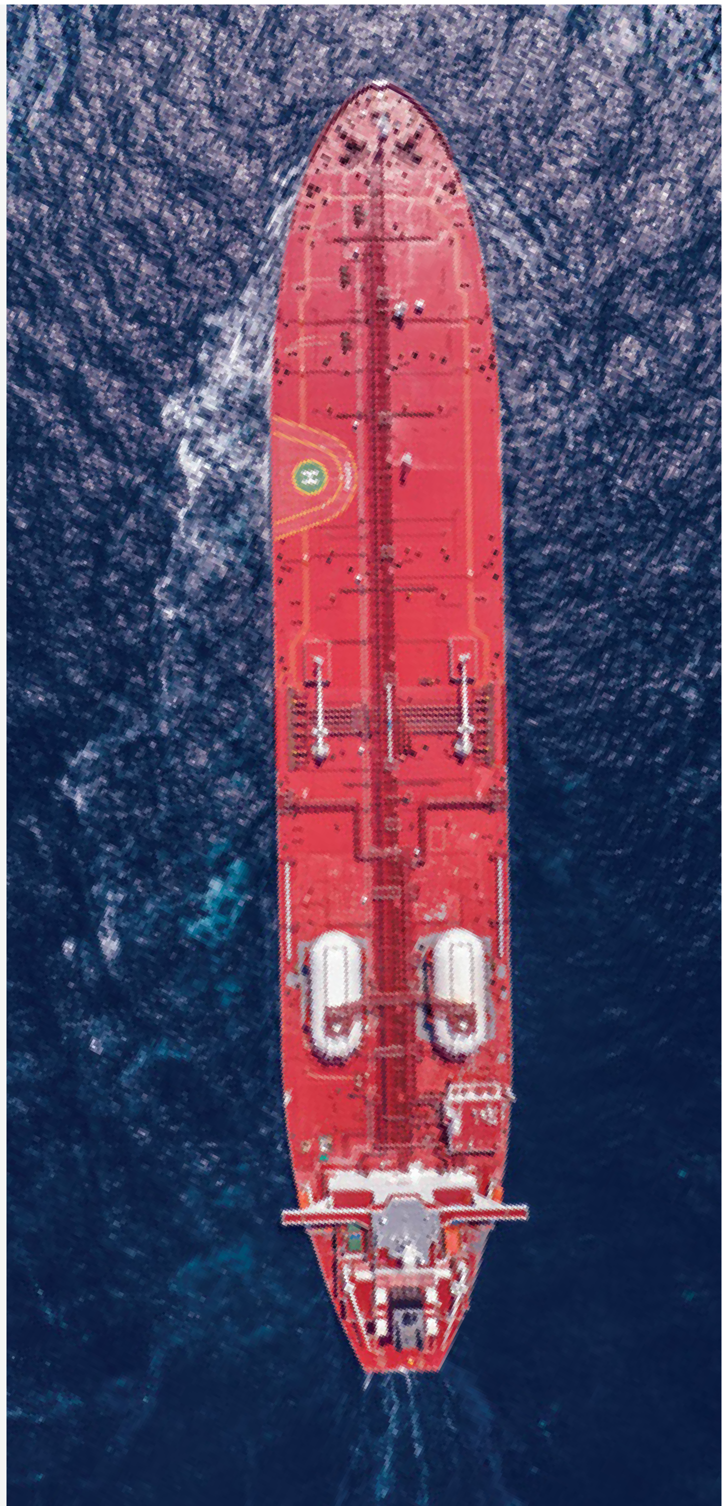
In 2023, the Shipping segment implemented a new technology making it possible for all chartering activities in commercial shipping to generate granular reporting systems that enhance performance and efficiencies.

New Smart Ship, digital ship management tools, were also integrated in 2023, helping to drive further visibility on energy efficiency measures, optimize maintenance, enhance inventory management, and monitor real-time HSE incidents.

Outlook

Looking ahead to opportunities, the Shipping segment faces a promising global market on the tanker side because of a general shortage of newly built vessels. By year-end 2023, LNG rates were excellent, with high global demand. Within bulk, while Chinese growth has slowed and other world markets tackle geopolitical and economic concerns, the segment continues to serve rising commodity imports across the Far East, including Indonesia and China.

The Shipping segment also recognizes continued growth potential in India and in steel, iron ore, coal, and other essential commodities that are supporting industrial and economic growth across Asia and the Far East.



Shipping will continue to acquire dual-fuel and ammonia vessels to support sustainable growth over the long term and the UAE's decarbonization and Net Zero agendas.

MARINE SERVICES

The Company's Marine Services segment operates a fleet of 60+ specialized vessels. It provides a comprehensive range of services relating to marine terminal operations at all petroleum ports and also provides response operations to incidents of OS & HNS services in the UAE, wherever ADNOC operates. The ADNOC L&S Marine Services business is one of the largest OS & HNS responders in the Middle East.

Marine Terminal Operations

The marine terminal operations business line supports ADNOC Group marine terminals, including the onshore ports of Jebel Al Dhanna and Ruwais, Fujairah, and the offshore ports of Das, Zirku, and Mubarraz.

OS & HNS Response

One of the largest responders in the Middle East with detection, monitoring, and forecast technology, 22 km length booms and over 140 dedicated specialized and trained manpower. Its fleet includes dedicated OS & HNS services response vessels stationed across the UAE that are built to protect the marine environment and include specialized equipment for OS & HNS response.

MARINE SERVICES PERFORMANCE REVIEW

The Marine Services segment delivered a strong performance operationally and fiscally in 2023, registering sound financial results and exemplary HSE standards with zero incidents.

People Strategy

Underlined by a drive to enhance operational efficiencies and deliver greater productivity, the Marine Services segment's focus has been on developing a high-performing team that has successfully delivered strong results in 2023. The team members have demonstrated empowerment, initiative and teamwork while living the ADNOC Group values.

This focus represents the segment's strategic evolution to create a greater sense of ownership fostered through employee engagement and career development programs. This hands-on management approach reflects a results-oriented leadership style that is closely aligned with the ADNOC values.

Financial Performance

With more than 98% of the business's revenue coming from stable long-term contracts, the Marine Services segment's financial performance remained strong, with an improved EBITDA compared to 2022. These outcomes are the result of a concerted focus on efficiencies, productivity and cost discipline.

Operational and Fleet Developments

In 2023, the petroleum ports business delivered strong progress in the evolution of its operating model towards a service model with performance-based KPIs. This process has seen the segment move closer to its customers, providing greater visibility on the services provided, reducing administrative burden across terminal operations, and enhancing customer services.

Throughout 2023, the Marine Services segment invested in a series of new assets, taking delivery of new oil spill vessels and shore assets, including skimmers. Marine Services also took delivery of two mini-diving support vessels (DSV) and set up a new base in Sharjah, where a dedicated team exists, with a concerted focus on Emiratization. Two other vessels are scheduled to be delivered in 2024, which include two new-build Azimuth Stern Drive (ASD) tugs.

Digital Migration

The Marine Services segment made progress in the digitization of its operations in 2023. The digital migration within Marine Services is designed to provide widespread visibility across the segment's entire operations and optimized resource planning across multiple platforms and devices.

Environmental Responsibility

Throughout 2023, the Marine Services segment continued to support ADNOC Group's responsibility to preserve the environment. Serving as a first line of defense with capabilities for Tiers 1,2, and 3, the segment works proactively to protect the environment right across the marine on-and-offshore ecosystem: from the coast to beaches to mangroves and marine life.

Outlook

The Marine Services segment will continue to support ADNOC Group and will proactively identify new markets across the GCC. Furthermore, it will continue to serve as a vanguard for the nation's coastlines while supporting and adding value to marine terminal operations.

The Marine Services segment's strategy is to enhance ADNOC L&S' logistical capabilities across the energy value chain, providing essential and specialized marine terminal services to all petroleum ports in the UAE and protecting the marine environment by acting as a first-line of defence with best-in-class OS & HNS services and infrastructures.

CHIEF FINANCIAL OFFICER REVIEW

Headline Financials

ADNOC L&S delivered tremendous growth in financial performance in 2023, with strong appreciation in top and bottom line performance. Profitability has grown strongly across segments, driven by the early stages of implementation of the Company's transformational growth strategy. With continued focus on value-accretive investments against a range of identified service delivery opportunities, we intend to continue to drive this strong profitable growth well into the future.

As detailed below, this growth has been driven across business segments. Extension of business activities, the first full year of the ILSP, and in particular the acquisition of ZMI in Q4 2022, were core drivers of Integrated Logstics' growth. Additional fleet in Gas and Tankers and strong timecharter rate environments in both those sub-segments were major drivers of profitable growth in Shipping. Marine Services grew with provision of ancillary services.

Total revenues for the year ended 31 December 2023 increased by 41% to reach $2,755 million. EBITDA surged 93% to $876 million. Net profit for the period increased by 138% to reach $620 million.

These results are testament to the effective implementation of the first stages of our carefully planned transformational growth strategy, and the hard work and dedication of the ADNOC L&S team.

Integrated Logistics

Integrated Logistics' segment revenues increase by 88% to reach $1,739 million in 2023 – up from $923 million in 2022. This exceptional growth was largely driven by the acquisition of ZMI and the first full-year of ILSP activities, coupled with new project activities including EPC.

ZMI experienced some lower-than-usual utilization of JUBs in early 2023 as a number of units were modified and redeployed to long-term contracts in an increasingly tight market. The result of that is a fully deployed fleet by early 2024 on mid-to-long term contracts at strong rates.

ILSP performance grew month-to-month through the year with consistently growing volumes, to end the year with record tonnage delivered. Continual improvement in asset capacity utilization drove improving margins across the business.

Project activities also delivered strong value with the initiation of works supporting the Hail and Ghasha fields, and the inception of EPC project activity with approximately 7% of the newly-awarded $975m G-Island project completed by end 2023. The expectation is to see 60-70% of that project complete within 2024.

For the year-ended 31 December 2023, Integrated Logistics' EBITDA increased by 225% to $532 million – up from $164 million in 2022. Net profit grew 311% to $374m for the segment.

Shipping

Dry-Bulk and Containers

Revenues for the segment decreased by 28% to $258 million in 2023 – down from $358 million in 2022. The drop is directly correlated to the decrease in dry bulk market spot rates from the highs of 2022. This was, however, partially offset by an increase in the container vessels' revenues, driven by higher volumes. By December 31, 2023, EBITDA for the dry-bulk segment had fallen by 37% to $60 million, down from $95 million in 2022. Net profit of $60m was 27% below 2022.

Gas Carriers

Gas Carriers' revenue was up by 3% to reach $174 million in 2023 from $169 million in 2022. Gas Carriers' EBITDA increased by 16% to reach $101 million in 2023 – up from $87 million in 2022. The increase in revenue and EBITDA was mainly due to the charter-in of two additional vessels at higher charter rates, benefiting from higher spot market rates. The next phase of major growth for the Gas Carriers sub-segment is anticipated for 2025 and beyond, with the delivery of 6 new LNG Carriers in 2025 and 2026, 4 of which are on 15 year contracts, and 1 on a 7 year contract, all to ADNOC Gas.

Revenue
$2,755
million

EBITDA
$876
million

Net profit
$620
million

Shares outstanding
7,398
million (on listing and as at 31 December 2023)

Market capitalization
$7.7
billion (at 31 December 2023)

Shares traded daily in 2023
7.6
million (since listing)

Average value of traded shares per day
$7.0
million (in 2023, since listing)

"The strong profitable growth we have delivered in 2023 is just the beginning of our transformational growth delivery. Pre-IPO recapitalization positioned us to continue delivering substantial profitable growth over the coming 5 years, applying debt and free post-dividend cash flows to execute highly value-accretive growth.

NICHOLAS GLEESON
CHIEF FINANCIAL OFFICER

Tankers
Revenue from the Tankers sub-segment grew by 22% to $407 million in 2023, compared to $335 million in 2022, while EBITDA rose by 70% to reach $159 million as of 31 December 2023. This is up from $93 million in 2022. The increase in revenues and EBITDA within the Tankers segment was mainly due to higher charter rates benefiting from spot market strength and new-build VLCCs delivered into the fleet during the year.

Marine Services

The Marine Services sub-segment revenue increased by 6% to reach $177million for the year ended 31 December 2023. EBITDA increased 47% to $40 million, up from $27 million in 2022. The improvement in performance across the Marine Services segment was driven by one-off equipment replacement services and higher volumes managed through the petroleum ports and oil spill & hazardous and noxious substances response centers services.

Market Capitalization and Turnover

ADNOC Logistics & Services (ADNOC L&S) listed on the Abu Dhabi Securities Exchange (ADX) on 1 June 2023 under the ticker "ADNOCLS". As of December 31, 2023, the Company had 7.398 billion issued shares, with 1.406 billion in the public float. As of 31 December 2023, ADNOC L&S' market capitalization stood at $7.716 billion, which is an increase of $1.410 billion compared to June 1, 2023. The average daily trading volume in 2023 was 7.6 million shares, which is approximately 0.1% of the outstanding shares.

Debt Financing

As of December 31, 2023, ADNOC L&S had debt financing of $100 million, which resulted in a negative net debt to EBITDA ratio of 0.08x. The Company had positioned itself at IPO for a five-year transformational growth strategy, equitizing its pre-existing debt financing ahead of IPO to list with a negative net debt to EBITDA ratio, delivering ample financing to support projected growth investment.

On IPO, the Company also delivered a $1.85 debt financing facility with ADNOC priced at 0.85% above the secured overnight financing rate (SOFR) – comprising a $1.5 billion term loan and $350 million revolving credit facility at the same pricing, both increasing to a 0.95% margin from 2025. Until 31 December 2023, the Company has funded the majority of its growth investment directly from free cash flows, enabled by the strong free cash flows from operations resulting from growth and profitability beyond earlier projections.

Dividend Policy

At the time of its IPO in June 2023, the Board of Directors adopted a progressive dividend policy designed to maximize shareholder value and reflect its strong earnings potential and cash flow generation. The Company paid a dividend of $65 for Q2 2023 and a final dividend of $130m for the year, equating to an annualized dividend of $260m. The Board indicated in its dividend policy the intention to grow the dividend payout by 5% per annum from this 2022 annualized dividend base.

Dividend payments are impacted by multiple factors, including the availability of distributable reserves, the Company's capital expenditure plans, and other cash requirements in support of achieving its strategy in future periods.

Dividend payments also depend on the Company's existing and future debt financing facilities and capacity, debt covenants, and other factors impacting the continuing availability of credit and compliance with existing and anticipated financing terms. Furthermore, market conditions, the operating environment within its markets and the outlook for the business have been, and will always be, important considerations.

Growth Financing Strategy

ADNOC L&S equitized its pre-existing loans with its sole shareholder pre-IPO, to list with an unlevered balance sheet. This, along with our stated financing policy of targeting 2.0 – 2.5x Net Debt : EBITDA over the long-run, is a strong indicator to the market of the Company's expansion plans.

The Company is actively targeting growth across 4 key pillars: growth aligned with ADNOC's expanding requirements; expansion of services to existing clients; growth into new geographies; and growth into adjacent verticals leveraging our asset and capability bases.

The extent of publicly-announced growth in ADNOC's requirements against our existing service base underpins the opportunity set in the first pillar. Similarly, opportunities to extend service offerings to existing clients are highly visible in light of our deep client relationships.

At the time of IPO, ADNOC L&S announced a $4-5bn transformational growth strategy based on identified high-likelihood opportunities to be delivered by 2028. This was a core factor underpinning financial structuring for the IPO, generating significant growth financing capacity through the combination of debt capacity and projected free cash flows after dividends.

In the meantime, stronger-than-projected free cash flows in 2023 and the deferral of some targeted projects with attaching investment plans of $370m - which saw investments of $865m against a target of slightly over $1.3bn - have resulted in very little draw on debt capacity by 31 December 2023. Only $100m was drawn against the unsecured debt facilities at 31 December 2023.

In 2024, we anticipate growth investment in excess of $1bn, financed predominantly through available debt capacity and free cash flows after dividends. This is planned and likely organic growth, with significant potential to realize additional value-accretive growth investment to fund expansion of services, and expansion into new geographies and adjacent verticals.

We maintain a strict governance process over investments to ensure value-accretion to shareholders with target unlevered internal rates of return typically in the low double digits (risk-adjusted). This includes multi-layer assessment and approval of investments along with post-investment analysis of value realization against initial plan. The Company is performing highly on realization and outperformance of historic targeted investment returns, exemplified by the growth in EBITDA margins and profitability.

Outlook

In light of the significant growth in demand from the Company's key client ADNOC, as well as rising demand for integrated logistics and energy transportation services regionally and globally, ADNOC L&S' five-year transformational growth plan is increasing from the $4-5 billion level announced at the time of IPO to in excess of $7 billion in the period 2024 - 2028. The Company anticipates future value-accretive growth applying the same governance over investment appropriateness, with organic investment across all asset classes, along with the potential for M&A investment in suitable targets meeting both strategic and financial investment criteria, in 2024 and beyond.

The Company continues to closely monitor global and regional economic factors and emerging geopolitical dynamics that could potentially impact the business. Any significant downturn in regional or worldwide economies, global trade, market crisis, or prolonged periods of instability could have a material and adverse effect on the business, results of operations, financial condition, and prospects. However, such considerations are judiciously factored into the Company's investment decision process including risk appetite, leverage considerations, and financial return evaluation; with close monitoring, feedback, and consideration of approvals through the investment governance committees supported by independent enterprise risk management assessment of opportunities.

SUSTAINABILITY SUMMARY

Our Rich Maritime Heritage

As a leading provider of maritime logistics and services, ADNOC L&S maintains a deeply rooted connection to the nation's rich seafaring maritime heritage.

For centuries, the people of the UAE have assumed a natural destiny as an outward-looking seafaring nation. The country's maritime heritage is inherently linked to cultural and economic activities such as pearling, fishing, boatbuilding, and trading, which have been vital to the economy and national character for hundreds of years.

Now, by leveraging modern technologies, ADNOC L&S is proud to act as the custodian of the UAE's maritime heritage. With a history tracing back to the formation of the Abu Dhabi National Tanker Company in 1975, ADNOC L&S has led the evolution of the region's modern energy maritime and logistics sector, providing mission-critical and highly specialized services across the entire energy value chain.

The sea is, in many ways, the economic lifeblood of the UAE national economy and a symbol of the nation's rich maritime heritage.

At ADNOC L&S, sustainability is a core operational and strategic priority – not least because of the cultural significance of maritime trade and industry to the people of the UAE. As a significant actor in global energy value chains, the Company assumes a deep responsibility to develop and integrate sustainable practices at the policy level, and across its operations, supply chains and the communities we serve. We have aligned our strategic priorities to create sustainable value for all our stakeholders — our clients, our employees, our communities and our shareholders.

In addition, our vision is fully aligned with ADNOC Group's sustainability strategy, and as one of ADNOC Group's key providers of maritime energy logistics and services, ADNOC L&S is a sustainability leader for the UAE's maritime and logistics ecosystem.

As we build upon the robust materiality matrix and sustainability framework – which is explained in this summary - we are committed to the continual improvement of our sustainability performance across all our business activities. As illustrated we have already achieved significant progress in our priority areas. Furthermore, our sustainability framework, which is built around two overarching ambitions, provides a robust platform for the development of environment, social, and governance (ESG) related programs, policies, and initiatives. All of the Company's objectives and material areas of focus relate directly to the United Nation's Sustainable Development Goals (SDGs).

SUSTAINABILITY LEADERSHIP STATEMENT

Many of the material topics, values, and programs that form the Company's Sustainability Framework are designed to not only protect our people, assets, economy, and the natural world – but to safeguard and enrich our nation's rich maritime heritage.

Our Seafaring Heritage

The Company's critical responsibility as a custodian of the nation's proud seafaring heritage is, therefore, deeply held within the DNA of the ADNOC L&S sustainability strategy. Furthermore, as a major actor in global energy value chains, we are mindful of our inherent responsibility across supply chains, all of the Company's operations, and the communities where we work. The Company's strategy is also designed to create sustained growth as a business and our ability to create value for our clients and shareholders. We have also worked to ensure that the ADNOC L&S sustainability vision is fully aligned with ADNOC Group's Sustainability strategy. As a key provider of maritime energy logistics and services to ADNOC Group, ADNOC L&S is a sustainability leader for the UAE's shipping, maritime and logistics ecosystem.

Leading Decarbonization of the Shipping and Maritime Logistics Industry

As we build upon the robust materiality matrix and sustainability framework developed in 2023, we are committed to the continual improvement of our sustainability performance across all our business activities and have already achieved significant progress in our priority areas. Furthermore, we will continue to invest in driving further improvements, all of which are underpinned by our unwavering focus on health and safety, environmental responsibility, decarbonization, and in-country value.

Right across the ADNOC L&S ecosystem of business units, corporate headquarters, value chain, and operations, the Company will seek to deliver sustainable growth that adds value to all its stakeholders, respects the natural world, safeguards communities, and creates sustainable value for its shareholders. ADNOC L&S also has a fundamental role to play in supporting ADNOC Group's strategy for increasing the production of cleaner fuel alternatives by investing in a highly energy-efficient fleet of vessels capable of exporting green energy solutions to the world.

By promoting new energy sources, investing in sustainable assets, adopting environmentally efficient technologies and training its personnel, ADNOC L&S will succeed in making an exponential contribution to ADNOC Group's Net Zero by 2045 ambition and the UAE's Net Zero 2050 strategy.

The Company is also aligned with the International Maritime Organization (IMO) strategy for greenhouse gas emissions (GHG) reduction across its fleet of ships. Furthermore, ADNOC L&S is committed to the IMO net-zero GHG emissions 2050 target and a 40% reduction in CO_2 emissions intensity by 2030.

"During a pivotal year of growth for ADNOC L&S, the Company institutionalized a comprehensive sustainability framework that supports the evolution of the energy landscape and the long-term objectives of ADNOC Group.

CAPTAIN ABDULKAREEM AL MASABI
CHIEF EXECUTIVE OFFICER

SUSTAINABILITY PROGRESS

This summary provides an overview of ADNOC L&S' Sustainability Framework, how it was developed, and the targets it sets for the Company. This summary also provides an overview of the Company's key activities and outcomes for 2023, alongside insights on the progress against its material topics and ambitions.

A Record-Breaking Year

During a year of record-breaking financial outcomes, ADNOC L&S was listed on the ADX, giving it a market capitalization of $4.05 billion at the time of listing. The Company was the second-largest IPO in the region in 2023 and the sixth ADNOC Group subsidiary to list on the ADX.

Following the listing, the Company's share price appreciated by as much as 91% from the time of the IPO. This outstanding performance demonstrates not only the strength of the business in the eyes of investors and analysts but also the vast potential that ADNOC L&S possesses as a leading enabler of the global flow of energy products.

The Company's financial strength leaves it well placed to deliver sustainable growth through investments in technologies, vessels and systems that support decarbonization and the growth of alternative fuels and molecules such as ammonia. Throughout 2023, the Company achieved many environmental milestones that point towards its steady progress in decarbonization as it sets out to reduce its emissions intensity.

Financial and Sustainability Highlights

Carbon intensity
30%
decrease
in carbon intensity of shipping operations since 2020

Committed to building environmentally-efficient vessels
$2
billion
for delivery between 2023 - 2026

In-country value
86%
in 2023

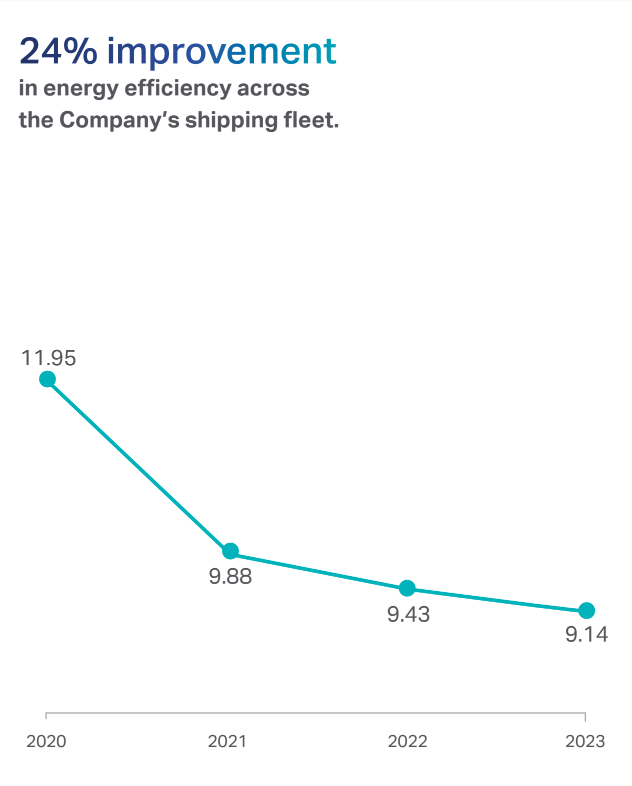
Emiratization rate
48.5%
in 2023

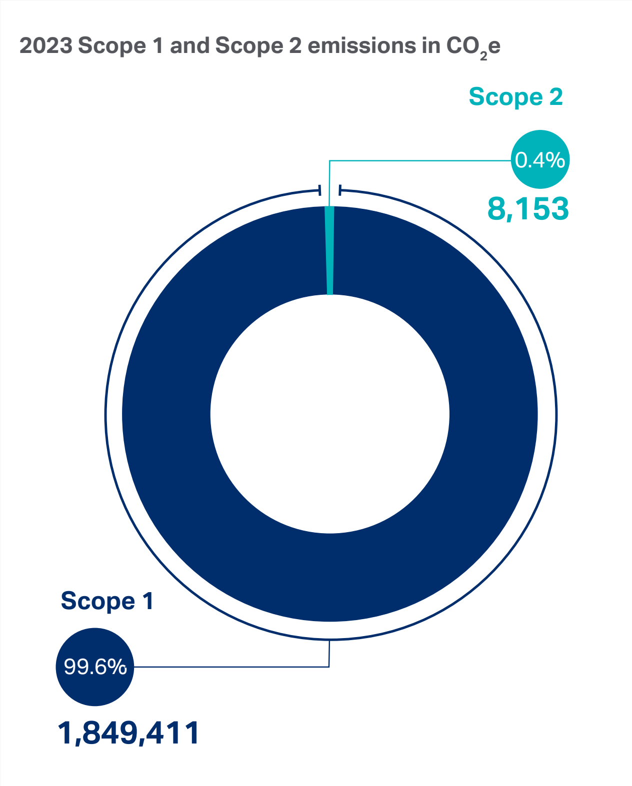
Vessels using Bio-fuel
13
since 2020

Total revenues
$2,755
million
41% increase Y-o-Y

Net profit
$620
million
138% increase Y-o-Y

EBITDA
$876
million
93% increase Y-o-Y





SUSTAINABILITY GOVERNANCE

The separate ADNOC L&S Sustainability Report 2023, will be the first to be published and prepared in reference to the Abu Dhabi Securities Exchange (ADX) Environmental, Social, and Governance (ESG) Guidelines. The report is aligned with ADNOC Group's Sustainability Strategy and the United Nations Sustainable Development Goals (SDGs).

The ADNOC L&S Sustainability Report will be published annually, and its publications are overseen by the Sustainability Committee and approved by Executive Management and the Board of Directors. Upon completion, it is distributed at the Annual General Meeting (AGM) to share information about the Company's sustainability framework, performance, and data.

The Sustainability Committee's work will contribute to shaping the Company's sustainability roadmap, initiatives, projects, and reporting to enhance ADNOC L&S' position as a global leader in sustainability.

Sustainability Committee

The Sustainability Committee has been established with a primary mandate to review, evaluate, and recommend decisions that will accelerate the deployment of ADNOC L&S's sustainability strategy. Additionally, the committee will focus on other key objectives that will significantly contribute to shaping the Company's decarbonization roadmap, initiatives, projects, and reporting to enhance the Company's position as a global leader in sustainability.

Additional key objectives can be summarized as follows:

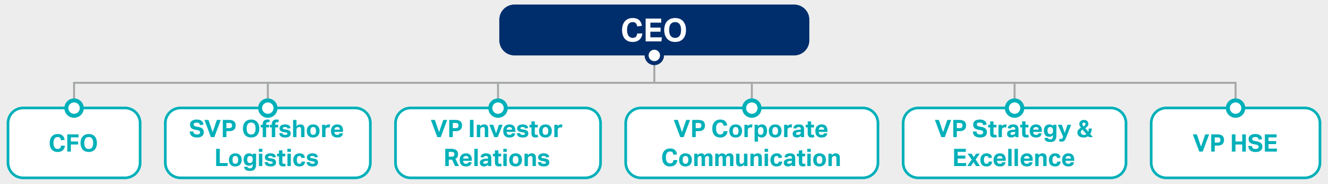
- Review and approve the Company's sustainability policies, targets, and performance indicators
- Monitor and evaluate the Company's sustainability risks and opportunities
- Ensure the Company's compliance with relevant sustainability standards and regulations
- Communicate and engage with internal and external stakeholders on sustainability matters

The Sustainability Committee is expected to meet at least quarterly or as required by the CEO. The committee members are expected to:

- Attend and actively participate in the committee meetings and activities
- Review and provide feedback on the committee's agenda, minutes, and reports
- Contribute their expertise and insights to the committee's discussions and decisions
- Advocate and promote the Company's sustainability vision and values across the organization
- Stay informed and updated on the latest sustainability trends and best practices

Sustainability Committee Structure

The Sustainability Committee comprises the following Company executives (each a 'Member'):



ADNOC GROUP ALIGNMENT

Our industry - primarily through our ocean-going shipping fleet - contributes to global GHG emissions, and our operations have a direct impact on our climate and marine environment. We operate a sharp focus on reducing the carbon intensity of our shipping fleet through our fleet modernization program – four dual-fuel Very Large Crude Carriers (VLCCs) were delivered in 2023 alongside two state-of-the-art new-build Very Large Gas Carriers (VLGCs) and six Long Range 2 (LR2) tankers. We continually invest in all forms of energy efficiency technologies for our existing fleets. Looking ahead, the ADNOC L&S order book is defined by a focus on highly efficient new build and LNG carriers, in tandem with plans for the long-term charter of methanol ready chemical tankers. ADNOC L&S also has a fundamental role to play in supporting ADNOC Group's target for a 25% reduction in its carbon emissions intensity by 2030.

By promoting new energy sources, investing in sustainable assets, adopting environmentally efficient technologies, and training its personnel, ADNOC L&S will continue to succeed in making an exponential contribution to ADNOC Group's Net Zero ambition and the UAE's Net Zero 2050 strategy.

We are on a journey of transformation, placing decarbonization and sustainability at the heart of our strategy. Our actions today supply the world with the energy that it needs, deliver tangible progress towards the energy transition, and future-proof our business.

ADNOC is committed to integrating best-in-class Health, Safety and Environment (HSE) standards across our operations, giving back to communities, supporting sustainable economic development and investing in cleaner new energies.

OVERARCHING SUSTAINABILITY AMBITIONS

Right across its operations, ADNOC L&S's overriding objective is to deliver responsible, inclusive, and sustainable growth that adds value to all its stakeholders, respects the natural world, safeguards communities, and creates sustainable value for its shareholders. Underpinning these objectives are two core sustainability ambitions from which the entire ADNOC L&S sustainability framework is built.

ADNOC L&S Ambition #1

Being a leader in the UAE's sustainable marine and logistics ecosystem while protecting our heritage.

NET ZERO

ADNOC L&S Ambition #2

Committing to achieving Net Zero ambition through technology-led marine decarbonization and a reduction in shipping[1] carbon emissions intensity across our operations.

1 'Shipping' refers to ADNOC L&S' fleet of cargo-carrying ocean-going vessels, not its OSV and marine vessels.

BUILDING OUR SUSTAINABILITY FRAMEWORK: MATERIALITY ASSESSMENT

In the development of its sustainability framework, ADNOC L&S carried out a comprehensive materiality assessment as our first step to identify the Company's core sustainability priorities. This process allowed for the development of a materiality matrix comprising 15 material topics that have been identified as the Company's highest priorities for sustainability and reporting – these can be found underneath each of the five Sustainability themes.

To create a stakeholder-specific matrix of sustainability value propositions, multiple internal stakeholders from the Company's Strategy and Business Development teams engaged in a series of benchmarking and materiality analysis exercises spread over five linear phases. Additionally, surveys were conducted across various parts of the Company's operations at executive and senior leadership levels, in addition to engagement with the ADNOC L&S Youth Committee.

To develop the allocation and ranking of potential ADNOC L&S material topics, internal stakeholders considered an extensive list of topics (the full list of which is published in the full 2023 Sustainability Report). They included a range of **critical areas of focus**, including:

- Climate and ocean health
- Customer satisfaction
- New energy mix
- Waste management
- Economic performance
- Non-discrimination
- Ethics and compliance
- Diversity & inclusion
- Recycling circular economy
- Environmental policy
- Marine biodiversity
- Human Rights
- Circular economy
- Product innovation
- Anti-corruption policies
- New business opportunities

ADNOC L&S STAKEHOLDER VALUE PROPOSITION

Through its materiality assessment and within the DNA of its Sustainability Framework is a set of value propositions delineated for the Company's five primary stakeholders:

- Government and Regulatory
- Shareholders / Investors / Financial Providers
- Customers
- Employees
- Business Partners, Suppliers and Vendors

Each stakeholder's value propositions directly relate to specific SDGs, as illustrated below:

Value proposition to our stakeholders								In line with SDG
Government & Regulatory	Increasing ICV	Government agenda support	Operational compliance	Sustainability agenda	Business continuity	ESG compliance		1, 13, 14, 16
Shareholders/ Investors/ Financial providers	Climate change	Increasing confidence	Financial positioning	Innovation & technology	Funding access	Continuous improvement	Value creation	7, 8, 12
Customers	Business performance	Time & efficiency	Quality & high standards	Company's capabilities	Value & Costs			9
Employees	ESG & D&I disclosure	Training programs	Promotions & talent retention	Sustainable organization	Career perspectives	Health & safety		3, 4, 5, 10
Business Partners/ Supplier & vendor	HSE culture & awareness	Business continuity	Ethic & transparency	Expectation on suppliers	Expertise & collaboration	Reliability on execution		17

OUR SUSTAINABILITY THEMES

Through our five sustainability strategic themes, we will lead the decarbonization of the shipping and integrated logistics industry in the UAE and deliver sustainable solutions to our clients and partners, the communities we interact with, and our global stakeholders.

The five core sustainability themes outlined below represent the principal framework for ADNOC L&S' sustainability approach and priorities. This provides the Company with a robust set of foundations from which to integrate a comprehensive set of initiatives, policies, and regulations. Furthermore, ADNOC L&S' sustainability goals support ADNOC Group's vision to become a leader in maritime decarbonization while maximizing value for the UAE.

1 To reduce our operational environmental footprint and promote new sources of energy.

2 To maintain a strong HSE and asset integrity culture.

3 To promote local talent, in-country value and collaboration.

4 To secure integrity and responsible supply chain management.

5 To improve economic performance and minimize risks.

1 To reduce our operational environmental footprint and promote new sources of energy.

ADNOC L&S' decarbonization ambitions are in line with ADNOC Group's ambition of 25% emissions intensity reduction by 2030 and ADNOC Group's Net Zero ambition by 2045, and the UAE Net Zero by 2050 Strategic Initiative. In addition, ADNOC L&S is actively investing in new technologies and infrastructures that are lowering its annual greenhouse gas (GHG) emissions.

Objectives

- Reduce the Company's shipping[1] carbon emissions intensity by 40% by 2030 (from the 2020 baseline), in line with the IMO target
- Support clients in their energy transition, providing logistics and shipping solutions to transport low-carbon fuels
- Execute the fleet renewal program to increase energy efficiency and minimize risks
- Accelerate pathways to fuel transitioning

2023 Achievements

- 4 LNG dual-fuel VLCCs delivered in 2023
- Cold Ironing deployment in Musaffah and Ruwais set to save 11,000 TCO_2e per year
- 315 water-saving aerator taps at 71 marine and port asset locations, reducing water consumption by 85% over previous installations
- 13 vessels using bio-fuels since 2020

Material areas of focus

- Energy efficiency and emissions
- Hydrogen / Hydrogen derivatives transportation
- Fuel transitioning

[1] Shipping' refers to ADNOC L&S' fleet of cargo-carrying ocean-going vessels, not its OSV and marine vessels.

2

To maintain a strong HSE and asset integrity culture.

The Company is entrusted with the responsibility to protect the health and safety of its people, minimize the consumption of resources, and control emissions to ensure a sustainable ecosystem for future generations. On the social aspect, the Company is passionate about developing its people through ADNOC Group centers of excellence and training programs, while the ADNOC L&S health and safety management system focuses on operational excellence and safety.

Objectives

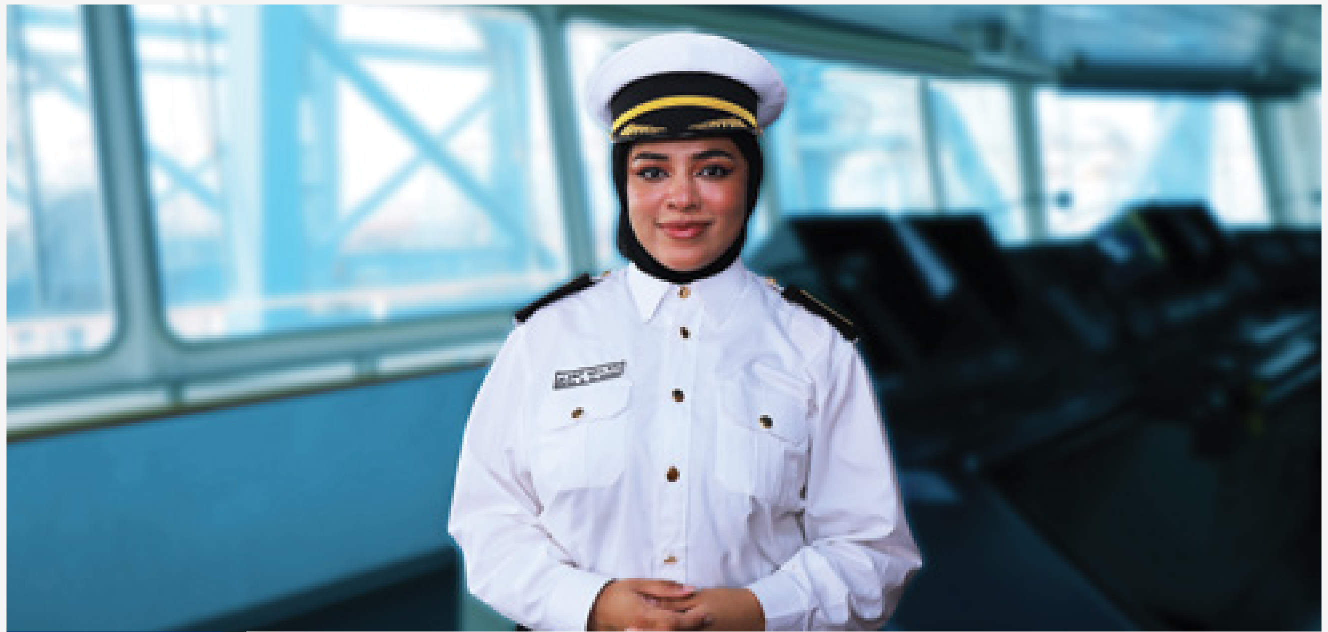
- Achieve TRIR and all the HSE KPIs in accordance with high HSE standards
- Promote HSE awareness program

Material areas of focus

- HSE culture, rules and awareness
- Climate and ocean health

2023 Achievements

- New HSE Podcasts platform
- AI based Breast Cancer Screening for employee well-being
- Beat the Heat Cooling Wearables
- Four new build oil spill response vessels
- Gold Level Global Rating with 86% for Excellence in Ideas Management and Innovation



3

To promote local talent, in-country value and collaboration.

In addition to its ESG responsibilities, ADNOC L&S is strategically geared to contribute to in-country value creation to support national value chains, job creation, and value-chain enrichment while supporting the development of ADNOC Group's production capacity goals.

Objectives

- Achieve employment engagement rate of 83%
- Achieve ICV contribution by 70%

Material areas of focus

- Employee satisfaction & well-being
- Training and education
- Diversity & equal opportunities
- Promote ICV

2023 Achievements

- Achieved 86% ICV in 2023, improvement over 2022 at 71%
- Continued success in the sponsoring of the female cadet program, with 15 female cadets having successfully graduated in 2023
- In 2023, we initiated a culture program to further develop our high performance and accountable culture.
- Leadership Site Visit Programs have fostered enhanced engagement and a commitment to continuous improvement in our operations

4

To secure integrity and responsible supply chain management.

As a major player in supply chains and logistics, ADNOC L&S has a significant role to play in ensuring that its actions – and those of its peers, customers, and vendors – meet the highest standards of governance, integrity, environmental responsibility, and social conscience.

Objectives

- Ensure full adherence with ADNOC compliances, IMO
- Promote collaboration with stakeholders and clients to achieve an NPS score of 30

Material areas of focus

- Ethics & compliance
- Governance & value
- Customer satisfaction
- Stakeholder management- collaboration with partners
- Anti-corruption policies

2023 Achievements

- In 2023, general training was provided to all employees on the code of conduct and conflict of interest
- Targeted training was provided on Sanctions, Maritime Integrity Due diligence, Competition Law, Merger Controls, and Insider Dealings
- In 2023, ethics and compliance policies were effectively rolled out for subsidiaries, including ZMI, so as to align subsidiary governance mechanisms
- Effective compliance communications were implemented in line with the approved compliance communication plan, achieving an effective flow of information among all the different internal stakeholders

5

To improve economic performance and minimize risks.

Through responsible financial controls, a risk-adjusted investment strategy, and a sharp focus on shareholder value, the Company aims to deliver sustained improvements in its financial performance over the long term. Additionally, through its growth, ADNOC L&S will make an ongoing contribution to societal economic development and stability.

Objectives

- Create new business segments and value creation solutions – such as the jack-up barges business
- Integrate Warehouse Management (WM), and global Supply Chain Management (SCM) for Borouge
- Initiate new market penetration

Material areas of focus

- Economic performance
- Business continuity & risk management
- New business opportunities
- Operational efficiency

2023 Achievements

- ADNOC L&S completed its initial public offering (IPO) on the Abu Dhabi Securities Exchange (ADX), raising approximately $769 million – the second-largest IPO in the MENA region at the time of listing
- Secured the first mega-EPC contract (worth $975 million) for the development of an offshore artificial island at Lower Zakum
- Delivery of eight additional Jack-up barges (JUB), reinforcing status as worlds largest owner and operator of JUBs, with one of the new barges serving the Iraqi market for the first time

CERTIFICATIONS AND RECOGNITIONS

ADNOC L&S has a proud history of winning recognition for its leadership, capabilities, innovation, HSE, technology, and green / sustainable performance, which contribute to UAE-based national value chains, enhancing socio-economic impact.

SETTING NEW STANDARDS OF EXCELLENCE

In 2023, ADNOC L&S was recognized for its leadership, capabilities, innovation, HSE, technology, and green / sustainable performance, which has contributed to UAE-based national value chains.

The Company's CEO was recognized for his leadership at the Aramco Trading New Silkroad CEO of the Year Award in Ports/ Shipping, and by the MENA Stevie Awards as Silver Thought Leader of the Year.

The Company's capabilities, such as owning and operating a shipping fleet, operating tankers, and in the field of offshore logistics, have been recognized at the Offshore Support Journal Awards as Ship Owner of the Year for owning and managing one of the largest fleets of OSVs and all-round excellence in the OSV sector.

Additionally, the Company has also been recognized at the Oil and Gas Middle East Awards for Offshore Logistics for the launch of the innovative ILSP in March 2023. Other awards in 2023 included:

- The Maritime Standard Awards for Maritime Energy, Oil and Gas Award
- The Maritime Standard Awards for Ship Owner/Operator of the Year
- The Maritime Standard Awards for Tanker Operator of the Year
- The Maritime Standard Awards for Transportation and Logistics Award

Multiple bodies have recognized the Company's leadership and success in technology and innovation. ADNOC L&S received the Innovation Award for all-round innovation and operational excellence at the Offshore Jack Up Middle East Awards – and has also been recognized at the IMCA Awards for its deployment of AI-based technologies, sensors, and cameras in more than 80 innovative smart vessels.

Offshore Jack Up Middle East has recognized ADNOC L&S' excellent track record in health and safety, while IdeasUK awarded the Company with the Health and Safety Award for its breast cancer awareness campaign.

The Company's leadership in green shipping and sustainability was recognized by ShipTek Awards, naming ADNOC L&S as the winner of the Green Shipping Award for its commitment to invest over $2 billion in environmentally efficient vessels and technology. The MENA Stevie Awards also recognized the Company for decarbonizing its offshore fleet by using OPSEALOG, smart vessels and bio-fuels.

Recognizing its unique contributions, the Company was also honored with four awards at the Maritime Standard magazine's 2023 TMS Awards, picking up trophies in the categories of Maritime Energy, Oil and Gas, Transportation and Logistics, Tanker Operator of the Year, and Ship Owner / Operator of the Year.

HSE Recognition

ADNOC L&S also demonstrated its commitment to achieving 100% compliance with HSE standards in 2023 and was honored with an International Marine Contractors Association (IMCA) Award for Safety for its "Smart Vessels" in Q2 2023.

This award recognizes ADNOC L&S for its successful implementation of the "Smart Vessels" initiative, which uses advanced Artificial Intelligence systems on more than 80 offshore vessels, harnessing the capabilities of CCTVs, sensors, and intelligent video analytics to bolster safety protocols and elevate the level of monitoring and control onboard.

The IMCA award follows multiple HSE awards over recent years. In 2022, Lloyd's Register handed ADNOC L&S the award for 'Outstanding HSE Performance' in recognition of its consistent delivery of high-level HSE performance over multiple audits onboard its fleet and onshore. Lloyd's Register also named ADNOC L&S as the winner of its 'Top Performing Ship Manager/Owner in 2022 in recognition of the Company's proven ability to demonstrate consistently high standards and excellent controls during a time of strong fleet growth and challenging operating conditions.

Energy Management and Innovation

The International Clean Energy Ministerial (CEM) forum recognizes organizations that have implemented energy management systems to achieve energy, economic, and sustainability benefits.

In 2023, ADNOC L&S achieved Gold Level Accreditation from ideasUK, an international organization that assists companies in developing and implementing innovation management frameworks. In its audit review, ADNOC L&S scored 86% for its innovation program, endorsing ADNOC L&S' innovative culture, which fosters new ideas and innovation to make the Company more resilient and sustainable.

ADNOC L&S also won the Health and Safety Award from ideasUK for its AI-enabled Breast Cancer Health Analytix and was named runner-up for the People and Wellbeing Award for the Company's HSE Podcast.

FULL LIST OF AWARDS FROM 2022 TO 2023

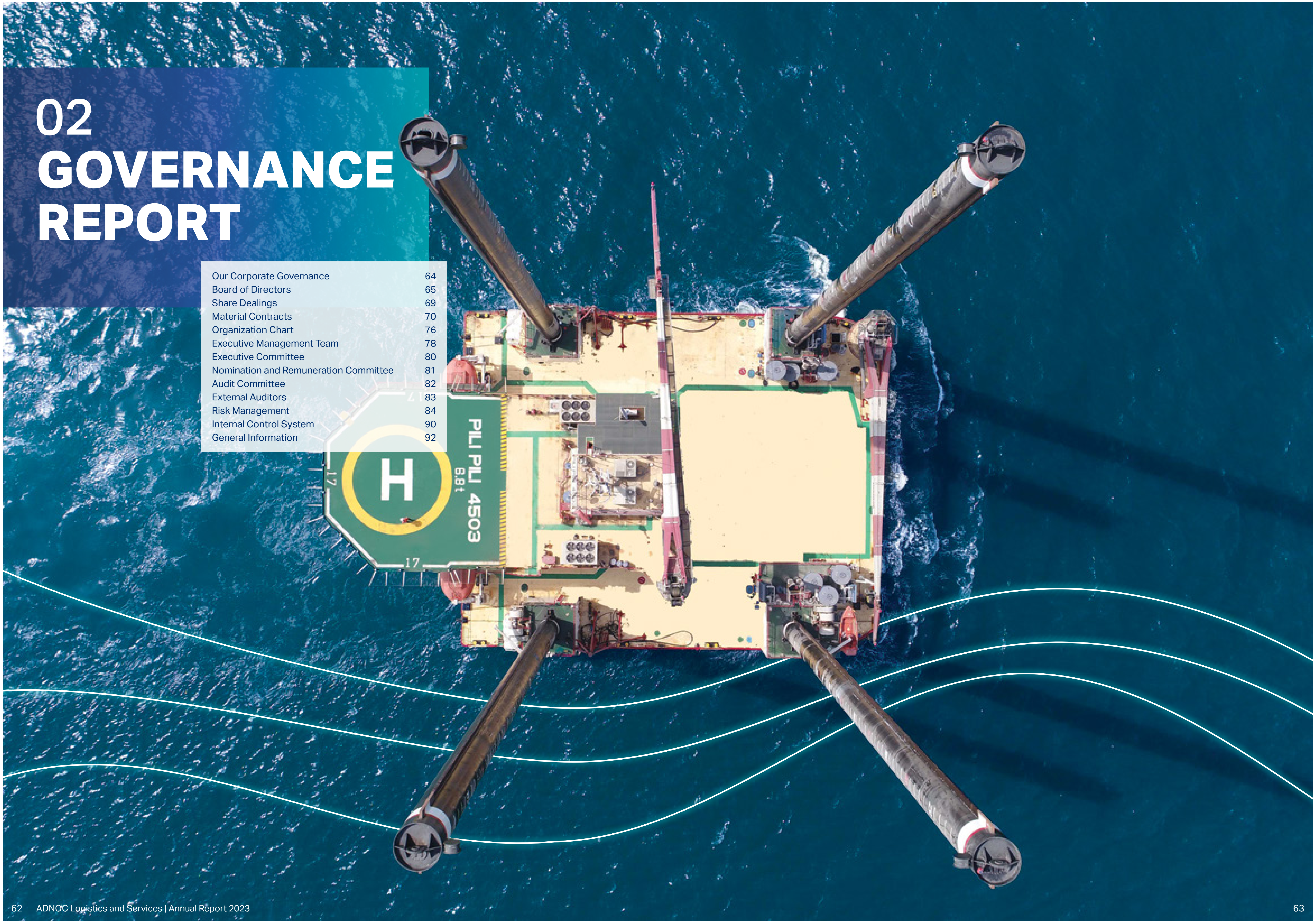
2022 Awards / Certificates

1. ISOs recertification 14001 EMS, 9001 QMS, 45001 OHSMS and 50001 EnMS
2. ISOs recertification 55001 AIMS, 27001 ITMS, 22301 BCMS
3. Guinness World Record "Most Zero Lost Time in Manhours - Marine Industry" This record set on 18 September 2022 is unbroken to date
4. Industry Recognition by Lloyds Register -Leading Ship Management / Ship Operator Company of the Year
5. Industry Recognition by Lloyds Register -Outstanding HSE Performance of the Year
6. Clean Energy Ministerial Management Insight Award for ADNOC L&S' decarbonization initiatives driven by ISO 50001
7. Abu Dhabi Ports Group, Neeshan HSE Awards, ADNOC L&S "100%HSE Endorsement by Industry Peers"
8. The Maritime Standard Award for "Tanker Operator of the Year"
9. The Maritime Standard Award for "Offshore Support Operator of the Year"
10. SeaTrade Maritime Award for Ship of the Year
11. International Bulk Journal (IBJ) Award for Environment Protection
12. Liberian Maritime Authority Outstanding commendation for 100% safety assurance and compliance
13. Offshore Jack Up Middle East, Corporate Social Responsibility Award

2023 Awards / Certificates

1. Oil Spill Removal Organization Accreditation from Nautical Institute
2. Offshore Jackup Middle East (OJME), Innovation in Operational Excellence Award
3. Offshore Jackup Middle East (OJME), Excellence in Health Safety Environment Award
4. Global International Marine Contractors Association (IMCA) Safety Award "Smart Vessels"
5. New Records of Excellence (4) Awards from The Maritime Standards
6. International Recognition Offshore Support Journal (OSJ) "Shipowner of the Year award"
7. IdeasUK Idea of the Year, Health & Safety Award, for "HSE Podcast"
8. IdeasUK Idea of the Year People & Wellbeing Award for "AI-enabled Breast Cancer Health Analytix"
9. Nine vessels from ADNOC L&S Shipping fleet have received the QUALSHIP 21 certification for sailing in the United States waters
10. Achievement in Product Innovation BRONZE STEVIE® WINNER: ADNOC Logistics & Services for "Decarbonizing the Offshore Fleet"
11. Thought Leader of The Year SILVER STEVIE® WINNER: ADNOC Logistics & Services for Capt. Abdulkareem Al Masabi, Shipping Excellence & Innovation
12. 23rd World LNG Awards, World Energy Transition Finalist
13. Green Shipping Award 2023
14. Decarbonizing Offshore Fleet Award 2023

02 GOVERNANCE REPORT



OUR CORPORATE GOVERNANCE

ADNOC Logistics and Services PLC operates a comprehensive governance framework in line with international best practices.

CODE OF CONDUCT

We are committed to operating with integrity and maintaining the highest professional and ethical standards in every aspect of our business. Our Code of Conduct outlines the legal and ethical standards that we expect from everyone who works for or represents any part of the Company.

VALUES

ADNOC L&S ' values are aligned with those of ADNOC Group. Its values are:

COLLABORATIVE **RESPONSIBLE** **RESPECTFUL** **EFFICIENT** **PROGRESSIVE**

Recently listed on the Abu Dhabi Securities Exchange, ADNOC Logistics and Services PLC is committed to following the highest standards of corporate governance, regulatory compliance and risk management as a route to creating sustainable value for the Company and its stakeholders.

BOARD OF DIRECTORS

Our Board of Directors comprises seven Directors. All Directors are independent Non–Executive Directors, within the meaning of Resolution No. (3/R.M) of 2020 of the SCA. Pursuant to our Articles of Association, every Director shall hold their position for a term of three years.

At the end of such term, the Board of Directors shall be reconstituted. A Director whose term of membership is completed may be re–elected. H.E. Dr. Sultan Ahmed Al Jaber was appointed as the Chairperson of the Board on 18 April 2023.

The table below summarizes the details of the ADNOC Logistics and Services PLC Board of Directors:

Name	Committee Role	Appointment Start Date
H.E. Dr. Sultan Ahmed Al Jaber	Chair	18 April 2023
Khaled Salmeen	Director	18 April 2023
Khaled Al Zaabi	Director	18 April 2023
Dr. Abdulla Al Jarwan	Director	18 April 2023
Tayba Al Hashemi	Director	18 April 2023
Khalid Abdulsamad	Director	18 April 2023
Mashal Al Kindi	Director	18 April 2023

H.E. Dr. Sultan Ahmed Al Jaber
Chairman of the Board of Directors

H.E. Dr. Sultan Ahmed Al Jaber is a member of the UAE Federal Cabinet, Minister of Industry and Advanced Technology, and the UAE's special envoy for climate. In November 2020, H.E. Dr. Sultan was appointed as the UAE's special envoy for climate, a role he previously served in from 2010 to 2016. He was appointed to the UAE cabinet in 2013, where he served as a Minister of State of the UAE until July 2020.

H.E. Dr. Al Jaber serves as Group CEO and Managing Director of the ADNOC Group. Prior to taking on the leadership position at ADNOC, he was the CEO of the Energy platform at Mubadala. In 2006, while at Mubadala, he helped establish Masdar, and served seven years as its CEO. He continues to serve as Chairman of Masdar. In July 2020, he was appointed Chairman of Emirates Development Bank. In December 2020, he was appointed as a board member to the Abu Dhabi Supreme Council for Financial and Economic Affairs.

H.E. Dr. Al Jaber is Chairman of the Board of Trustees of the Mohamed bin Zayed University of Artificial Intelligence. He served as Chairman of the Abu Dhabi Ports Company from 2009-2019. He served as Chairman of the UAE National Media Council from 2015 to 2020 and he previously served on the United Nations Secretary General's High-Level Group on Sustainable Energy for All.

H.E. Dr. Al Jaber holds a PhD in business and economics from Coventry University in the United Kingdom, an MBA from the California State University, and a Bachelor in Chemical Engineering from the University of Southern California, USA.

Khaled Salmeen
Director
Chairman of Executive Committee

Khaled Salmeen is the Executive Director of Downstream Industry, Marketing and Trading ("DM&T"). In this role, he leads ADNOC's Trading and Supply functions, as well as its Downstream and Industry operations. This includes the growth of its existing refining and petrochemicals business and the development of TA'ZIZ, a globally competitive industrial ecosystem in Ruwais. Khaled Salmeen sits on the Board of Directors of ADNOC Logistics and Services PLC.

Khaled Al Zaabi
Director
Chairman of Audit Committee
Member of Executive Committee

In addition to sitting on the Board of Directors at ADNOC Logistics and Services PLC, Mr. Alzaabi is the Group Chief Financial Officer of ADNOC Group. Prior to this, he served as Senior Vice President responsible for ADNOC Group financial planning, budgeting, management information reporting, and performance management for ADNOC Group. He led the execution of accounting and statutory reporting activities that support the realization of business objectives and ensure compliance.

Dr. Abdulla Al Jarwan
Director
Member of Nomination and Remuneration Committee

Dr. Al Jarwan is the acting Director of The Executive Office (TEO) Directorate at ADNOC Group, where he provides strategic guidance and decision-making support for the ADNOC Group CEO and Executive Leadership Team (ELT). In this role, he oversees business-critical, CEO-directed projects and enables long-lasting, mutually beneficial business outcomes for the Group's stakeholders. Dr. Al Jarwan also sits on the Board of Directors of ADNOC Logistics and Services PLC.

Tayba Al Hashemi
Director
Chairwoman of Nomination and Remuneration Committee

Ms. Al Hashemi is the Chief Executive Officer of ADNOC Offshore, one of the largest offshore energy producers in the world. She brings more than 20 years of industry experience across a range of technical disciplines and leadership positions. In her current role, she leads a team of 8,000 people and works with eight international partners. Ms. Al Hashemi also sits on the Board of Directors of ADNOC Logistics and Services PLC.

Khalid Abdulsamad
Director
Member of Executive Committee

Mr. Khalid Abdul Samad serves on the Board of Directors of ADNOC Logistics and Services PLC and is also the Senior Vice President of the production function in the Upstream directorate of ADNOC Group. He is tasked with governing the production operations of the ADNOC Upstream directorate. Prior to this, Mr. Samad has held key leadership roles across the ADNOC Onshore value chain.

Mashal Al-Kindi
Director
Member of Audit Committee

Mashal Al-Kindi has been a part of the ADNOC Group for over 14 years in varying senior management positions, spanning ADNOC's Executive Office, Upstream and Downstream Industry, Trading & Marketing (DM&T) Directorates. He was also instrumental in establishing joint ventures (JVs) in several ADNOC group companies. In February 2023, Mashal joined TA'ZIZ as Acting Chief Executive Officer and sits on the Board of ADNOC Logistics and Services PLC.

Women's Representation on the Board of Directors

Tayba Al Hashemi is a member of the Board of Directors. Keeping with its commitment to gender diversity, the Company is actively seeking opportunities to increase female representation within the Board of Directors. To this end, where vacancies arise, ADNOC L&S actively seeks out greater female representation while at the same time considering all qualified candidates, regardless of gender.

Statement of Allowances Paid to Board Subcommittee Members in 2023

No allowances, salaries, or additional fees were paid to Board subcommittee members in 2023.

Board meetings – AttendanceRecords

Our Articles of Association require that the Board of Directors meet a minimum of four times each year. The quorum for meetings is a majority of Directors, and the quorum for voting during meetings is a majority of attendees.

While the AOA and SCA requirement is for the Board of Directors to meet four times a year, the ADNOC L&S Board of Directors met a total of three times in only six months after the Company listed on the ADX – meeting its pro-rata requirement.

The following tables set forth the meetings held by our Board of Directors in 2023:

Post-IPO Board Meetings

Board Member	Position on the Board	3 August 2023	9 October 2023	10 Nov 2023
H.E. Dr. Sultan Ahmed Al Jaber	Chairperson	P	P	P
Khaled Salmeen	Board Member	P	P	P
Dr. Abdulla Al Jarwan	Board Member	P	P	P
Khaled Al Zaabi	Board Member	P	P	P
Khalid Abdul Samad	Board Member	P	P	P
Mashal Al-Kindi	Board Member	P	P	P
Tayba Al Hashemi	Board Member	P	P	P

P – Present, A – Absent

SHARE DEALINGS

Purchases and sales of our shares and other transactions involving our securities by employees and representatives are governed by our Inside Information and Insider Dealing Standards.

It is the policy of ADNOC Logistics and Services PLC that inside information must not be used by any ADNOC Logistics and Services PLC personnel and their connected persons for personal gain.

ADNOC Logistics and Services PLC expects that all of its employees, as well as the other persons with whom ADNOC Logistics and Services PLC transacts, abide by this standard and, in doing so, adhere to the applicable laws on inside information and dealings.

The following table sets out the details of all purchases and sales of our shares undertaken by our Directors, their spouses and their children in 2023:

Board Member	Position	Shares Held as of 31 December 2023	Total Sales Transactions	Total Purchase Transactions
H.E Dr. Sultan Al Jaber Ahmed Sultan Essa Aljaber		0	-	-
Khaled Salmeen Anber Salmeen	Director	946,261	-	498,500
Khaled Mohamed Abdulla Alalkeem Alzaabi	Director	447,761	-	-
Dr. Abdulla Humaid Saif Aljarwan Alshamsi	Director	447,761	-	-
Tayba Abdulrahim Mohamed Al Hashemi	Director	124,378	-	-
Khalid Abdulhaq Abdulla Barkat Abdulsamad	Director	4,187	-	-
Mashal Al-Kindi	Director	124,378	-	-

MATERIAL CONTRACTS

Related Party Transactions

We are and have been a party to various agreements and other arrangements with related parties comprising ADNOC and certain of its other subsidiaries. The agreements are negotiated on an arms-length basis. The most significant of these transactions are described below. Certain transactions with related parties, which are considered part of the normal business of ADNOC L&S and are of a routine nature, have been "pre-approved" by the Executive Committee, meaning that they do not need Executive Committee approval. Examples of these are contracts having a value of less than USD 5,000,000 or contracts having a duration of less than 12 months. Such contracts are still required to be approved in accordance with the Company's DOA, but due to their relevant value, they are not individually listed. The Company is also exempt from having to disclose related party transactions to ADX, so there is no requirement to maintain a register of related party transactions.

ILSP Agreement

ADNOC Offshore and ADNOC L&S entered into an agreement dated 1 May 2022 for the provision of integrated logistics services to ADNOC Offshore (the "ILSP Agreement"). The term of the ILSP Agreement is five years from 1 May 2022, with an option to extend for a further five years. Under the ILSP Agreement, ADNOC L&S provides various services to ADNOC Offshore, including receipt, storage, and dispatch of materials from warehouses ordered by either ADNOC Offshore or its vendors; lifting and handling services for materials; waste management services within industrial and non-industrial areas; onshore and offshore port services; maintenance support services of ADNOC Offshore's owned assets/vehicles; integrated supply chain planning involving the fleet of supply vessels, jack-up rigs and barges; conducting inspection and surveys of marine vessels, barges and jack-up rigs. Fees for the performance of services under the ILSP Agreement remain fixed for its duration and, subject to the terms of the ILSP Agreement, amount to a total of USD 2.6 billion.

AW Shipping

On 1 March 2020, Abu Dhabi Marine International Operations Holdings RSC Limited ("ADMOH") and Wanhua Chemical (Singapore) Pte. Ltd. ("Wanhua") entered into a shareholders' agreement in relation to the establishment and operation of AW Shipping Limited ("AW Shipping"). The shareholders' agreement governs the management of AW Shipping and the relationship between ADMOH and Wanhua. AW Shipping is incorporated in the Abu Dhabi Global Market (ADGM). ADMOH holds 50% of its shares, while Wanhua holds the remaining 50%. The business of the joint venture is to operate vessels for the purposes of transporting LPG and/or petroleum products under time charter party agreements.

AW Shipping Limited Management Agreement

Abu Dhabi Marine Operations and Services Company LLC has entered into certain agreements with AW Shipping Limited: (i) a ship management agreement with AW Shipping Limited for the provision of services in relation to the Delma vessel, including technical, crew, and commercial management (the "Ship Management Agreement"); and (ii) a service level agreement with AW Shipping Limited whereby we represent AW Shipping Limited in its dealings with third parties and for the provision of certain commercial and administrative assistance (the "Service Level Agreement"). Fees for the services under the scope of the Ship Management Agreement are to be paid in equal monthly installments, with certain expenses being changed at cost. Fees under the Service Level Agreement are of a fixed nominal amount per annum.

The Ship Management Agreement was signed on 27 July 2021 for a term of at least ten years and up until one of the parties gives timely notice or until the agreement is otherwise terminated. The Ship Management Agreement is deemed terminated if the vessel is sold, the vessel becomes a total loss, the vessel is declared as compromised or missing, or the bareboat charter comes to an end. The Service Level Agreement was signed on 4 June 2020, effective 23 August 2021, for a minimum of ten years, after which the term shall automatically extend yearly unless either party gives notice of intent to terminate.

Under the Ship Management Agreement, Abu Dhabi Marine Operations and Services Company LLC is not liable to AW Shipping Limited for any loss, damage, delay etc., in the course of providing management services unless it is proved to have resulted solely from the negligence, gross negligence or willful default of Abu Dhabi Marine Operations and Services Company LLC or its employees, agents or sub-contractors, in which case (save where the loss has resulted from an intentional or reckless personal act or omission).

Abu Dhabi Marine Operations and Services Company LLC's liability for each incident shall not exceed a total of ten times the annual management fee. AW Shipping Limited indemnifies Abu Dhabi Marine Operations and Services Company LLC against all liabilities and claims, except to the extent that Abu Dhabi Marine Operations and Services Company LLC is liable under the terms of the agreement. Under the Service Level Agreement, Abu Dhabi Marine Operations and Services Company LLC's liability to AW Shipping Limited for loss arising from its gross negligence or willful default or breach of the agreement shall not exceed USD 25,000 for each incident or series of incidents.

Hail and Ghasha Integrated Logistics Technical Services Agreement

ADNOC and ADNOC L&S entered into an agreement dated 20 October 2022 to support offshore oil and gas drilling operations through the provision of marine and logistics service to transport personnel and materials for the duration of eight years starting on the call-off commencement date specified in each call-off order, with the option to extend the agreement for additional two years from the end of the initial period (the "Hail and Ghasha Integrated Logistics Technical Services Agreement").

Under the terms of the Hail and Ghasha Integrated Logistics Technical Services Agreement, ADNOC L&S provides complete logistics services, including planning and execution of the works; receipt, storage, transportation and handling of all materials/equipment and waste; marine support, including the provision of marine assets and port facilities services; onshore base supply services inclusive of warehousing and storage of goods; onshore island port management services; provision of intra island movements of cargo and personnel; hotel services offshore; provision of passenger transportation by vessel; mobilization of land rigs to offshore islands; mobilization of cement, fluid and bulks plants to offshore islands; and coordination of maritime operations offshore. Fees for the performance of services under the Hail and Ghasha Integrated Logistics Technical Services Agreement remain fixed for its duration.

Ruwais Terminal Port Operations Agreement

Borouge and ADNOC L&S entered into an agreement dated 12 November 2017 (effective 2 March 2018), pursuant to which ADNOC L&S provides services for the Ruwais port operations for an initial period of five years until 1 March 2023, and has been extended for a further one (1) year period. The contracted services include the handling and movement of shipping containers between the container yards and the packaging lines / bulk-filling silos, including lifting shipping containers on and off the feeder container ships and associated supervisory and administrative services.

As of the date of this Prospectus, the parties to this agreement are in discussions to extend it. Until execution of such extension, the existing arrangement will continue on the same terms with any excess fees from 1 March 2023 due to be paid as per the terms of the existing agreement.

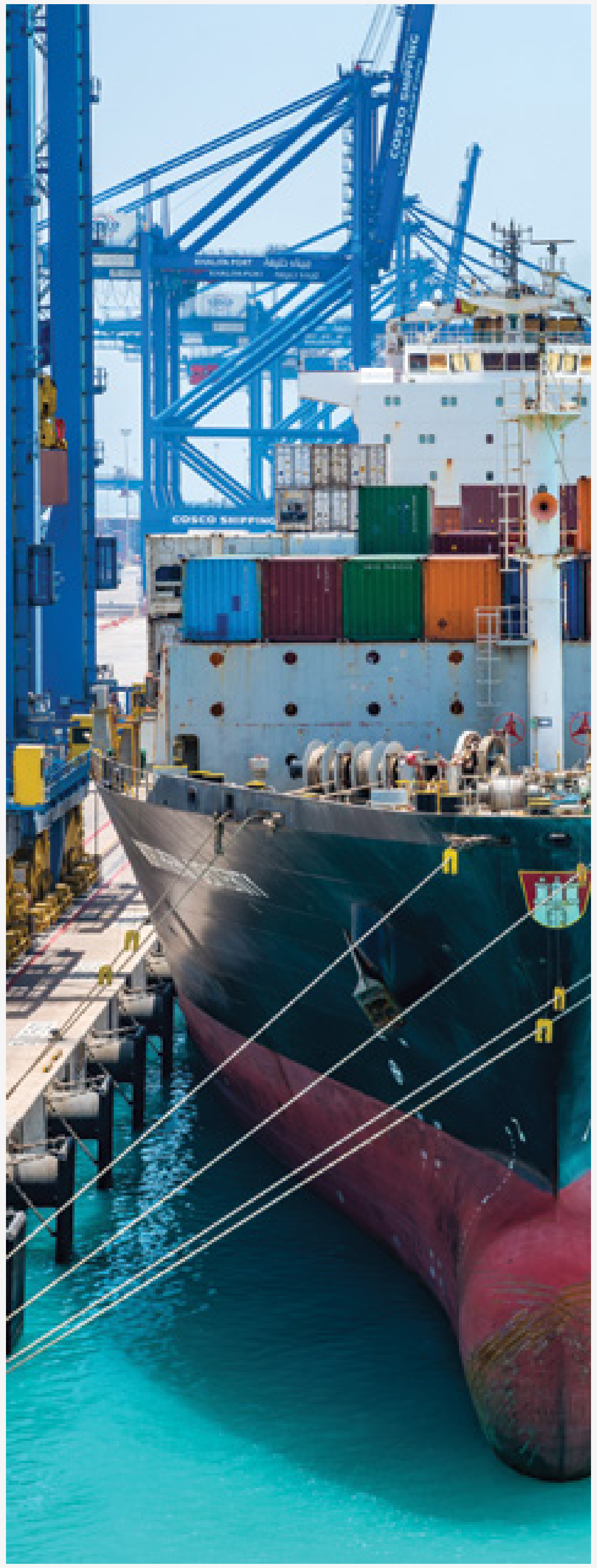
KEZAD Gateway Operations at Khalifa Port and KEZAD Agreement

Borouge and ADNOC L&S entered into an agreement dated 22 November 2021 under which ADNOC L&S has agreed to perform gateway operations at Khalifa Port and KEZAD for a period of twenty-five years starting from 1 January 2022 (the "KEZAD Gateway Operations at Khalifa Port and KEZAD Agreement").

The contracted services include the trans-shipment / destination interchange terminal of shipping line containers to their destinations, unloading of inbound containers, transportation of outbound terminal containers, and general warehouse operations, encompassing the transportation of incoming material in the counterparty's or shipping line containers, the loading of material at KEZAD for distribution to clients within UAE and other GCC, and handling of materials produced at its Ruwais production facility in the storage operations.

Petroleum Ports Operations Licencing Agreement

Under Abu Dhabi law, ADNOC is vested with the overall responsibility for managing and operating the petroleum ports in the Emirate of Abu Dhabi. ADNOC granted ADNOC L&S a licensing agreement dated 26 July 2020 to provide pilotage services, towage services, line handling services and additional services for all petroleum ports in the Emirate of Abu Dhabi on behalf of the Petroleum Ports Authority ("PPA"),



which includes the onshore Jebel Dhanna Ruwais Petroleum Port and the offshore Das Island, Zirku Island and Mubarraz Petroleum Ports in the Emirate of Abu Dhabi (the "Petroleum Ports Operations Licensing Agreement"). The agreement is for an initial term of five years starting from 1 June 2020 with an option to cumulatively extend it in five-year terms for up to twenty-five years in total. The agreement contemplates certain additional services, such as diving services, waste disposal, emergency services, wreck removal, towage assistance outside of berthing and unberthing, transfer of personnel and equipment, and general boat services.

Agreement for Jack-Up Barges Services

ADNOC L&S entered into agreements on a rolling basis with ZMI Holdings (agreements dated 4 August 2022, 16 August 2022, 26 August 2022, 16 September 2022, 26 September 2022 and 27 September 2022), NAVTECH Marine Services SA Abu Dhabi (agreement dated 1 August 2022), SEAFOX Contractors BV Abu Dhabi (agreement dated 19 August 2022), Control Contracting and Trading Co (Pvt.) LLC (agreement dated 4 August 2022), Gulf Marine Services Company (agreement dated 30 September 2022), all for the duration of four years, with an option to extend for another year at ADNOC's discretion.

The services to be provided under the agreements are the charter of a total of 13 self-propelled jack-up barges for (i) rig-less operations and (ii) wellhead tower maintenance and integrity restoration demobilization, messing, and accommodation services for the personnel. ADNOC L&S has an option to extend the agreements up to one year at ADNOC L&S' discretion.

ADNOC Onshore Services Agreement

ADNOC Onshore and ADNOC L&S entered into an agreement dated 17 November 2022 for a period of ten years for the provision of services by ADNOC L&S in relation to the maintenance of oil tankers berths and ADNOC Onshore's facilities, such as maintenance of berths, channel buoys and beacons, sea line marker buoys, and other services required for the operation of the Jebel Dhanna and Fujairah terminals (the "ADNOC Onshore Services Agreement"). Under the terms of this agreement, ADNOC L&S provides at its sole cost and expense all supervision, labor, equipment, materials, and consumables (excluding duel and other non-routine spares required for the performance of the agreed services) and is solely responsible for the safety, security, health, and welfare of personnel. ADNOC L&S has agreed to provide messing, accommodation, and other services for the person.

Subscription and Transfer Agreement

The Company and ADNOC entered into the Subscription and Transfer Agreement whereby ADNOC became the sole shareholder of the Company, which, in turn, holds 100% of the share capital of ADNOC L&S. In accordance with the ADGM Companies Regulations, including sections 555-559 thereof, various formalities (such as a valuation exercise and passing of a shareholder resolution) were completed before the Subscription and Transfer Agreement was entered into.

ADNOC Trading Chartering Cooperation Agreements

Abu Dhabi Marine Operations and Services Company LLC, Abu Dhabi Marine International Chartering Holdings RSC Limited and ADNOC Trading LTF ("ADNOC Trading") entered into a chartering cooperation agreement (the "Chartering Cooperation Agreement") dated 15 December 2021 for the provision of chartering services for a total term of two years to be automatically extended for a further two years upon expiry of the initial term and up until the agreement has been renewed five times. The scope of the agreement shall cover non-exclusively voyage charters, time charters, trip-time charters, contracts of affreightment through transport, and any other type of charter or related contract that ADNOC Trading may require throughout the validity of the agreement. The fees have been agreed upon ahead of the execution of the contract and shall not be amended for the term.

Abu Dhabi Marine International Chartering Holdings RSC Limited and ADNOC Trading subsequently entered into a second agreement dated 15 December 2021, which provides for a mechanism by which the parties may enter into charters of vessels by way of confirmation notice. The agreement is set to continue until (i) it is terminated in accordance with the termination provisions or (ii) the Chartering Cooperation Agreement is terminated or expires, whichever occurs first.

ADNOC Global Trading Chartering Cooperation Agreement

Abu Dhabi Marine Operations and Services Company LLC, Abu Dhabi Marine International Chartering Holdings RSC Limited, ADNOC Global Trading Ltd ("AGT AD") and ADNOC Global Trading Asia Pte. Ltd ("AGT Asia") entered into an agreement dated 29 April 2022, by which AGT Asia agreed to cooperate with Abu Dhabi Marine Operations and Services Company LLC to ensure the fulfillment of chartering requirements. The agreement has an initial term of two years from the date of entering into the agreement and is subject to automatic renewable terms of two calendar years, with early termination permitted by any party in the event of a change of control, provided that it is no later than three calendar months before the end of the initial term or the current renewal term.

AGT AD may further terminate if: (i) Abu Dhabi Marine Operations and Services Company LLC makes any public offering or listing of its shares resulting in ADNOC no longer owning more than 50% of its shares; or (ii) any competitor or owner of a third party vessel obtains an ownership interest in Abu Dhabi Marine Operations and Services Company LLC or is the employer/ is represented by a director on Abu Dhabi Marine Operations and Services Company LLC's board, whereas Abu Dhabi Marine Operations and Services Company LLC may terminate if any of its competitors obtain any new ownership interest in AGT AD. Abu Dhabi Marine Operations and Services Company LLC's fee is a fixed percentage of all commissions payable under all voyage charter parties of third-party vessels (as applicable) up to a maximum annual limit. The time charter fee is a fixed percentage of all commissions payable under all charter parties of third-party vessels not subject to an optimization agreement.

NGSCO Management Agreement

Abu Dhabi Marine Operations and Services Company LLC entered into a management agreement with National Gas Shipping Company Holding Limited ("NGSCO"), which is majority-owned by ADNOC, on 8 March 2018 (effective 1 January 2018). The agreement is extendable on a year-to-year basis and may be terminated by either party providing six months' written notice to the other. Under the terms of this agreement, Abu Dhabi Marine Operations and Services Company LLC represents NGSCO in dealings with third parties and provides services in connection with the management and administration of its business. The fees are fixed and annual, payable in monthly installments, and to be updated yearly following budget estimations for working capital requirements for management fees and chartered vessels.

Abu Dhabi Marine Operations and Services Company LLC shall not be liable to NGSCO for any loss unless the loss has resulted from: (i) the gross negligence or willful default of Abu Dhabi Marine Operations and Services Company LLC, the submanager or their respective employees, agents or contractors; or (ii) a breach of the agreement by Abu Dhabi Marine Operations and Services Company LLC, in which case Abu Dhabi Marine Operations and Services Company LLC's liability is capped at ten times Abu Dhabi Marine Operations and Services Company LLC's fees. All decisions of a material nature relating to NGSCO or any vessel chartered by NGSCO are reserved to NGSCO.

Master Fixture Recap Agreement

Abu Dhabi Gas Liquefication Company Limited, Abu Dhabi Marine International Chartering Holdings RSC Limited ("ADNOC Chartering") and Abu Dhabi Marine Operations and Services Company LLC entered into a master fixture recap agreement dated 13 March 2023 which sets out general terms on which idle ADNOC LNG carriers can be chartered to third parties through ADNOC Chartering. No fees are payable under this agreement. The agreement may be terminated by either party providing 20 days' written notice.

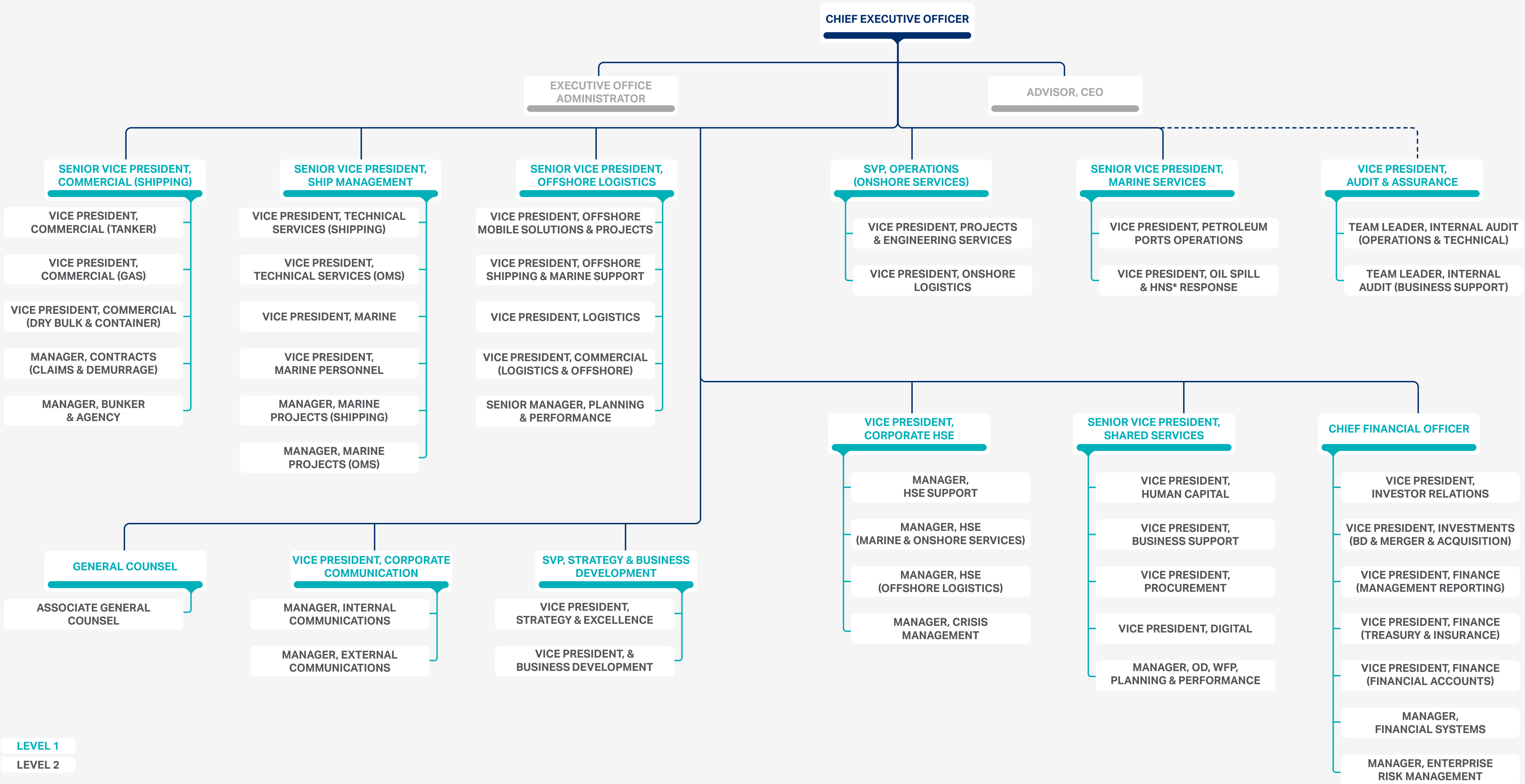
Master Service Agreement

After listing, it has been anticipated that the Company is about to enter into a corporate services agreement with ADNOC, which is expected to be in 2024. The agreement sets out the terms, conditions, and pricing for ADNOC to provide certain corporate services to the Company and, if requested by the Company, certain additional services to the Company. The corporate services are expected to include (among other things) corporate governance, treasury and accounting, human resources, business support services, procurement, communication services, HSE services, legal services, insurance services, and IT services.

Brand Usage Agreement

As a part of the listing documentation, the Company entered into a brand usage agreement with ADNOC pursuant to which ADNOC intends to grant the Company a limited, revocable, non-transferable, non-sublicensable, non-exclusive license to use certain of ADNOC's trademarks, logo and materials in Africa, Asia, Australia, Europe, North America, South America and any other countries or territories as may be agreed to in writing from time to time, in connection with all operations and any other activities that the Company is currently engaged in. The license expected to be granted under the brand usage agreement is royalty-free for the first five years. The brand usage agreement is expected to continue in force unless terminated by ADNOC on twelve (12) months' prior written notice to the Company.

ORGANIZATION CHART



*Hazardous and Noxious Substances

EXECUTIVE MANAGEMENT TEAM

Captain Abdulkareem Mubarak Almessabi
CEO

Captain Abdulkareem Al Masabi leads ADNOC Logistics and Services PLC. Before assuming his current role in April 2018, Captain Abdulkareem Al Masabi was the Executive Vice President of the Ports Unit at Abu Dhabi Ports and the Chairperson of Abu Dhabi Terminals.

He is Chairman of AW Shipping, Chairman of the Emirates Shipping Association and Board Member of the International Chamber of Shipping.

Nicholas Murray Gleeson
Chief Financial Officer

Mr. Gleeson has extensive international experience as CEO & CFO of listed & large private businesses, in particular in Shipping & Energy. He has deep experience in debt financing, IPOs, mergers & acquisitions. He is an Australian Chartered Accountant and MBA (INSEAD). Previously he was Chief Financial Officer of BW Group.

Ahmad Saeed Obaid Bin Taresh Aldhaheri
Senior Vice President – Commercial & Operation (Shipping)

Mr. Ahmed Al Dhaheri is the Senior Vice President of Commercial & Operations (Shipping) of the Company and has been working with the Company's subsidiaries for the last 25 years in various management positions. In his current role, Mr. Al Dhaheri looks after the Company's crude, gas and dry bulk transportation business.

Captain Mohamed Ali Mousa Torki Al-Ali
Senior Vice President – Offshore Logistics

Captain Mohamed Al Ali is the Senior Vice President of Offshore Logistics. In his current role, he oversees the commercial logistics and operational activities of the ports, offshore supply, and support fleet to provide end-to-end offshore logistics solutions to the customers, including warehousing, material handling, and port and offshore supply operations.

Vivek Kumar Seth
Senior Vice President - Marine Services

Mr. Seth is currently serving as the Senior Vice President of Marine Services of the Company and the Company's subsidiary, Abu Dhabi Marine Business Services Company PJSC. He has more than 32 years of global management, commercial and operations experience in aligning corporate vision with strategic transformation. He has worked across deep-sea shipping and offshore maritime segments globally.

Justin Sawdon Stewart Murphy
Senior Vice President - Corporate Strategy and Business Development

Mr. Murphy is the Senior Vice President of Strategy and business Development of the Company and has more than 30 years of experience in the maritime and logistics industry. He has served in a range of roles across the globe, including the USA, Canada, Singapore, London and Abu Dhabi.

Andrew Baird
General Counsel

Mr Baird is currently serving as the General Counsel of the Company. He is an English law-qualified Solicitor and has over thirty-five years of experience in private practice focused on the maritime and offshore industries. Before taking on his current role, he was a Partner in the law firm Watson Farley & Williams LLP and was the founder and Managing Partner of the firm's Dubai office.

EXECUTIVE COMMITTEE

The Executive Committee consists of seven members, all being independent non-executive directors. The Board established the Board Executive Committee to assist the Board in the discharge of its duties.

The role of the Executive Committee is to act on behalf of the Board during the intervals between scheduled Board meetings so that matters that require Board approval during such intervals can be dealt with in a timely and efficient manner.

The Executive Committee focuses on matters including health, safety, and the environment, along with ADNOC Logistics and Services PLC's sustainability initiatives, operational and business planning, financial results, investor relations, and corporate communications strategy.

As part of his role as the Chairperson of the Executive Committee, Khaled Salmeen is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The following table sets out the members of the Executive Committee in 2023:

Board Member	Position on the ExCom
Khaled Salmeen	Chairman
Khaled Al Zaabi	Member
Khalid Abdul Samad	Member
Fatema Al Nuaimi	Member
Jasim Saeed	Member
Klaus Froehlich	Member
Ayman Dabash	Member

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee assists the Board in setting and overseeing the nomination and remuneration policies in respect of the Board, any committees of the Board and senior management.

In such capacity, it is responsible for evaluating certain matters relating to the Company's executive management, evaluating the balance of skills, knowledge, and experience of the Board and committees of the Board, and, in particular, monitoring the independent status of the independent Directors. In addition, and subject to the Articles of Association, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration and decisions on certain of the Group's human capital policies, setting the over-arching principles, parameters and governance framework of our remuneration policy and overseeing remuneration and benefits packages.

The Board will delegate to the Nomination and Remuneration Committee decisions in relation to the appointment, removal, and replacement of personnel reporting directly to the Company's chief executive officer, senior vice-presidents of the Group, and management personnel reporting directly to the Group's senior vice-presidents.

The Nomination and Remuneration Committee Terms of Reference require that the Nomination and Remuneration Committee must comprise four members. At least three of the members of the Nomination and Remuneration Committee need to be Non-Executive Directors (of whom at least two need to be independent), in each case within the meaning of those terms in the Governance Rules. The chairperson of the Nomination and Remuneration Committee must be chosen from among the independent committee members.

The members of the Nomination and Remuneration Committee are appointed in accordance with the Nomination and Remuneration Committee Terms of Reference. The Nomination and Remuneration Committee meets at least two times per year and otherwise from time to time, based on the Company's requirements. All members of the Nomination and Remuneration Committee are required to comply with ADNOC Group's information-sharing protocol, which sets out guidelines on matters relating to the sharing of material non-public information and insider trading.

The following table sets out the meetings held by the Nomination and Remuneration Committee in 2023:

Board Member	Position on the NRC
Tayba Al Hashemi	Chairwoman
Dr. Abdulla Aljarwan	Member
Mashal Al-Kindi	Member
Ayesha Mohamed Al Hammadi	Member
Nasser Omair Al Muhairi	Member

AUDIT COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits, and controls.

This includes reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non–audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Company's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Company's internal control review function. The ultimate responsibility for reviewing and approving the annual report and financial statements remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, governmental authorities and the ADX, including the provisions of the Governance Guide.

The Governance Guide, as reflected in the Audit Committee Charter, requires that the Audit Committee must comprise at least three members who are non-executive directors. One of the independent members must be appointed as the Chairperson of the Audit Committee.

In addition, at least one member is required to have recent and relevant audit and accounting experience. The Audit Committee will be chaired by one of the independent members and will include other members elected by the Board. The Audit Committee will meet not less than four times a year.

The Audit Committee has taken appropriate steps to ensure that the Company's External Auditors are independent of the Company as required by the Governance Rules and has obtained written confirmation from the Company's Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies. The Audit Committee's responsibilities in relation to the Audit and Assurance Division include the review and approval of the overall audit strategies and annual audit work plan and budget and overseeing the internal audit programs and performance. In addition, the Audit Committee ensures that Audit and Assurance has full and unrestricted access to all required sources of information relevant to the performance of its work.

As part of his role as the Chairperson of the Audit Committee, Mr. Khaled Al Zaabi is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The Audit Committee held a total of two meetings in 2023, and the Board accepted all recommendations of the Audit Committee. The following table sets out the meetings held by our Audit Committee in 2023:

Member	Position	27-Jul-23	27-Oct-23
Khaled Al Zaabi	AC Chairman	P	P
Tayba Al Hashemi	AC Member	P	P
Mashal Al-Kindi	AC Member	P	P
Wafa Ahmed Al-Ali	AC Member	P	P
Omar Abdulla AlNuaimi	AC Member	P	P
Ann Mazzucco	AC Member	P	P

P – Present, A – Absent

EXTERNAL AUDITORS

We have entrusted the external audit function for ADNOC Logistics and Services PLC's yearly accounts to PricewaterhouseCoopers (PWC), which has been ADNOC Logistics and Services PLC's external auditor since 2023.

The number of years PricewaterhouseCoopers (PWC) has served as the Company's External Auditor:	One year
Partner name:	Nizar Jichi
Number of years the Partner has served as the Company's External Auditor:	One year
Total fees for auditing the financial statements of 2023 (in USD), including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting:	Audit of financial statements – USD 723,000 Non-assurance services required to be performed by the auditor according to applicable laws and regulations – USD 379,000
For our annual financial statements for the year ended 31 December 2023, PricewaterhouseCoopers (PWC) issued an unqualified audit opinion:	14 February 2024

RISK MANAGEMENT

Risk Management Framework

Governance

The ADNOC L&S Board of Directors, which comprises seven Directors appointed in line with SCA requirements, is collectively responsible for risk management and strategy. The Board of Directors supervises the interests of stakeholders, the creation of a culture aimed at long-term value creation, the internal audit function, and the effectiveness of internal risk management and control systems. In addition to the risk management oversight provided by the Board of Directors, the Company's Executive Committee is responsible for matters relating to commercial, financial, and operational performance, function and planning, information and reports, reserved matters, and related party transactions.

The newly formed Audit Committee oversees corporate governance, risk management, legal and compliance, financial and non-financial reporting, internal control, and internal and statutory audits. Furthermore, risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

ADNOC L&S, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. Additionally, the Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

ADNOC L&S has a dedicated ERM Committee (advisory) to oversee risk management activities, policies, and systems regularly to reflect risks based on changes in the Company's activities and emerging trends and threats.

Insurance

ADNOC L&S has taken out insurance policies in relation to a number of risks associated with its business activities, such as, among others, all-risk industry insurance covering transportation and property-related risks and policies covering our vehicles, real estate properties, liabilities, vessels, personnel, and equipment.

Under these policies (and related underlying policies), insured losses include those resulting from natural and human risks such as business interruptions due to fire, events relating to the manipulation of services, and losses relating to the handling of money, among others.

ADNOC L&S' insurance coverage is subject to customary exclusions, limits, and deductibles. At the same time, the Company has identified certain risks that cannot be insured on economically feasible terms and for which, therefore, the Company has chosen not to purchase insurance coverage. These risks include, for example, business interruptions caused by acts of terror.

The policies together provide an indemnity against sums for which ADNOC L&S becomes legally liable to pay as compensation for injury, loss, or damage to a third party arising out of and in the course of the Company's business activities and an indemnity against material damage to its properties.

Risk

	1 GROWTH	2 COMPETITION AND RELIANCE ON ADNOC GROUP	3 LEGAL AND REGULATORY COMPLIANCE	4 MERGERS AND ACQUISITIONS
WHAT IS THE RISK?	ADNOC L&S fails to achieve its intended strategic business growth targets, including diversification and expansion of its Integrated Logistics services.	The Company is exposed to competition risk and a decrease in its market share within GCC due to its overdependence on ADNOC Group, which serves as its largest client and may diversify to other regional / international service providers in the future.	ADNOC L&S operates across six continents and has exposure to a complex landscape of international laws and regulations. Failure of the Company to comply with legal requirements across jurisdictions and mandated laws can expose it to cases in connection with violations of anti-corruption laws, anti-trust regulations, international sanctions, health safety environment laws, and/or data privacy.	ADNOC L&S may not be successful in completing the acquisition of new businesses and integrating them with the Company's existing fabric. This may derail the execution of integration and synergy strategy and not realize projected returns from such strategic transactions.
POTENTIAL IMPACT	Failure to meet projected EBITDA target due to the Company's inability to meet set growth strategy and investment initiate targets. Reduced investor and/or shareholder confidence in the Company's ability to execute its strategic plans, leading to a decrease in market capitalization and share price volatility.	ADNOC L&S may lose market share to other regional / international competitors with high-quality assets offering better terms and conditions, such as discounted rates / fees. Major client - ADNOC and its Group companies may not renew and/or terminate contracts once their terms have expired, considering matters like quality, performance, and rate / fees related issues. ADNOC L&S may be able to secure contractual terms and conditions with existing and/or new clients, however, at discounted rates, subsequently impacting the Company's revenue and financial stability.	A failure to meet mandated legal and regulatory standards, compliance, and requirements, especially in international shipping, can lead to severe reputational damage, litigation costs, substantial legal fines, lost business, and subsequent decline in financial performance. Additionally, any future environmental or health and safety laws and regulations or reinterpretation of current laws may require the Company to make substantial expenses. Any costs to comply with, or any liabilities under, these laws and regulations could have a material adverse effect on ADNOC L&S' business, results of operations, financial condition and prospects.	A failure to integrate a major acquisition due to inadequate integration approach, lack of internal processes or capabilities, or cultural differences cause value destruction in the form of unrealized synergies. The Company incurs transaction-related expenses and other unanticipated costs associated with the transaction, unforeseen restructuring or operational costs, and the potential for impairment charges related to the goodwill, intangible assets, or other assets to which any such transaction relates. The Company was exposed to liabilities and, in turn, did not achieve its projected rate of returns due to any failure to identify relevant facts through the due diligence process.

1 GROWTH	2 COMPETITION AND RELIANCE ON ADNOC GROUP	3 LEGAL AND REGULATORY COMPLIANCE	4 MERGERS AND ACQUISITIONS
HOW WE MANAGE IT			
ADNOC L&S - aligned with ADNOC's growth narrative and its investment plan - has designated a CAPEX budget of $2.2 billion for growth in 2024. The Company has a robust strategic planning and monitoring process embedded in its governance program wherein all investment and growth-based decisions are approved through relevant governance committees and the Board. The Company also maintains continuous engagement with its stakeholders to align expectations. With the continuous development of different value propositions, diversification of services, workplace innovation, the agile adaption of geopolitical and regulatory changes, focus on cost efficiency, and a long-term stable contracts portfolio, the Company implements its strategy with resilience.	ADNOC L&S is focused on investment diversification on shipping and leverage on strong relationships with non-ADNOC partners, such as WanHua, and expanding its geographical presence into all six continents. In the past, we have been and expect to continue in the future as the service provider of choice to ADNOC Group companies. ADNOC L&S has Long-Term Agreements with ADNOC Group companies, and any new contracts /renewals are assessed on prevailing market conditions at the time. By adjusting its services to its present clients, ADNOC L&S is moving away from just providing assets to clients into the provision of end-to-end solutions through investing in new technologies and modern assets to ensure ADNOC L&S remains the preferred/ trusted services provider. Furthermore, the Company is targeting new business segments like EPC, which will enable it to mobilize its assets more efficiently and reduce potential competitor risk.	ADNOC L&S operates globally and complies with international shipping laws and specific country/port laws and regulations. The Company has dedicated legal and compliance personnel with access to international networks and subscriptions, which aid them in identifying, understanding, monitoring, and complying with current and emerging regulatory obligations that impact the business (e.g., European Union's Emission Trading System (EU ETS). The Company assures compliance with our policies, standards, and procedures, including the third-party due diligence procedures in the Shipping segment. It has implemented initiatives to increase focus on governance and compliance, including an emphasis on compliance training, awareness, processes, and controls, as well as fraud risk prevention awareness and dedicated training.	The acquisition of Zakher Marine (ZMI) in Nov 2022 positioned ADNOC L&S as the world's largest owners and operators of self-propelled, self-elevating jack-up barges. ADNOC L&S - has dedicated strategy and business development and finance and investment teams equipped with experienced capabilities to assist the business in effectively managing M&A transactions. Prior to target identification and making new investments or engaging in M&A, the Company conducts stringent due diligence and synergy identification to the extent it deems necessary in accordance with Company DOA, governance committees, Board directive/ feedback, and ADNOC Group policies and procedures.

	5 CYBERSECURITY AND IT	6 FINANCIAL RISK
WHAT IS THE RISK?	ADNOC L&S technology landscape is increasing and becoming complex with more applications, devices and control systems connected online. This, compounded with external threats and direct / indirect attacks on the Company's digital network and critical infrastructure, exposes the Company to cybersecurity incidents.	The activities of the Group expose it to a variety of financial risks, including: market risk (including foreign exchange risk, price risk, and cash flow and fair value interest rate risk), credit risk, and liquidity risk.
POTENTIAL IMPACT	Cyber-attacks on owned and/or third-party systems, applications, and networks can compromise its enterprise software systems, incl. vessel systems, leading to operational failure, potential hijacking of a ship system, or exposure of the Company and its parent Group to ransomware. Loss of customer trust due to theft or compromise of intellectual property, sensitive data including invaluable customer information and highly confidential information, thereby engendering substantial monetary setbacks. Unexpected incidents may jeopardize the safety of our people and assets.	Financial risks threaten the Company's cash flow and ability to operate effectively, potentially impacting its ability to pay suppliers, fund investments, pay creditors, or continue its operations. The Company's creditworthiness may also be affected, as may its ability to pay dividends to its shareholders.
EXISTING CONTROLS	ADNOC L&S has implemented robust information technology and operational technology protocols along with necessary maritime cybersecurity procedures onboard its vessels. The Company maintains backup systems and has implemented security measures to protect our systems and information, incl. continuous vulnerability assessments and patch management work deployed on systems to reduce the threat of breaches, bugs, etc. ADNOC L&S continues to strengthen its IT infrastructure, improve its vessel operational technology controls, and invest in cyber security to safeguard its critical systems and preserve the integrity of maritime trade. The Company continues to enhance its capabilities to control impact through appropriate preparedness, response procedures and recovery plans.	ADNOC L&S continues to drive efficiency and productivity to reduce its cost base and implement controls to standardize and automate its processes. The Company conducts regular assessments of its optimal fixed / floating portfolio mix and re-financing options to ensure the risk management approach remains effective. It has put in place policies and guidelines for debt management and continues to maintain its credit facility from parent company ADNOC.

7 GEOPOLITICAL AND SECURITY RISK

WHAT IS THE RISK?

Escalation in geopolitical tension and instability in Europe and the Middle East increases the likelihood of transportation and manpower-centric disruptions, fragmentation of supply chains along with security threats, and targeted / sabotage attacks against vessels / assets in the busy international and regional shipping routes as well as ports.

POTENTIAL IMPACT

Geopolitical issues such as trade sanctions, restrictions, terrorism, conflict or supply route disruptions can result in significant and costly changes to shipping routes and increased costs. Additionally, freight rates can be affected, and surcharges can be introduced for risks related to conflict.

Potential sabotage, piracy, or terrorist attack, in the worst case, military conflict can also lead to obstruction of major network routes and operational shutdown of sites/vessels.

HOW WE MANAGE IT

ADNOC L&S has implemented international regulations and procedures onboard its vessels and continuously monitors global political developments and events that may impact company operations and vessel routes. The Company works with international security agencies and maritime bodies to safeguard its assets in international waters and undertakes necessary security measures in areas with potential security/ safety exposure.

The Company has put in place adequate security measures onboard its vessels, and necessary contingency and response plans which accommodate potential disruptions.

8 FAILURE TO DECARBONIZE

WHAT IS THE RISK?

Decarbonization is a business-critical factor and crucial for ADNOC L&S to achieve sufficiently low levels of net emissions corresponding to the International Maritime Organization (IMO) and ADNOC Group set targets at a speed that meets investor and customer expectations as well as generates commercial value for the Company.

POTENTIAL IMPACT

Failure of the Company to meet its set emission targets and related sustainable development goals can lead to potential adverse environmental effects, which will cause severe reputational damage and international pressure from environmental bodies and IMO to meet its objectives.

The limited direction of the future sustainable green fuel market and the unavailability of such fuel cause delays in realizing the decarbonization vision or failure to generate business value from it.

HOW WE MANAGE IT

ADNOC L&S has made tremendous progress in meeting its set emission targets on both, vessel and site. The Company has reduced the carbon intensity of our owned fleet by more than 30% compared to the 2020 baseline. The dedicated sustainability and emission monitoring team enables employees to reach emissions targets setting and reports.

ADNOC L&S has invested in retrofitting projects and adopting energy efficiency devices onboard its existing deep sea vessels (e.g., new propellor design), enhanced vessel hull design, and coatings. It is committed to purchasing environment-friendly new-build vessels with scheduled delivery dates between 2023 and 2026 as part of its CAPEX Growth plan.

The Company has approved the use of bio-fuels on a few of its offshore vessels and is collaborating with other industry stakeholders such as Class, engine manufacturers, academia, and other ship owners/ brokers to discover new opportunities to accelerate the fuel transitioning journey.

9 PEOPLE AND ORGANIZATIONAL CAPABILITIES

WHAT IS THE RISK?

People are ADNOC L&S' most important asset. The Company's growth plan requires the right mix of organizational structure, talent pool and capabilities crucial to meet its growth ambition and supporting its business strategy.

POTENTIAL IMPACT

A failure to attract and retain talent can have a negative impact on the remaining workforce since it can lead to additional work and responsibilities for remaining employees, raising retention issues.

A lack of essential organizational capability elements to match business requirements - present/ future, and rapid shifts in external business, technology, and regulatory environment can restrict companies' overall growth.

HOW WE MANAGE IT

ADNOC L&S has dedicated manpower planning and talent acquisition teams that have implemented a holistic talent strategy to attract and retain best-in-class employees. The Company has undertaken our annual employee engagement survey to track engagement and update our engagement and retention strategy imperative to drive a high-performance culture in the organization to remain competitive.

The Company continues to build employee competencies through assessments, continuous training, use of technology (highlight the VDR training center), as well as focusing on the future by investing in employee performance and succession planning.

10 HEALTH, SAFETY AND ENVIRONMENT (HSE)

WHAT IS THE RISK?

ADNOC L&S' has a 100% HSE objective, and the safety and well-being of its employees and contractors are a priority. Shipping, offshore, and logistics operations are subject to the hazards typically inherent in the maritime industry, with the potential to cause illness or injury or loss of life, damage to the environment, and operational disruption.

RISK DRIVERS

A failure to meet mandated legal and regulatory standards, compliance, and requirements, especially in international shipping, can lead to severe reputational damage, litigation costs, substantial legal fines, lost business, and subsequent decline in financial performance.

Additionally, any future environmental or health and safety laws and regulations or reinterpretation of current laws may require the Company to make substantial expenses. Any costs to comply with, or any liabilities under, these laws and regulations could have a material adverse effect on ADNOC L&S' business, results of operations, financial condition, and prospects.

EXISTING CONTROLS

ADNOC L&S operates globally and complies with international shipping laws and specific country/port laws and regulations. The Company has dedicated legal and compliance personnel with access to international networks and subscriptions that aid them in identifying, understanding, monitoring, and complying with current and emerging regulatory obligations that impact the business (e.g., European Union's Emission Trading System (EU ETS).

The Company assures compliance with our policies, standards, and procedures, including the third-party due diligence procedures in the Shipping segment. It has implemented initiatives to increase focus on governance and compliance, including an emphasis on compliance training, awareness, processes, and controls, as well as fraud risk prevention awareness and dedicated training.

INTERNAL CONTROL SYSTEM

Responsibility of the Board of Directors

The Board of Directors is responsible for the internal control system within ADNOC Logistics and Services PLC and has established a number of processes and procedures which are designed to ensure the effectiveness of our internal control system.

Our Internal Control System

The key objectives of the internal control system are:

a. creating control mechanisms that ensure efficient business processes and the implementation of the Company's objectives.

b. ensuring the safety of the Company's assets and efficient use of its resources.

c. protecting the interests of the Company's shareholders and preventing and resolving conflicts of interest.

d. creating conditions for the timely preparation and submission of reliable reports and other information that is legally required to be publicly disclosed; and

e. ensuring that the Company is compliant with applicable laws and requirements of regulators.

In addition to the functions and remit of the Board of Directors, ADNOC Logistics and Services PLC's internal control system is embedded in the Company at three levels:

i. **Level 1:** the business units and divisions within the Company are responsible for assessing and managing risks and building an efficient control system by complying with standards and procedures, KPIs, and corporate and or divisional performance contracts.

ii. **Level 2:** appropriate internal departments and committees (enterprise risk management, quality, and compliance functions) are responsible for facilitating and guiding the risk assessment process, developing, communicating, and monitoring the appropriate standards, processes, and procedures, and

iii. **Level 3:** the Audit and Assurance function conducts independent assessments of the efficiency of the internal control system.

Audit and Assurance Function

The Board of Directors has approved and implemented governance functions and structures, including an Audit and Assurance function that is independent of the Executive Management. It reports directly to the ADNOC Logistics and Services PLC Audit Committee. The key aim of the Audit and Assurance function is to provide assurance and advice on the adequacy of the Company's internal control environment, corporate governance framework, and risk management processes.

Our Audit and Assurance Division is led by Mr. Malav Patel, who was appointed as Vice President of Audit and Assurance in 2017. Mr. Malav Patel is responsible for reporting the Audit and Assurance Division's internal audit findings to the Executive Management and the Audit Committee on a regular basis. To enhance the independence of our Audit and Assurance Division, it reports functionally to our Audit Committee and administratively to the ADNOC Logistics and Services PLC CEO.

Our Audit and Assurance Division's charter, policies, procedures, methodologies, and risk–based internal audit plans are presented to and approved by the Audit Committee. Teams of appropriate, qualified, and experienced employees perform our Audit and Assurance activities. Additionally, a continuous improvement process is implemented using a learning and development framework that is designed to ensure that the Audit and Assurance team members maintain their required professional competencies and capabilities.

Considering the independence requirements, our Audit and Assurance Division also serves as an in–house advisor on many areas of interest, which allows the Division to provide value–added services that are critical to efficient and effective governance, risk management, and internal control processes.

Risk Management

The Company has implemented an integrated enterprise risk management system, which showcases its commitment to protecting the business and the interests of all stakeholders. This enterprise risk management system:

a. facilitates risk-informed strategic planning to achieve business objectives and identify potential business opportunities.

b. supports the Company in identifying and managing key strategic, functional, investment and project risks (including the use of an objective-driven process).

c. assesses the identified risks and the potential impact of such risks on the Company and its key objectives.

d. enhances corporate performance as processes become more risk-aware and control-focused, and

e. strengthens the Company's resilience to market disruption and evolving business practices.

A dedicated enterprise risk unit monitors ADNOC Logistics and Services PLC risks, and this unit provides quarterly reports to the Audit Committee and the Board of Directors.

Identified Issues and Recent Developments

For 2023, no significant issues were identified with respect to our compliance and control systems.

Violations Committed During 2023

No violations were committed by ADNOC Logistics and Services PLC in 2023.

GENERAL INFORMATION

Statement of the share price in the market at the end of each month during the fiscal year.

Trading of ADNOC Logistics and Services PLC. shares on the ADX started on 1 June 2023 under the ticker 'ADNOCLS'. The closing share price as of 31 December 2023 was AED3.83 ($1.04)[1]. ADNOC L&S's market capitalization as of 31 December 2023 was AED28.34 billion ($7.72 billion)[1]. ADNOC L&S's share capital is AED14.67 billion ($3.99 billion)[1], divided into 7.4 billion shares, each with a nominal value of AED1.98 ($0.54)[1]. The following table sets out the high, low and closing price of our shares at the end of each month since listing on 1 June 2023.

Share Performance Since IPO on 01 June 2023

Month	High (AED)	Low (AED)	Close (AED)
June	3.13	3.00	3.06
July	3.69	3.02	3.6
August	3.81	3.58	3.76
September	3.72	3.50	3.65
October	3.66	3.37	3.37
November	3.84	3.36	3.81
December	3.83	3.49	3.83

Breakdown of Shareholdings as of 31 December 2023

Shareholder Category	Individual	Companies	Government	Total
Local	3.3%	88.5%	1.25%	**93.06%**
GCC	0.03%	1.52%	0.02%	**1.56%**
Arab	0.3%	0.0%	0	**0.30%**
Foreign	0.40%	4.68%	0.00%	**5.08%**
Total	**4.0%**	**94.7%**	**1.3%**	**100%**

Investor Relations can be contacted at ir@adnocls.ae Tel: 026028520
Additional Investor Relations information can be found on our website https://adnocls.ae/en/investors

[1] Conversion rate = 3.6725

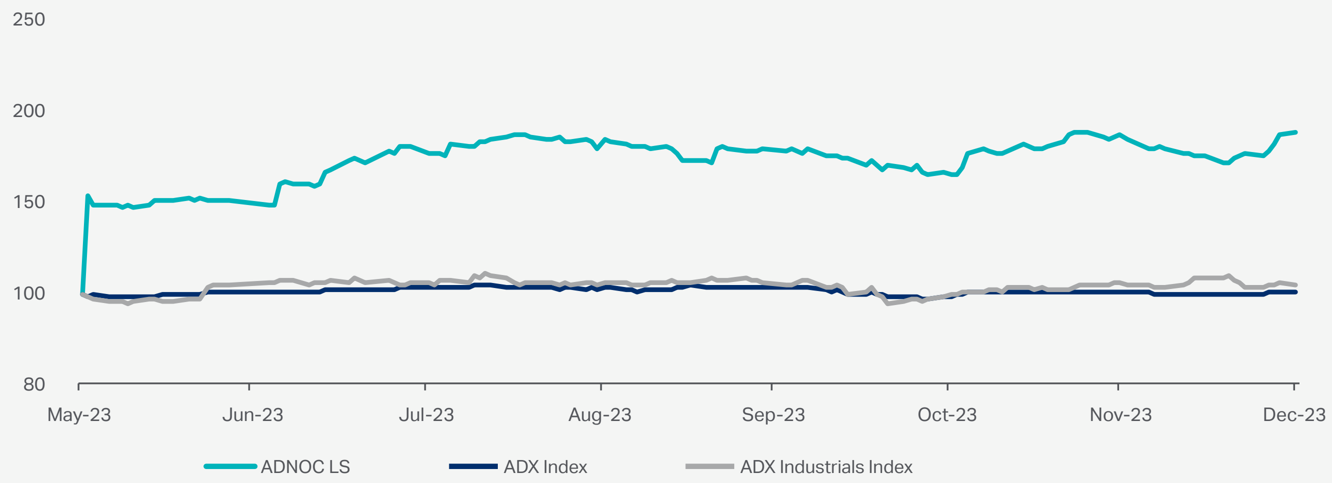
Statement of Shareholders who Held 5% or More of ADNOC Logistics and Services as at 31 December 2023

Name	Number of Shares Held	% of the Shares Held of ADNOC L&S capital
Abu Dhabi National Oil Company	5,992,783,999	81%

Statement of Shareholding Distribution by the Size of Equity as of 31 December 2023

Share(s) Owned	Number of Shareholders	Number of Shares Held	% of Shares Held
Less than 50,000	29,645	75,175,303	1.02%
From 50,000 to less than 500,000	805	116,800,446	1.58%
From 500,000 to less than 5,000,000	159	260,965,274	3.53%
More than 5,000,000	41	6,945,557,741	93.88%

Share Performance Compared with our Sector Index



General Assembly Meeting

The Company will hold its first post-listing Annual General Assembly meeting on 19 April 2024.

03
FINANCIAL STATEMENTS

Directors' Report

For the year ended 31 December 2023

The Directors have the pleasure of submitting their report, together with the audited consolidated financial statements of ADNOC Logistics & Services PLC for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries set out in Note 2.2 (collectively referred to as the "Group") are engaged in the business of providing freight and charter services for the transportation of petroleum products and crude oil on ocean going vessels owned or hired from third parties, the operation and maintenance of oil terminals, material handling, manpower and equipment supply, rental of stores, warehouses, office space and provision and the supply of chemicals and other on-shore oil and gas field services.

RESULTS AND APPROPRIATION OF PROFITS

Revenue for the year was USD 2,755,152 thousand (2022: USD 1,952,173 thousand) and the profit for the year was USD 620,159 thousand (2022: USD 260,793 thousand).

Retained earnings as at 31 December 2023 were USD 410,793 thousand (2022: USD 1,067,285 thousand).

In the meeting of the Board of Directors on 14 February 2024, it was proposed that a final cash dividend of USD 130,000 thousand is paid for 2023.

STATEMENT OF DISCLOSURE TO AUDITORS

The Directors of ADNOC Logistics & Services PLC certify that as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

EXTERNAL AUDITORS

A resolution to reappoint PricewaterhouseCoopers (PwC) auditors for the ensuing year will be put to the shareholders at the Annual General Meeting.

On behalf of the Board of Directors

Chairman
14 February 2024
Abu Dhabi, UAE

Independent Auditor's Report to the Shareholders of ADNOC Logistics & Services PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ADNOC Logistics & Services PLC (the "Company") and its subsidiaries (together the "Group") as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of comprehensive income for the year ended 31 December 2023;
- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman's 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

OUR AUDIT APPROACH

Overview

Key Audit Matters	- Impairment assessment for property, plant and equipment

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

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment for property, plant and equipment *Refer to notes 3, 3.1 and 11 to the consolidated financial statements for disclosures of related accounting policies and balances* The Group's consolidated statement of financial position as at 31 December 2023 includes a carrying value of USD 3.8 billion relating to property, plant and equipment, of which USD 3.5 billion relates to vessels and marine equipment. Management performs an annual impairment assessment of these assets by determining the recoverable amount of each cash generating unit (CGU) based on the higher of the value-in-use (VIU) and fair value less costs of disposal (FVLCOD). Where the VIU approach was used, this was derived based on a discounted expected cash flow approach. These cash flows included areas where management makes significant judgements on certain key inputs, including the expected useful lives of the assets and discount rates. Where the FVLCOD approach was used, management engaged with an external expert to obtain market valuations of the assets. The judgement involved relates to the valuation methodologies used and the assumptions used in the valuation models. We focused on this area because of the materiality to the financial statements and the significant level of judgement required in arriving at the key assumptions used in management's impairment assessment.	Our approach to addressing the matter, involved the following procedures, amongst others: For assessments based on VIU: ▪ updated our understanding of the methods used by management to perform its annual impairment assessment of the assets and assessed whether the methods applied were consistent with the prior year; ▪ assessed the reasonableness of the discount rate used to discount the expected cash flows and evaluated those rates against our knowledge of the economic environment and the risk premium associated with the industry; ▪ compared management's future cash flow forecasts used in the impairment assessment to those presented and approved by the Board of Directors as part of the annual business plan; ▪ evaluated the accuracy of the forecasts made by comparing historical results, where available, and by comparing to the current year results of the entity; and ▪ tested the mathematical accuracy of management's calculations. For assessments based on FVLCOD: ▪ obtained the valuation reports used by management to perform its annual impairment assessment; ▪ evaluated the adequacy of the work of the valuers considering the appropriateness of the methodology, relevance and reasonableness of their conclusions and consistency with other audit evidence; ▪ assessed the valuers qualifications, expertise and independence; ▪ assessed the appropriateness of the valuation approach and reasonableness of the assumptions and held discussions with the Company's management.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities, as amended, and applicable provisions of the relevant laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Abu Dhabi Global Market ("ADGM") Companies Regulations 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015, we report that:

(i) the consolidated financial statements have been prepared, in all material respects, in accordance with the applicable requirements of the ADGM Companies Regulations 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015; and

(ii) the information given in the Directors' report is consistent with the consolidated financial statements of the Group.

Further, as required by the ADAA Chairman's 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 Company 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:

(i) Law No. (1) of 2017 concerning the Financial System of the Government of Abu Dhabi and instructions issued by the Department of Finance pertaining to the preparation and implementation of the annual budget of Subject Entities, as amended;

(ii) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and

(iii) applicable provisions of the relevant laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

For and on behalf of PricewaterhouseCoopers Limited Partnership (ADGM Branch)

Nizar Jichi
14 February 2024

PricewaterhouseCoopers Limited Partnership (ADGM Branch), ADGM License no. 000000256

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PricewaterhouseCoopers Limited Partnership is registered in the Abu Dhabi Global Market.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Revenues	4	**2,755,152**	1,952,173
Direct costs	5	**(2,003,225)**	(1,543,025)
Gross profit		**751,927**	**409,148**
General and administrative expenses	6	**(146,436)**	(105,604)
Provision for expected credit losses	17 & 24	**(2,672)**	(5,880)
Other expenses	7A	**-**	(3,792)
Other income	7B	**10,865**	1,003
Operating profit		**613,684**	**294,875**
Share of profit from joint venture	15	**14,071**	2,026
Finance income	9	**9,785**	3,717
Finance costs	10	**(15,098)**	(38,475)
Profit before tax for the year		**622,442**	**262,143**
Deferred tax credit	30	**1,123**	-
Current tax expense		**(3,406)**	(1,350)
Profit for the year		**620,159**	**260,793**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Re-measurement gain on employee defined benefit obligation	22	**612**	10,418
Total comprehensive income for the year		**620,771**	**271,211**
Basic and diluted earnings per share	**21**	**0.08**	**0.26**

The attached notes on pages 125 to 152 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 USD'000	2022 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**3,806,543**	3,151,384
Right-of-use assets	12	**148,146**	67,208
Intangible assets	13	**11,440**	14,716
Investment properties	14	**95,269**	99,757
Investment in a joint venture	15	**76,712**	62,641
Goodwill	29	**51,368**	15,697
Trade and other receivables	17	**38,884**	124,252
Sub-lease receivables	12	**29,201**	15,474
Deferred tax asset	30	**1,123**	-
Total non-current assets		**4,258,686**	**3,551,129**
Current assets			
Inventories	16	**120,720**	105,570
Trade and other receivables	17	**388,320**	216,963
Due from related parties	24	**742,847**	465,954
Sub-lease receivables	12	**19,386**	3,911
Cash and cash equivalents	18	**215,709**	164,933
Total current assets		**1,486,982**	**957,331**
TOTAL ASSETS		**5,745,668**	**4,508,460**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**3,995,189**	272,294
General reserve	20	**-**	103,226
Retained earnings		**410,793**	1,067,285
Shareholder contribution	24	**-**	357,485
Total equity		**4,405,982**	**1,800,290**
Non-current liabilities			
Shareholder loan	24	**100,000**	1,900,000
Lease liabilities	12	**145,241**	69,269
Dismantling liabilities	12	**1,873**	1,727
Due to related parties	24	**17,909**	35,743
Other payables	29	**-**	69,490
Deferred tax liability	30	**35,671**	-
Employees' end of service benefits	22	**32,631**	31,464
Total non-current liabilities		**333,325**	**2,107,693**
Current liabilities			
Trade and other payables	23	**708,927**	462,899
Lease liabilities	12	**44,313**	9,768
Due to related parties	24	**253,121**	127,810
Total current liabilities		**1,006,361**	**600,477**
TOTAL LIABILITIES		**1,339,686**	**2,708,170**
TOTAL EQUITY AND LIABILITIES		**5,745,668**	**4,508,460**

H.E Dr. Sultan Ahmed Al Jaber
Chairman of the Board

Abdulkareem Almessabi
Chief Executive Officer

Nicholas Gleeson
Chief Financial Officer

The attached notes on pages 128 to 152 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital USD'000	General reserve USD'000	Retained earnings USD'000	Shareholder contribution USD'000	Total USD'000
Balance as at 1 January 2022	272,294	77,147	822,153	357,485	1,529,079
Profit for the year	-	-	260,793	-	260,793
Actuarial gain on defined benefit obligation (note 22)	-	-	10,418	-	10,418
Total comprehensive income for the year	-	-	271,211	-	271,211
Transfers to general reserve (note 20)	-	26,079	(26,079)	-	-
Balance as at 31 December 2022	**272,294**	**103,226**	**1,067,285**	**357,485**	**1,800,290**
Balance as at 1 January 2023	272,294	103,226	1,067,285	357,485	1,800,290
Shareholder contribution converted to share capital	357,485	-	-	(357,485)	-
Equitization of loan from shareholder	-	-	-	1,900,000	1,900,000
Shareholder loan converted to share capital	1,900,000	-	-	(1,900,000)	-
Remaining consideration payable on acquisition of ZMI assumed by the shareholder	-	-	-	149,920	149,920
Impact of share capital issued on capital reorganization	1,465,410	(103,226)	(1,212,264)	(149,920)	-
Dividend paid (note 19)	-	-	(64,999)	-	(64,999)
Profit for the year	-	-	620,159	-	620,159
Actuarial gain on defined benefit obligation (note 22)	-	-	612	-	612
Balance as at 31 December 2023	**3,995,189**	**-**	**410,793**	**-**	**4,405,982**

The attached notes on pages 139 to 140 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
OPERATING ACTIVITIES			
Profit for the year		**620,159**	260,793
Adjustments for:			
Deferred tax credit		**(1,123)**	-
Current tax expense		**3,406**	1,350
Profit before tax		**622,442**	262,143
Adjustments for:			
Depreciation on property, plant and equipment	11	**216,558**	132,875
Write off of property, plant and equipment	11	**-**	428
Depreciation on investment properties	14	**5,165**	5,105
Depreciation on right-of-use assets	12	**19,650**	8,416
Profit on initial recognition of sub-lease receivables	12	**(4,211)**	(872)
Provision for dismantling expenses	12	**146**	117
Gain on disposal of right of use assets	12	**-**	(128)
Loss on disposal of subleases	12	**-**	2,380
Provision for slow moving and obsolete inventories	16	**758**	6,278
Amortization of intangible assets	13	**7,153**	10,005
Gain on disposal of property, plant and equipment	7B	**(1,955)**	(3)
(Reversal of) / provision for expected credit losses on trade receivables, net	17	**(1,616)**	6,174
Provision for / (reversal of) expected credit losses on due from related parties	24	**4,288**	(294)
Provision for employees' end of service benefits	22	**5,814**	4,868
Share of profit from joint venture	15	**(14,071)**	(2,026)
Finance income	9	**(9,785)**	(3,717)
Finance costs	10	**15,098**	38,475
		865,434	**470,224**
Working capital adjustments:			
Inventories		**(15,908)**	(37,827)
Trade and other receivables		**(103,895)**	(27,888)
Due from related parties		**(281,181)**	(127,043)
Trade and other payables		**245,227**	83,520
Pension liabilities paid		**(18,952)**	(18,952)
Due to related parties		**119,400**	(60,788)
		810,125	**281,246**
Employees' end of service benefits paid	22	**(4,311)**	(7,148)
Receipt against sub-leases (finance leases)	12	**18,132**	7,273
Tax paid		**(569)**	-
Interest paid	10	**(729)**	(7)
Net cash generated from operating activities		**822,648**	**281,364**

The attached notes on pages 126 to 142 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows (CONTINUED)

For the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(774,015)**	(299,940)
Proceeds from disposals of property, plant and equipment and intangible assets		**3,733**	2,247
Investment in joint venture	15	**-**	(10,200)
Investment in a subsidiary, net of cash acquired	29	**-**	(1,278,414)
Advance paid towards remaining consideration	29	**-**	(62,146)
Capital expenses advances paid		**-**	(121,696)
Receipts from joint venture	15	**-**	22,385
Dividend received from joint venture	15	**-**	1,042
Interest received	9	**7,678**	2,476
Net cash used in investing activities		**(762,604)**	**(1,744,246)**
FINANCING ACTIVITIES			
Proceeds from shareholder loan	24	**100,000**	1,300,000
Interest paid on shareholder loan	24	**(1,589)**	(24,597)
Upfront fee paid on shareholder loan	24	**(3,700)**	
Dividend paid	19	**(64,999)**	-
Payments of lease liabilities	12	**(38,980)**	(16,035)
Net cash (used in) / generated from financing activities		**(9,268)**	**1,259,368**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**50,776**	**(203,514)**
Cash and cash equivalents at beginning of the year		**164,933**	368,447
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**18**	**215,709**	**164,933**
Significant non-cash transactions excluded from the consolidated statement of cash flows are:			
Additions to right-of-use assets	12	**100,588**	45,014
Additions to sub lease receivables	12	**41,016**	7,487
Additions to lease liabilities	12	**141,604**	52,218
Shareholder loan converted to share capital		**2,257,485**	-
Remaining consideration payable on acquisition of ZMI assumed by the shareholder and converted to share capital		**149,920**	-
Total comprehensive income for the period 1 January to 31 March 2023 converted to share capital		**144,929**	**-**

The attached notes on pages 127 to 151 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

As at and for the year ended 31 December 2023

1. GENERAL INFORMATION

ADNOC Logistics & Services PLC (the "Company") was incorporated on 19 April 2023 as a public company limited by shares, with registration number 000009847, pursuant to the Abu Dhabi Global Market ("ADGM") (Amendment No. 1) Regulations 2020. The Company has been established for the purpose of serving as a holding company for the Abu Dhabi Marine Business and Services Company P.J.S.C. Group.

During the period, the shareholders approved the listing of the Company's shares on the Abu Dhabi Securities Exchange, whereby 19% of its shares were offered in an Initial Public Offering ("IPO"). As of the reporting date, ADNOC held 81% of the issued share capital of the Group, while the remaining 19% is held by the general public.

The Company is controlled by Abu Dhabi National Oil Company ("ADNOC").

During the period, a capital reorganization took effect, which resulted in ADNOC Logistics & Services PLC becoming the parent entity of the previous Abu Dhabi Marine Business and Services Company P.J.S.C. Group. The consolidated ADNOC Logistics & Services PLC therefore represents a continuation of the business of the Group. Refer to Note 31 for details on the capital reorganization of the Company.

The Company and its subsidiaries set out in Note 2.2 (collectively referred to as the "Group") are engaged in the business of providing freight and charter services for the transportation of petroleum products and crude oil on ocean going vessels owned or hired from third parties, the operation and maintenance of oil terminals, material handling, manpower and equipment supply, rental of stores, warehouses, office space and provision and the supply of chemicals and other on-shore oil and gas field services.

The registered office of the Company is Level 28, 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

The consolidated financial statements of the Group were approved and authorized for issue by the Board of Directors and signed on their behalf on 14 February 2024.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB).

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Because the Company is incorporated under the ADGM, the financial information is required to be presented in USD.

Basis of measurement

The consolidated financial statements have been presented in United States Dollars (USD), which is the presentation currency of the Group as well as of the ultimate holding company. All values are rounded to the nearest thousand (USD'000), except where otherwise indicated.

2.2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	Percentage holding 31 December 2022	Percentage holding 31 December 2023
Direct subsidiaries			
Abu Dhabi Marine Business and Services Company P.J.S.C	UAE	**100%**	100%
Abu Dhabi Marine Operations and Services Company LLC	UAE	**100%**	100%
Abu Dhabi Marine Assets Company LLC	UAE	**100%**	100%
Abu Dhabi Marine International Holdings RSC Limited	UAE	**100%**	100%
Zinc Holdco RSC Ltd	UAE	**100%**	100%
Indirect subsidiaries			
Al Gafai Marine Services Company LLC	UAE	**100%**	100%
Sirdal National Marine Services Company LLC	UAE	**100%**	100%
National Gas Carriers Company	Liberia	**100%**	100%
Abu Dhabi National Shipping Company BVI	British Virgin Islands	**100%**	100%
Abu Dhabi Marine International Chartering Holdings RSC Limited	UAE	**100%**	100%
Abu Dhabi Marine International Operations Holdings RSC Limited	UAE	**100%**	100%
Umm Al Lulu Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Janana Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Bazem Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Samha Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Sader Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Al Reem I Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Ghantout Marine Services – Sole Proprietorship LLC	UAE	**100%**	100%
Abu Dhabi III Shipping Company Inc	Liberia	**100%**	100%
Bani Yas Shipping Company Inc	Liberia	**100%**	100%
Mezaira'a Shipping Company Inc	Liberia	**100%**	100%
Arrilah I Shipping Company Inc	Liberia	**100%**	100%
Abu Al Abyad Shipping Company Inc	Liberia	**100%**	100%
Al Yasat II Shipping Company Inc	Liberia	**100%**	100%
Liwa V Shipping Company Inc	Liberia	**100%**	100%
Diyyinah I Shipping Company Inc	Liberia	**100%**	100%
Yamilah III Shipping Company Inc	Liberia	**100%**	100%
Butinah Shipping Company Inc	Liberia	**100%**	100%
Ras Ghumays I Shipping Company Inc	Liberia	**100%**	100%
Yas Shipping Company Inc	Liberia	**100%**	100%
Al Karama Shipping Company Inc	Liberia	**100%**	100%
HoldCo 1 Inc	Liberia	**100%**	100%
HoldCo 2 Inc	Liberia	**100%**	100%
Al Khtam Inc	Liberia	**100%**	100%
Al Ruwais Inc	Liberia	**100%**	100%
Tarif Inc	Liberia	**100%**	100%
Al Bateen Inc	Liberia	**100%**	100%
Al Falah Inc	Liberia	**100%**	100%
Al Khaznah Inc	Liberia	**100%**	100%
Shahamah Inc	Liberia	**100%**	100%
Ghasha Inc	Liberia	**100%**	100%
Ish Inc	Liberia	**100%**	100%
Umm Al Ashtan Limited	Liberia	**100%**	100%
Al Hamra Limited	Liberia	**100%**	100%
Mraweh Limited	Liberia	**100%**	100%
Hafeet Inc	Liberia	**100%**	100%
Habshan Inc	Liberia	**100%**	100%

	Country of incorporation	Percentage holding 31 December 2023	Percentage holding 31 December 2022
Al Bahya Inc	Liberia	**100%**	100%
Mubaraz Limited	Liberia	**100%**	100%
Al Wathba Inc	Liberia	**100%**	100%
Al Dhafra Inc	Liberia	**100%**	100%
Das Inc	Liberia	**100%**	100%
Zakum Inc	Liberia	**100%**	100%
Hili Inc	Liberia	**100%**	100%
Arzanah Inc	Liberia	**100%**	100%
Al Jimi Inc	Liberia	**100%**	100%
Barakah Inc	Liberia	**100%**	100%
Jarnain Inc	Liberia	**100%**	100%
Newco 1 Inc	Liberia	**100%**	100%
Newco 2 Inc	Liberia	**100%**	100%
Newco 3 Inc	Liberia	**100%**	100%
Newco 4 Inc	Liberia	**100%**	100%
Newco 16 Inc	Liberia	**100%**	100%
Newco 18 Inc	Liberia	**100%**	100%
Newco 19 Inc	Liberia	**100%**	100%
Newco 20 Inc	Liberia	**100%**	100%
Newco 21 Inc	Liberia	**100%**	100%
Newco 22 Inc	Liberia	**100%**	100%
Newco 23 Inc	Liberia	**100%**	100%
Newco 24 Inc	Liberia	**100%**	100%
Newco 25 Inc	Liberia	**100%**	100%
Newco 26 Inc	Liberia	**100%**	100%
Newco 27 Inc	Liberia	**100%**	100%
Newco 28 Inc	Liberia	**100%**	100%
Newco 29 Inc	Liberia	**100%**	100%
Newco 30 Inc	Liberia	**100%**	100%
Newco 31 Inc	Liberia	**100%**	100%
Newco 32 Inc	Liberia	**100%**	100%
Newco 33 Inc	Liberia	**100%**	100%
Newco 34 Inc	Liberia	**100%**	100%
Newco 35 Inc	Liberia	**100%**	100%
ZMI Holdings	Cayman Islands	**100%**	100%
Zakher Marine International Inc	Panama	**100%**	100%
Zakher Marine International Inc. – Abu Dhabi Branch	UAE	**100%**	100%
QMS Holding Limited	British Virgin Islands	**100%**	100%
QMS 2 Offshore Services Ltd	Saint Vincent & Grenadines	**100%**	100%
QMS 2 Offshore Services Ltd. – Abu Dhabi Branch	UAE	**100%**	100%
QMS Petroleum Services Inc	Panama	**100%**	100%
MBBS Inc	Panama	**100%**	100%
Al Shahama Inc	Panama	**100%**	100%
Al Bahia Inc	Panama	**100%**	100%
Al Maryah Inc	Panama	**100%**	100%
QMS China Inc	Panama	**100%**	100%
QMS Achiever Inc	Panama	**100%**	100%
QMS Gladiator Inc	Panama	**100%**	100%
Petrodrill Inc	Panama	**100%**	100%
Subhiya Inc	Panama	**100%**	100%
QMS Gloria Inc	Panama	**100%**	100%
Bani Yas Inc	Panama	**100%**	100%
Nadiya Inc	Panama	**100%**	100%
Zakher Marine Saudi Company Limited	KSA	**100%**	100%

	Country of incorporation	Percentage holding 31 December 2023	Percentage holding 31 December 2022
Premier Marine Services W.L.L	Qatar	**100%**	100%
Volo Travel and Tourism (Sole Proprietorship) L.L.C	UAE	**100%**	100%
Lextus Inc	Panama	**100%**	100%
QMS Offshore Industries L.L.C	UAE	**100%**	100%
QMS Neptune Inc	Panama	**100%**	100%
QMS Aquarius Inc	Panama	**100%**	100%
QMS Leo Inc	Panama	**100%**	100%
QMS Amora Inc	Panama	**100%**	100%
QMS Sentinel Inc	Panama	**100%**	100%
QMS Nouf Inc	Panama	**100%**	100%
QMS Amouage Inc	Panama	**100%**	100%
QMS Kinoa Inc	Panama	**100%**	-
QMS Pandan Inc	Panama	**100%**	-
QMS Pili Inc	Panama	**100%**	-
QMS Pesto Inc	Panama	**100%**	-
Pluto One Inc	Panama	**100%**	-
Pluto Two Inc	Panama	**100%**	-
QMS Turquoise Inc	Panama	**100%**	-
Joint venture			
AW Shipping Limited	UAE	**50%**	50%

The financial statements of the subsidiaries and these consolidated financial statements have the same calendar year and use consistent accounting policies for each year presented. All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions are eliminated. Companies linked to one another by consolidation are integrated through the aggregation of accounts, in accordance with rules identical to those for full consolidation.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements have been disclosed in Note 3.1.

Subsidiaries

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

Upon loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on loss of control is recognized in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that the control is lost.

The Group applies the acquisition method to account for business combinations.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the profit or loss.

Any contingent consideration to be transferred by the Group are recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the profit or loss.

Inter-group transactions, balances, income and expenses on transactions between subsidiaries are eliminated. Profits and losses resulting from inter-group transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in the consolidated statements of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the profit or loss.

Capital reorganization

Business combination under common control

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and that control is not transitory.

Transactions giving rise to the transfer of interests in entities, which are under the common control of the Shareholders, are accounted for using the predecessor value method without restatement of comparative information. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the books of the transferor entity. The components of equity of the acquired entities are added to the same components within Group equity. Any difference between the consideration paid and capital of the acquiree is recognized directly in equity.

Transactions involving newly established entities that do not qualify as business combinations are accounted for as capital reorganizations In its consolidated financial statements, the acquirer incorporates the assets and liabilities of the existing entity at their pre-combination carrying amounts without fair value uplift. The pre-combination book values reflect the carrying values in the books of the existing entity. The acquirer's consolidated financial statements include the acquired entity's full-year results (including comparatives), even though the business combination might have occurred part of the way through the year, or they incorporate the results from the date when the entity joined the group, where such a date is later.

2.3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.3.1. New and amended IFRS Accounting Standards applied with no material effect on the consolidated financial statements

The accounting policies adopted in the preparation of the consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, and the notes thereto, except for the addition of the accounting policy for capital reorganizations (business combinations under common control) disclosed in Note 2.2 above and the adoption of certain new and revised standards, that became effective in the current period, as set out below:

IFRS 17 Insurance Contracts (effective 1 January 2023).
IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model whereby estimates are remeasured in each reporting

period. The standard allows a choice between recognizing changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective 1 January 2023).
The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Definition of Accounting Estimates – Amendments to IAS 8 (effective 1 January 2023).
The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events including the current period.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective 1 January 2023).
The amendments to IAS 12 Income Taxes require companies to recognize deferred taxes on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Other than the above, there are no other material IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2023.

The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

2.3.2. New and revised IFRS in issue but not yet effective and not early adopted

The Group has not early adopted new and revised IFRS that have been issued but are not yet effective.

Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024).
Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The amendments must be applied retrospectively in accordance with the normal requirements in *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.

Lease liability in sale and leaseback – amendments to IFRS 16 (effective 1 January 2024)
The IASB finalized narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 (effective 1 January 2024)
The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
4. Non-cash changes in the carrying amounts of financial liabilities in (b).
5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (effective date not finalized)
The IASB has made limited scope amendments to *IFRS 10 Consolidated financial statements* and *IAS 28 Investments in associates and joint ventures*. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in *IFRS 3 Business Combinations*).

The Group is currently assessing the impact of these standards and amendments on the future consolidated financial statements of the Group, and intends to adopt these, if applicable, when they become effective.

3. MATERIAL ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.

b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

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 recognizes revenue when it transfers control of a product or service to a customer.

The Group recognizes revenue from the following major sources:

Freight/ Voyage charters:
Revenue in relation to freight/ voyage charters is recognized over time since the customer simultaneously receives and consumes the benefits of the Group's performance in providing integrated transportation services.

Vessel time charters:
Time charters contain a lease component (i.e., hire of the vessel) and service components (i.e., operation of the vessel and maintenance service etc.). Revenue from hire of vessel is recognized over the lease term and revenue from services is recognized over time. The transaction price is allocated to each performance obligation using an expected cost-plus margin approach.

Vessel bareboat charters:
Bareboat charters contain only a lease component (i.e., hire of the vessel) and does not contain service components (i.e., operation of the vessel and maintenance service etc.). Revenue from hire of vessel is recognized over the lease term.

Sale of goods:
Revenue from the sale of goods is recognized when control of the goods has transferred, being when the goods have been delivered to the customers. Revenue from sale of goods is recognized at a point of time. Sale of goods primarily include sale of drilling chemicals, bunkers, petrol and water.

Rendering of services:
The Group provides port services, base operation services and oil field services to customers. Revenue is recognized over time since customers simultaneously receive and consume the benefits of the Group's performance in providing services under contractual terms.

Rental income:
The Group's policy for recognition of revenue from operating leases is described in the accounting policy on leasing below.

EPC (Engineering, procurement and construction contract revenue):
Revenue from EPC contracts is recognized in the consolidated statement of comprehensive income when the outcome of the contract can be reliably estimated. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation and surveys of work performed) that depend on the outcome of future events.

Contract revenue is recognized over time in the consolidated statement of comprehensive income based on the stage of completion of the contracts. The stage of completion can be measured by various methods. The management uses one of the following methods that measure reliably the actual work performed on the contract, depending on the nature of the contract:

- surveys of work performed; or
- the proportion that costs incurred to date bear to the estimated total costs of the contract

When the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognized as an expense in the period in which they are incurred. The above estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognized may increase or decrease from period to period.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Depreciation is calculated using the straight-line method to allocate the assets' costs to their residual values over their estimated useful lives as follows:

	Useful life
Building, wharves and land improvements	7 - 25 years
Vessels (excluding dry docking component)	20 – 40 years
Dry docking components of vessel and marine equipment	2 - 5 years
Plant	20 years
Equipment and vehicles	4 - 10 years
Furniture, fixtures and office equipment	4 - 5 years

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 and any significant part initially recognized, is derecgonized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss as other income/(loss) when the asset is derecognized.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Dry docking
Major dry docking is capitalized when incurred and is depreciated over the period until the next major dry dock which is normally 60 months.

Capital work in progress
Capital work in progress is included in property, plant and equipment at cost, on the basis of the percentage completed at the reporting date. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed and the asset is commissioned.

The costs of capital work in progress will be transferred to property, vessel and equipment when these assets reach their working condition for their intended use. The carrying amounts of capital work-in-progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

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.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to the consolidated statement of profit or loss when the qualifying asset affects it. To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

Investment properties
Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost, including transaction costs.

Depreciation on investment properties is calculated on a straight-line basis over the estimated useful life of 20 - 25 years.

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.

The gain or loss arising on the disposal or retirement of investment properties is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated income statement in the year.

Investment in a joint venture

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 venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date.

The profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's joint ventures and associates is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the joint venture.

The consolidated financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognizes the loss as part of "Share of profit of a joint venture", and then recognizes the loss in the profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and impairment losses, if any. Amortization is charged on a straight-line basis over the assets' estimated useful lives. The estimated useful lives are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets mainly include computer systems, software and licenses with an estimated useful life of up to 4 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Group as a lessor

The Group subleases certain assets including land and vessels under head leases with lease terms exceeding 12 months at commencement. The Group has classified the subleases as finance leases or operating leases by reference to the right-of-use asset arising from the head lease. The lease value is capitalized using discounted cash flows and a corresponding lease liability is recognized.

i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subject to impairment. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term which is as follows:

	Useful life
Land – Main Mussafah base	19 years
Land – ZMI Mussafah base	30 years
Land – KIZAD	25 years
Vessels	1.5-5 years

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Vessel lease contracts

For the vessel lease contracts fulfilling the capitalization criteria defined by IFRS 16, the lease term corresponds to the duration of the contracts signed except in cases where the Group is reasonably certain of exercising the renewal options contractually foreseen. Vessel lease contracts concluded by the Group do not include guaranteed value clauses for leased assets.

Real-estate lease contracts

Based on its analysis, the Group has identified lease contracts according to IFRS 16 concerning surface areas rented in its base in Mussafah and lease contracts on office and other buildings.

The lease term corresponds to the non-cancellable period which is estimated to be the term until the Group's sublease contracts are effective. The discount rate used to calculate the lease liabilities is determined, for each asset, according to the incremental borrowing rate at the commencement date. The incremental borrowing rate is the rate that the lessee would pay to borrow the required funds to purchase the asset over a similar term, with a similar security and in a similar economic environment. This rate is achieved by the addition of the interest rate prevalent in the market (EIBOR) or interest rate on government bonds and the credit spread, as the case may be. The coupon on government bonds is specific to the location, currency, period and maturity. The definition of the spread curve is based upon reference points, each point consisting of asset financing on assets.

Types of non-capitalized lease contracts

The Group uses the two exemptions foreseen by the standard allowing for non-recognition in the statement of financial position: short-term lease contracts and lease contracts for which the underlying assets have a low value.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Within the Group, short term property leases mainly relate to leases of:

- Land at operation sites with a reciprocal notice-period equal to or less than 12 months. There are no penalties associated with non-renewal in these leases;

- Office and warehouse space lease with a notice-period equal to or less than 12 months. There are no renewal rights that extend the lease beyond 12 months;

- Accommodations for expatriates with a notice period equal to or less than 12 months. There are no renewal rights that extend the lease beyond 12 months.

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value and are held for consumption in the vessels. Inventories consist of bunkers, lubes, raw materials, finished goods and spare parts. Cost of lubes, raw materials, finished goods and spare parts are determined using the weighted average method. Cost of fuel is determined based on the last purchase price. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (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 recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the profit or loss.

Financial assets

Classification and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

Debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The most relevant classification for the Group is the financial instruments carried at amortized cost.

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost primarily includes trade and other receivables, cash and cash equivalents, sublease receivables and due from related parties.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on trade receivables and due from related parties. 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.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

The Group considers a financial asset in default when it is 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial instruments - recognition, de-recognition and offsetting

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument. All "regular way" purchases and sales of financial assets are recognized on the trade date (i.e. the date that the Group commits to purchase or sell the asset). Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or where applicable a part of a financial asset or a part of group of financial assets) is derecognized either when:

(i) the rights to receive cash flows from the asset have expired;

(ii) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

(iii) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial liabilities

The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in the case of borrowings, at fair value of the consideration received less directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method.

The Group's financial liabilities include shareholder loan, due to related parties, trade and other payables and lease liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at banks, current accounts and bank deposits with original maturities of three months or less.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of receivable can be measured reliably.

Provisions for decommissioning and restoration costs, which arise principally in connection with lease of land and facilities, is estimated at current prices and in accordance with local conditions and requirements and an equivalent amount is included in the respective class of asset in property, plant and equipment and right-of-use asset. The present value is calculated using amounts discounted over the lease period. The liability is recognized (together with a corresponding amount as part of the related property, plant and equipment or right-of-use assets) once an obligation crystallizes in the period when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related property, plant and equipment and right-of-use asset. However, where there is no related asset, or the change reduces the carrying amount to nil, the effect, or the amount in excess of the reduction in the related asset to nil, is recognized in the profit or loss.

Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax is recognized in the consolidated statement of comprehensive income except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

On 9 December 2022 UAE Federal Decree-Law no 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 (USD 102,110) at which the 9% tax will apply was set in place by Cabinet Decision No 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes. While current taxes are not payable on profits generated before the Company's financial year commencing on 1 January 2024, the existence of an enacted tax law results in the need to immediately record deferred taxes on assets and liabilities where the carrying amount differs from the tax base.

Current income tax

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Taxable profits or losses are based on estimates if the consolidated financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred tax

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred taxes are recorded on temporary differences arising after initial recognition of goodwill, including those arising on initial introduction of the tax law in the UAE. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognize deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Employees' end of service benefits

The Group operates an un-funded post-employment benefit plan (employees' end of service benefits) for its expatriate employees in the UAE, in accordance with the Company policy and UAE Labour Law. 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. Payment for employees' end of service benefits is made when an employee leaves, resigns or completes his service.

The cost of providing benefits under the post-employment benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to processing and marketing fees through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Interest is calculated by applying the discount rate to the defined benefit liability. The rate used to discount the end of service benefit obligation is determined by reference to market yields at the consolidated statement of financial position date on high quality corporate bonds. The current and non-current portions of the provision relating to employees' end of service benefits are separately disclosed in the consolidated statement of financial position.

The Group recognizes the following changes in the employees' end of service benefits in the processing and marketing fees:

- Service costs comprising current service costs
- Interest expense

With respect to UAE national employees, contributions are made to Abu Dhabi Retirement Pensions and Benefits Fund, calculated in accordance with the Fund's regulations. With respect to GCC national employees, the contributions are made to the pension funds or agencies of their respective countries.

The provision relating to annual leave, leave passage and pension contribution is considered as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

Foreign currencies

Transactions in foreign currencies are recorded at the rate on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Value added tax ("VAT")

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1— Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's top Management (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. The CODM assesses the financial performance and position of the operating segments and makes strategic decisions based on a measure of revenue and costs. Refer to Note 28 for further details.

3.1. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

While applying the accounting policies as stated in note 3, the management of the Group has made certain estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Measurement of ECL

The Group uses a provision matrix to calculate ECLs for trade receivables and to record IFRS 9 provisions thereon.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For due from related parties' balances, probability of default (PD) is determined to be immaterial based on ADNOC's rating by Fitch as at 31 December 2023. Fitch Ratings has given ADNOC Group a standalone credit rating of AA+ and a long-term issuer default rating of AA with a stable outlook, in line with the sovereign rating of Abu Dhabi. However, on a conservative basis, the Group records provisions for expected credit losses on due from related parties based on ageing buckets.

Historical analysis of aging data:

Aging data from December 2019 to December 2023 has been used for this analysis. For the purpose of the historical analysis, management has defined 180 days past due as default. Furthermore, and in accordance with IFRS 9, Management has chosen to segment the customer base into third party and intercompany debtors.

The probability of default (PD) for the various age buckets has been calculated by assessing the flow rate of debit balances into subsequent age buckets, and ultimately into the default age bucket (according to the definition of default discussed above).

The loss given default (LGD) has been calculated by analysing the recovery / collections of defaulted balances.

Forward-looking macroeconomic factors:

IFRS 9 requires a forward-looking macroeconomic adjustment applied to the historical loss rate. To incorporate this element, the Group has identified the UAE's GDP of 3.9% to be the most relevant factor, and accordingly adjusts the historical loss rate based on expected changes in this factor.

The provision for expected credit losses on trade receivables has been calculated using a simplified approach, requiring the computation of lifetime expected credit losses. Refer to Note 17 for details.

At the consolidated statement of financial position date, gross trade receivables were USD 109,249 thousand (2022: USD 125,715 thousand), and the provision for expected credit losses was USD 7,302 thousand (2022: USD 8,918 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the profit or loss.

At the consolidated statement of financial position date, gross amount due from related parties were USD 747,335 thousand (2022: USD 466,154 thousand), and the provision for expected credit loss was USD 4,488 thousand (2022: USD 200 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the profit or loss.

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives of property, plant and equipment and intangible assets based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilization of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates.

This estimate is determined after considering the current usage of the asset compared to full utilization capabilities of the asset and physical wear and tear, technical or commercial obsolescence and other limits on the use of the asset Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of property, plant and equipment

The Group determines whether property, plant and equipment are impaired when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator of impairment exists, the Group determines the value in use of the cash generating units, where an indicator has been identified. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also choose a suitable discount rate in order to calculate the present value of those cash flows. Management did not identify any impairment indicators in the current or prior year for property, plant and equipment.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset). On this basis the management has determined their best estimate of the lease term for each lease. The lease period determined will be reassessed at each reporting period.

Determining the lease classification – Group as lessor

The Group has entered into several lease arrangements in respect of land and vessels as a lessor. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term either constituting a major part of the economic life of the leased asset and the present value of the minimum lease payments either amounting to substantially all of the fair value of the leased asset, that either it retains substantially all the risks and rewards incidental to ownership of leased asset and accounts for the contracts as operating leases or finance leases accordingly.

Deferred income tax asset recognition

The recognized deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realization of the related tax benefit is probable. This includes an assessment of the taxable temporary differences expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilized. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

4. REVENUES

Disaggregation of 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 in the following major product lines.

	Segments	2023 USD'000	2022 USD'000
Shipping- freight / voyage charter income	Shipping, Integrated Logistics & Marine Services	**719,617**	703,393
Base operation services	Integrated Logistics	**526,792**	343,271
Petroleum port operations	Integrated Logistics & Marine Services	**200,306**	183,768
Sales of bunkering fuel & water	Integrated Logistics	**215,022**	178,049
Offshore vessels charter income	Integrated Logistics & Marine Services	**518,295**	173,689
Operating lease income	Shipping, Integrated Logistics & Marine Services	**208,037**	158,883
Onshore services income	Integrated Logistics	**109,256**	95,877
Ship management income	Gas Carriers	**57,084**	69,562
EPC contracts income	Integrated Logistics	**156,467**	-
Drilling chemicals	Integrated Logistics	**44,276**	45,681
		2,755,152	**1,952,173**
TIMING OF REVENUE			
Goods transferred at a point of time	Integrated Logistics	**259,298**	223,729
Operating lease income	Shipping, Integrated Logistics & Marine Services	**208,037**	158,883
Services rendered over time	Shipping, Integrated Logistics & Marine Services	**2,287,817**	1,569,561
		2,755,152	**1,952,173**

5. DIRECT COSTS

	2023 USD'000	2022 USD'000
Bunker and other consumption	**724,832**	560,507
Manpower costs (note 8)	**472,114**	372,228
Freight and voyage charter costs	**349,197**	289,429
Port charges	**73,872**	64,472
Repairs and maintenance	**66,818**	41,776
Depreciation on property, plant and equipment (note 11)	**213,018**	132,602
Depreciation on right-of-use assets (note 12)	**19,540**	8,398
Amortization of intangibles (note 13)	**579**	1,785
Depreciation on investment properties (note 14)	**5,165**	5,105
Other operating costs	**78,090**	66,723
	2,003,225	**1,543,025**

6. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 USD'000	2022 USD'000
Staff costs (note 8)	**80,724**	71,815
Office rent	**3,400**	2,160
Amortization of intangible assets (note 13)	**6,574**	8,220
Consultancy fees	**12,635**	2,380
Depreciation on property, plant and equipment (note 11)	**3,540**	273
Depreciation on right-of-use assets (note 12)	**110**	18
Others*	**39,453**	20,738
	146,436	**105,604**

*Other costs above include auditors' remuneration as follows:		
Audit of financial statements	**723**	669
Other assurance services	**928**	-
Non-assurance services required to be performed by the auditor according to applicable laws and regulations	**379**	136

7A. OTHER EXPENSES

	2023 USD'000	2022 USD'000
Loss on reversal of sub leases	**-**	2,380
Demurrage and other	**-**	1,412
	-	**3,792**

7B. OTHER INCOME

	2023 USD'000	2022 USD'000
Profit on initial recognition of sub-lease receivables	**4,211**	872
Gain on disposal of right of use assets	**-**	128
Gain on disposal of property, plant and equipment	**1,955**	3
Others	**4,699**	-
	10,865	**1,003**

8. STAFF COSTS

	2023 USD'000	2022 USD'000
Salaries & benefits (direct hire and sub-contracted)	547,024	439,175
Employees' end of service benefits (note 22)	5,814	4,868
	552,838	**444,043**

Analyzed as:		
Direct costs	472,114	372,228
General and administrative expenses (note 6)	80,724	71,815
	552,838	**444,043**

The number of employees in the Group as at 31 December 2023 and 2022 is as follows:		
Direct hire	**2,129**	2,223
Agency hire	**266**	326
	2,395	**2,549**

Staff costs also include cost of crew on vessels. The headcount of the crew on vessels and outsourced manpower are not included within the number of employees disclosed above.

9. FINANCE INCOME

	2023 USD'000	2022 USD'000
Interest income on sub-leases (finance leases) (note 12)	**2,107**	1,241
Interest income from ADNOC HQ (AGTS)	**2,931**	-
Interest income on deposits	**4,747**	2,476
	9,785	**3,717**

10. FINANCE COSTS

	2023 USD'000	2022 USD'000
Interest cost on shareholder loan (note 24)	**-**	31,308
Interest expense on lease liabilities (note 12)	**7,893**	4,685
Interest on pension cost	**1,118**	1,520
Interest cost as per IAS-19 (note 22)	**1,473**	955
Amortization of upfront fee on shareholder loans (note 24)	**1,231**	-
Commitment fee on shareholder loan facilities (note 24)	**2,654**	-
Others	**729**	7
	15,098	**38,475**

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings USD'000	Vessels and marine equipment USD'000	Plant USD'000	Equipment and vehicles USD'000	Furniture, fixtures and office equipment USD'000	Capital work in progress USD'000	Total USD'000
2023							
Cost:							
At 1 January 2023	107,276	3,319,602	5,391	53,184	29,537	170,725	3,685,715
Additions	-	243,345	-	4,975	397	626,173	874,890
Disposals	-	(9,503)	-	(1,123)	(30)	-	(10,656)
Transfer to investment properties (note 14)	-	-	-	-	-	(677)	(677)
Transfer to intangible assets (note 13)	-	-	-	-	-	(3,886)	(3,886)
Transfer from capital work in progress	21,902	549,609	-	13,744	2,117	(587,372)	-
Adjustments	-	3,160	-	-	-	-	3,160
At 31 December 2023	**129,178**	**4,106,213**	**5,391**	**70,780**	**32,021**	**204,963**	**4,548,546**
Accumulated depreciation:							
At 1 January 2023	75,256	409,475	5,302	32,044	12,254	-	534,331
Charge for the year	4,242	200,811	18	6,922	4,565	-	216,558
Disposals	-	(7,734)	-	(1,123)	(29)	-	(8,886)
At 31 December 2023	**79,498**	**602,552**	**5,320**	**37,843**	**16,790**	**-**	**742,003**
Net book value:							
At 31 December 2023	**49,680**	**3,503,661**	**71**	**32,937**	**15,231**	**204,963**	**3,806,543**

	Buildings USD'000	Vessels and marine equipment USD'000	Plant USD'000	Equipment and vehicles USD'000	Furniture, fixtures and office equipment USD'000	Capital work in progress USD'000	Total USD'000
2022							
Cost:							
At 1 January 2022	67,279	1,790,824	5,391	51,950	19,738	99,569	2,034,751
Additions on business acquisition	5,730	1,354,715	-	568	4,256	-	1,365,269
Additions	-	54,017	-	-	-	296,837	350,854
Disposals	-	(926)	-	-	(164)	-	(1,090)
Transfer to investment properties (note 14)	-	-	-	-	-	(85,906)	(85,906)
Transfer to intangible assets (note 13)	-	-	-	-	-	(6,802)	(6,802)
Transfer from capital work in progress	5,076	119,925	-	666	3,743	(129,410)	-
Transfer from investment properties & intangible assets (notes 13 and 14)	29,191	-	-	-	1,964	-	31,155
Adjustments	-	1,047	-	-	-	(3,135)	(2,088)
Write offs	-	-	-	-	-	(428)	(428)
At 31 December 2022	**107,276**	**3,319,602**	**5,391**	**53,184**	**29,537**	**170,725**	**3,685,715**
Accumulated depreciation:							
At 1 January 2022	53,769	287,149	5,283	27,370	8,750	-	382,321
Charge for the year	3,722	119,974	19	5,649	3,511	-	132,875
Disposals	-	(776)	-	-	(164)	-	(940)
Transfers	(1)	-	-	(1)	-	-	(2)
Transfer from investment properties (note 14)	17,879	-	-	-	-	-	17,879
Transfer from intangible assets (note 13)	-	-	-	-	472	-	472
Adjustments	(113)	3,128	-	(974)	(315)	-	1,726
At 31 December 2022	**75,256**	**409,475**	**5,302**	**32,044**	**12,254**	**-**	**534,331**
Net book value:							
At 31 December 2022	**32,020**	**2,910,127**	**89**	**21,140**	**17,283**	**170,725**	**3,151,384**

As at 31 December 2023, capital work in progress includes both vessels and projects under construction. During construction, projects are recorded under capital work in progress and then transferred to the respective asset classes including investment properties and intangible assets. In 2022, transfers were made from investment properties to buildings on account of change in the intended use of the property.

Capital work in progress additions include interest incurred during the construction of the vessels capitalized amounting to USD 2,419 thousand (31 December 2022: USD nil).

Depreciation has been allocated in the consolidated statement of comprehensive income as follows:

	2023 USD'000	2022 USD'000
Direct costs (note 5)	**213,018**	132,602
General and administrative expenses (note 6)	**3,540**	273
	216,558	**132,875**

12. RIGHT-OF-USE ASSETS, SUB-LEASE RECEIVABLES & LEASE LIABILITIES

Set out below, are the carrying amounts of the Group's right-of-use assets, sub-lease receivables and lease liabilities and the movements during the period:

A. In respect of head-lease:

USD'000	Land right -of-use asset	Vessels right -of-use asset	Total
As at 1 January 2023	54,429	12,779	**67,208**
Additions	-	100,588	**100,588**
Depreciation expense	(2,987)	(16,663)	**(19,650)**
As at 31 December 2023	**51,442**	**96,704**	**148,146**
As at 1 January 2022	29,539	7,043	36,582
Additions	27,786	17,228	45,014
Disposals	-	(5,972)	(5,972)
Depreciation expense	(2,896)	(5,520)	(8,416)
As at 31 December 2022	54,429	12,779	67,208

USD'000	Land lease liability	Vessels lease liability	Total
As at 1 January 2023	57,284	12,898	**70,182**
Additions	-	100,588	**100,588**
Interest expense (note 10)	3,799	2,775	**6,574**
Payments	(5,439)	(18,262)	**(23,701)**
As at 31 December 2023	**55,644**	**97,999**	**153,643**
As at 1 January 2022	31,222	7,146	38,368
Additions	27,503	17,228	44,731
Gain on disposals	-	(128)	(128)
Disposals	-	(5,971)	(5,971)
Interest expense (note 10)	3,833	404	4,237
Payments	(5,274)	(5,781)	(11,055)
As at 31 December 2022	57,284	12,898	70,182

B. In respect of sub-lease::

USD'000	Land sub-lease receivables	Vessels sub-lease receivables	Total
As at 1 January 2023	12,622	6,763	**19,385**
Additions	-	41,016	**41,016**
Profit on initial recognition of sub-leases	-	4,211	**4,211**
Interest income	843	1,264	**2,107**
Payments received	(1,443)	(16,689)	**(18,132)**
As at 31 December 2023	**12,022**	**36,565**	**48,587**
As at 1 January 2022	13,182	13,065	26,247
Additions	-	7,487	7,487
Disposals	-	(6,809)	(6,809)
Loss on reversals	-	(2,380)	(2,380)
Profit on initial recognition of sub-leases	-	872	872
Interest income	884	357	1,241
Payments received	(1,443)	(5,830)	(7,273)
As at 31 December 2022	12,623	6,762	19,385

USD'000	Land sub -lease liability	Vessels sub- lease liability	Total
As at 1 January 2023	2,465	6,390	**8,855**
Additions	-	41,016	**41,016**
Interest expense (note 10)	160	1,159	**1,319**
Payments	(277)	(15,002)	**(15,279)**
As at 31 December 2023	**2,348**	**33,563**	**35,911**
As at 1 January 2022	2,575	10,133	12,708
Additions	-	7,487	7,487
Disposals	-	(6,808)	(6,808)
Interest expense (note 10)	167	281	448
Payments	(277)	(4,703)	(4,980)
As at 31 December 2022	2,465	6,390	8,855

Sub-lease receivables are analysed in the consolidated statement of financial position as follows:

	2023 USD'000	2022 USD'000
Current portion	**19,386**	3,911
Non-current portion	**29,201**	15,474
	48,587	**19,385**

Sub-lease receivables as of 31 December can be further analysed as follows:

31 December 2023	Current portion	Non- current portion	Total	Non- current 1-5 years	Non- current 5 years & above
National Gas Shipping Company Holding Ltd	16,661	16,452	33,113	16,452	-
ADNOC Offshore	2,083	1,369	3,452	1,369	-
Total related party balances	18,744	17,821	36,565	17,821	-
Third parties	642	11,380	12,022	3,721	7,659
Total	**19,386**	**29,201**	**48,587**	**21,542**	**7,659**

31 December 2022	Current portion	Non- current portion	Total	Non- current 1-5 years	Non- current 5 years & above
ADNOC Offshore	3,311	3,452	6,763	3,452	-
Total related party balances	3,311	3,452	6,763	3,452	-
Third parties	600	12,022	12,622	2,770	9,253
Total	**3,911**	**15,474**	**19,385**	**6,222**	**9,253**

Lease liabilities as of 31 December are analysed in the consolidated statement of financial position as follows:

	2023 USD'000	2022 USD'000
Relating to head-lease (in respect of right-of-use assets)	**153,643**	70,182
Relating to sub-lease receivables (in respect of liabilities for sub-leased assets)	**35,911**	8,855
	189,554	**79,037**
Current portion	**44,313**	9,768
Non-current portion	**145,241**	69,269
	189,554	**79,037**

Lease liabilities as of 31 December can be further analysed as follows:

31 December 2023	Current portion	Non- current portion	Total	Non- current 1-5 years	Non- current 5 years & above
ADNOC HQ	1,351	30,002	31,353	6,561	23,441
Total related party balances	1,351	30,002	31,353	6,561	23,441
Third parties	42,962	115,239	158,201	93,069	22,170
Total	**44,313**	**145,241**	**189,554**	**99,630**	**45,611**

31 December 2022	Current portion	Non- current portion	Total	Non- current 1-5 years	Non- current 5 years & above
ADNOC HQ	1,265	31,353	32,618	5,901	25,452
Total related party balances	1,265	31,353	32,618	5,901	25,452
Third parties	8,503	37,916	46,419	13,472	24,444
Total	**9,768**	**69,269**	**79,037**	**19,373**	**49,896**

The table below indicates rental expenses resulting from lease and service contracts which are recognized in the consolidated statement of comprehensive income:

	2023 USD'000	2022 USD'000
Short term rents (included in note 5 & 6)	**5,678**	6,583

The movement in provision for dismantling liability on leased land is as follows:

	2023 USD'000	2022 USD'000
As at 1 January	**1,727**	1,324
Additions during the year	**-**	286
Accretion during the year	**146**	117
As at 31 December	**1,873**	**1,727**

13. INTANGIBLE ASSETS

	2023 USD'000	2022 USD'000
Cost:		
At 1 January	**27,883**	22,390
Transfer from property, plant and equipment (note 11)	**3,886**	6,802
Transfer to property, plant and equipment (note 11)	**-**	(1,964)
Adjustments	**-**	656
Disposals	**(13)**	-
At 31 December	**31,756**	**27,884**
Accumulated amortization:		
At 1 January	**13,168**	4,699
Charge for the year	**7,153**	10,005
Transfer to property, plant and equipment (note 11)	**-**	(472)
Adjustments	**-**	(1,064)
Disposals	**(5)**	-
At 31 December	**20,316**	**13,168**
Net book value:		
At 31 December	**11,440**	**14,716**

Intangible assets comprise the cost of acquired enterprise computer systems, software and licenses. Transfer to property, plant and equipment include closed circuits camera hardware previously classified as intangible assets now reclassified.

14. INVESTMENT PROPERTIES

	2023 USD'000	2022 USD'000
Cost:		
At 1 January	**155,348**	98,633
Transfer to property, plant and equipment (note 11)	**-**	(29,191)
Transfer from property, plant and equipment (note 11)	**677**	85,906
At 31 December	**156,025**	**155,348**
Accumulated amortization:		
At 1 January	**55,591**	68,365
Transfer to property, plant and equipment (note 11)	**-**	(17,879)
Charge for the year	**5,165**	5,105
At 31 December	**60,756**	**55,591**
Net book value:		
At 31 December	**95,269**	**99,757**

Investment properties comprise of buildings owned by the Group which are rented to tenants under operating lease arrangements. The fair valuation of the completed properties was carried out as at 31 December 2023 by management using the discounted cash flow method of valuation, using assumptions such as annual growth rate and discount rate. The fair value was assessed at USD 116 million as at 31 December 2023 (2022: USD 110 million).

In estimating the fair value of the properties, the highest and best use of the property is considered as their current use. 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.

Land on which the buildings are constructed is leased by ADNOC to the Group for a period of 10 years until 31 December 2028 at an annual rent of USD 3,396 thousand and is expected to be renewed till the Group's sub-lease contracts are effective (note 12).

On 1 January 2022, the Group acquired two warehouses from Abu Dhabi Ports for USD 84 million. The land on which the warehouses are built is leased by Abu Dhabi Ports to the Group for a period of 25 years with effect from 1 January 2022.

The investment properties earn revenue and incur costs as below:

	2023 USD'000	2022 USD'000
Rental income included under operating lease income	**9,908**	21,330
Direct costs excluding depreciation	**1,223**	2,570

15. INVESTMENT IN A JOINT VENTURE

Details of the Group's investment in a joint venture at 31 December are as follows:

Name of joint venture	Percentage holding 2023	Percentage holding 2022	Country of incorporation	Principal activity
AW Shipping Limited	50%	50%	UAE	Shipping services

The movement in the carrying value of investment in a joint venture is summarized below:

	2023 USD'000	2022 USD'000
As at 1 January	**62,641**	73,842
Equity investment during the year	**-**	10,200
Receipts from joint venture	**-**	(22,385)
Dividend received	**-**	(1,042)
Share of profit for the year	**14,071**	2,026
As at 31 December	**76,712**	**62,641**

The assets, liabilities and results of the joint venture are summarized below:

	2023 USD'000	2022 USD'000
Statement of financial position:		
Total assets	**415,420**	410,923
Total liabilities	**(261,996)**	(285,640)
Net assets	**153,424**	**125,283**
Statement of comprehensive income:		
Revenue	**79,283**	18,589
Expenses	**(51,141)**	(14,537)
Total comprehensive income	**28,142**	**4,052**

Included in expenses above is depreciation of USD 15,384 thousand (2022: USD 4,224 thousand). Also included in expenses is finance cost of USD 16,927 thousand (2022: USD 4,068 thousand). There was no interest income earned by the joint venture in 2023 or 2022.

Included in total liabilities above are loans from banks amounting to USD 225,833 thousand (2022: USD 233,933 thousand). USD 227,118 thousand (2022: USD 209,998) was classified as non-current liability and USD 28,765 thousand (2022: USD 23,935 thousand) was classified as current liability.

16. INVENTORIES

	2023 USD'000	2022 USD'000
Bunkers	**41,591**	41,571
Lubes	**6,545**	4,886
Raw materials & finished goods	**10,265**	8,376
Spare parts, fuel and consumables	**72,231**	60,297
Firefighting foam and dispersant stock	**405**	405
	131,037	**115,535**
Less: provision for slow-moving and obsolete inventories	**(10,317)**	(9,965)
	120,720	**105,570**

Movement in the provision for slow-moving and obsolete inventories is as follows:

	2023 USD'000	2022 USD'000
At 1 January	**9,965**	3,687
Charge during the year	**758**	6,278
Write offs	**(406)**	-
At 31 December	**10,317**	**9,965**

17. TRADE AND OTHER RECEIVABLES

	2023 USD'000	2022 USD'000
Trade receivables	**109,249**	125,715
Provision for expected credit losses	**(7,302)**	(8,918)
Trade receivables, net	**101,947**	116,797
Prepaid expenses and other receivables	**178,368**	81,416
Receivable from employees	**14,385**	14,965
Advances to suppliers	**93,620**	3,785
	388,320	**216,963**

Movement in the provision for expected credit losses is as follows:

	2023 USD'000	2022 USD'000
At 1 January	**8,918**	2,744
Charge during the year	**-**	6,174
(Reversal) of provision during the year	**(1,616)**	-
At 31 December	**7,302**	**8,918**

Below is the information about credit risk exposure on the Group's trade receivables:

			Past due				
	Total USD' 000	Not past due USD' 000	< 30 days USD' 000	30 - 60 days USD' 000	61 - 90 days USD' 000	91 - 120 days USD' 000	> 120 days USD' 000
Provision matrix 2023		**5%**	**6%**	**10%**	**14%**	**18%**	**21%**
Provision matrix 2022		5%	6%	2%	4%	13%	18%
Gross trade receivable							
31-Dec-23	**109,249**	**29,823**	**6,754**	**27,697**	**10,368**	**12,070**	**22,537**
31-Dec-22	125,715	26,789	29,711	25,639	16,228	6,132	21,216
Provision for expected credit losses							
31-Dec-23	**7,302**	**287**	**810**	**704**	**640**	**133**	**4,728**
31-Dec-22	8,918	1,334	1,921	457	693	767	3,746
Net trade receivable							
31-Dec-23	**101,947**	**29,536**	**5,944**	**26,993**	**9,728**	**11,937**	**17,809**
31-Dec-22	116,797	25,455	27,790	25,182	15,535	5,365	17,470

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. It is not the practice of the Group to obtain a collateral over receivables balances.

Trade and other receivables (non-current) include advances paid to suppliers towards capex acquisitions. Balance as at 31 December were as follows:

	2023 USD'000	2022 USD'000
Advances to suppliers	**38,884**	124,252

18. CASH AND CASH EQUIVALENTS

	2023 USD'000	2022 USD'000
Cash in hand	**1,478**	928
Cash at banks	**214,231**	164,005
	215,709	**164,933**

The Group held cash and cash equivalent with financial institutions that are rated at least AA- to A based on rating agency ratings. Accordingly, the ECL provision amount calculated by applying the general approach is considered to be immaterial. Cash at banks include call deposit accounts that earn interest of 0.07% (2022: 0.07%).

19. SHARE CAPITAL

	2023 USD'000	2022 USD'000
Authorized, issued and fully paid		
7,398,498,764 ordinary shares of USD 0.54 each (1,000,000,000 ordinary shares of AED 1 each)	**3,995,189**	272,294

On 9 October 2023, the Board of Directors approved the distribution of cash dividend of USD 64,999 thousand for Q2 2023, equivalent to 3.2 fils per share. The dividend was paid on 2 November 2023.

20. GENERAL RESERVE

In 2022, in accordance with the decision of management of the Group, 10% of the profit was transferred to a general reserve. No such transfer was made in 2023. USD 103,226 thousand was equitized as part of capital reorganization in April before the Groups' listing on Abu Dhabi Exchange (ADX). Refer to Note 31 for further details.

21. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share (EPS) amounts are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

	2023 USD'000	2022 USD'000
Profit attributable to shareholders of the Company	**620,159**	260,793
Weighted average number of shares ('000)	**7,398,499**	1,000,000

	USD	USD
Earnings per share	**0.08**	0.26

There are no dilutive securities, therefore diluted EPS is the same as basic EPS.

If the earnings per share for the comparative period (31 December 2022) were calculated based on 7,398,499 shares, the earnings per share would have been USD 0.04.

22. EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits provision are as follows:

	2023 USD'000	2022 USD'000
At 1 January	**31,464**	40,695
Current service cost (note 8)	**5,814**	4,868
Acquired through business combination	**-**	2,512
Benefits paid	**(4,311)**	(7,148)
Benefits of employees transferred -out to group companies	**(1,197)**	-
Interest cost (note 10)	**1,473**	955
Remeasurement losses:		
Actuarial (gains) / losses arising from experience	**534**	(3,662)
Actuarial gains arising from changes in financial assumptions	**(1,146)**	(6,756)
At 31 December	**32,631**	**31,464**

Generally, upon fulfilment of certain employment conditions, the retirement benefits are payable in lump sum upon retirement, which is determined based on the employee's one month salary for each of the first three years of service plus one and a half month's salary for each subsequent year of service.

The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2023	2022
Discount rate	5.50%	5.00%
Expected rate of salary increase	3.00%	3.00%
Average turnover	7.5%	7.5%
Mortality rate table	AM92/AF92	AM92/AF92
Retirement age	60 years	60 years

Amounts recognized in the statement of comprehensive income in respect of these benefit are as follows:

	2023 USD'000	2022 USD'000
Service cost:		
Current service cost (note 8)	**5,814**	4,868
Net interest expense (note 10)	**1,473**	955
Components of provision for employees' end of service benefit recognized in comprehensive income	**7,287**	5,823

Amounts recognized in other comprehensive income are as follows:

	2023 USD'000	2022 USD'000
Actuarial gain arising from the experience adjustments	**612**	10,418

Significant actuarial assumptions for the determination of the provision for employees' end of service benefit are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Increase / decrease in percentage point	Increase / (decrease) in provision for employees' end of service benefit USD'000
2023		
Discount rate	**1%**	**(1,890)**
	-1%	**2,130**
Expected salary growth	**1%**	**2,233**
	-1%	**(2,007)**
2022		
Discount rate	1%	(1,935)
	-1%	2,186
Expected salary growth	1%	2,280
	-1%	(2,046)

The sensitivity analysis presented above may not be representative of the actual change in the provision for employees' end of service benefit as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the provision for employees' end of service benefit has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the provision for employees' end of service benefit recognized in the consolidated statement of financial position.

The Group does not expect to make any contribution to defined benefit plans during the next financial year.

23. TRADE AND OTHER PAYABLES

	2023 USD'000	2022 USD'000
Trade accounts payable	**99,878**	62,060
Other payables and accrued expenses	**503,027**	315,777
Capital expenses accruals	**95,965**	79,717
Operating lease rent received in advance	**10,057**	5,345
	708,927	**462,899**

Trade accounts payable are interest free and are normally settled within 30 days from the date of receipt of the invoice.

24. RELATED PARTY BALANCES AND TRANSACTIONS

These represent transactions with related parties i.e., the shareholder, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel. Pricing policies and terms of these transactions are approved by the Group's management.

Terms and conditions of transactions with related parties

The sales to and services from related parties are made at agreed rates with the related parties. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023, the Group has provision for expected credit losses of USD 4,448 thousand (2022: USD 200 thousand) on amounts due from related parties. The Group's significant balances are with entities controlled, jointly controlled or significantly influenced by the ADNOC.

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2023 USD'000	2022 USD'000
Goods sold and services provided to entities under common control		
ADNOC Offshore	**1,038,479**	676,928
ADNOC (Holding Company)	**418,191**	256,008
Abu Dhabi Polymers Company Limited (Borouge ADP)	**157,370**	146,322
ADNOC Global Trading (AGT)	**135,024**	105,440
National Gas Shipping Company Holding Limited	**102,967**	122,358
ADNOC Onshore	**41,383**	46,856
ADNOC Gas	**19,859**	25,026
ADNOC Drilling	**12,480**	9,986
ADNOC Distribution	**11,706**	12,155
Al Yasat	**10,013**	-
ADNOC Trading (AT)	**3,417**	10,144
ADNOC Refining	**1,144**	3,385
AW Shipping Limited	**220**	292
	1,952,253	**1,414,900**
Good and services received from entities under common control		
ADNOC Distribution	**255,484**	218,029
ADNOC (Holding Company)	**20,286**	46,476
ADNOC Gas	**7,891**	-
ADNOC Refining	**772**	793
ADNOC Offshore	**674**	1,707
ADNOC Onshore	**131**	-
Al Yasat	**90**	-
ADNOC Sour Gas (Al Hosn Gas)	**52**	-
	285,380	**267,005**
Interest transactions		
Interest on shareholder loan	**-**	31,308
Amortization of upfront fee on shareholder loans (note 10)	**1,231**	-
Commitment fee on shareholder loan facilities (note 10)	**2,654**	-

Balances with related parties included in the consolidated statement of financial position are as follows:

	2023 USD'000	2022 USD'000
Due from related parties:		
ADNOC Offshore	**285,229**	290,423
ADNOC (Holding Company)	**188,703**	77,016
ADNOC (Holding Company) cash pooling balance*	**173,402**	30,462
Abu Dhabi Polymers Company Limited (Borouge ADP)	**40,917**	27,209
ADNOC Gas	**11,488**	8,214
National Gas Shipping Company Holding Limited	**11,258**	-
Al Yasat	**8,472**	-
ADNOC Onshore	**7,287**	12,926
ADNOC Global Trading (AGT)	**7,033**	13,152
ADNOC Drilling	**6,706**	1,187
ADNOC Distribution	**5,331**	3,366
ADNOC Refining	**1,454**	582
Borouge Pte	**54**	54
AW Shipping Limited	**-**	1,256
ADNOC Trading (AT)	**1**	307
	747,335	**466,154**
Less: provision for expected credit losses	**(4,488)**	(200)
	742,847	**465,954**

* This balance is held with ADNOC (Holding Company) and earns interest based on rates agreed between the parties.

The movement in provision for expected credit losses on related parties' receivables is as follows:

	2023 USD'000	2022 USD'000
Balance at 1 January	**200**	494
Charge for the year	**4,288**	-
Reversals during the year	**-**	(294)
Balance at 31 December	**4,488**	**200**

The provision for expected credit losses on due from related parties is created 33.3% and 100% against balances overdue above 365 days and 730 days respectively.

Below is the ageing of receivables from related parties:

	Total USD' 000	Not past due USD' 000	Past due < 30 days USD' 000	30 - 60 days USD' 000	61 - 90 days USD' 000	91 - 120 days USD' 000	121-365 days USD' 000	366-730 days USD' 000	> 730 days USD' 000
Gross receivables from related parties									
31-Dec-23	**747,335**	**616,039**	**47,771**	**45,065**	**6,673**	**1,756**	**20,709**	**9,322**	**-**
31-Dec-22	466,154	407,645	29,274	4,958	20,135	1,033	2,507	602	-
Provision for expected credit losses									
31-Dec-23	**4,488**	**-**	**-**	**-**	**-**	**-**	**-**	**4,488**	**-**
31-Dec-22	200	-	-	-	-	-	-	200	-
Net receivable from related parties									
31-Dec-23	**742,847**	**616,039**	**47,771**	**45,065**	**6,673**	**1,756**	**20,709**	**4,834**	**-**
31-Dec-22	465,954	407,645	29,274	4,958	20,135	1,033	2,507	402	-

	2023 USD'000	2022 USD'000
Due to related parties:		
ADNOC (Holding Company)	**194,581**	120,531
ADNOC Distribution	**62,336**	33,347
ADNOC Gas	**7,891**	-
AGT	**4,393**	-
ADNOC Refining	**772**	793
ADNOC Offshore	**674**	1,707
ADNOC Onshore	**131**	-
AW Shipping	**110**	-
Al Yasat	**90**	-
ADNOC Sour Gas (Al Hosn Gas)	**52**	-
National Gas Shipping Company	**-**	7,175
	271,030	**163,553**

These balances are classified and presented in the statement of financial position as below:

	2023 USD'000	2022 USD'000
Current portion	**253,121**	127,810
Non-current portion	**17,909**	35,743
	271,030	**163,553**

Due to related parties (non-current)

In 2021 the Group's ultimate Holding Company recharged USD 90,916 thousand towards UAE national employees' pension charges. These charges relate to the differential amount paid by the Holding Company to Abu Dhabi Retirement Pensions and Benefits Fund for services of employees taken over by the Group on its formation and till the period ending 31 December 2019. USD 37,903 thousand of this liability is payable from 2024 to 2025 and accordingly as at 31 December 2023 USD 17,909 thousand (USD 35,743 thousand as at 31 December 2022) is disclosed as a non-current liability.

Related parties sub-lease receivables and lease liabilities are disclosed in note 12.

Shareholder contribution from ADNOC (Holding Company) (forming part of shareholder's equity in 2022):

In 2022, the Group's contribution from a shareholder of USD 357,485 thousand was interest free and repayable at the absolute discretion of the board of directors of the Group. Accordingly, the amount was classified under equity as shareholder contribution. In 2023, before the listing of the Group on Abu Dhabi Stock Exchange (ADX), this loan was converted to share capital. Refer to Note 31 for further details on capital reorganization.

Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities in 2022):

In 2022, the Group had a loan facility arrangement with ADNOC (Holding Company) totaling USD 2,300,000 thousand. As at 31 December 2022, the Group had drawn USD 1,900,000 thousand from the facility.

In 2023, before the listing of the Group on Abu Dhabi Stock Exchange (ADX), this loan was converted to share capital. Refer to Note 31 for further details on capital reorganization.

Shareholder loan from ADNOC (Holding Company) (forming part of non-current liabilities in 2023):

During 2023, the Group entered into an unsecured senior corporate term facility agreement and a revolving credit facility (RCF) with its parent of USD 1,500,000 thousand and USD 350,000 thousand respectively. USD 300 thousand was paid as upfront fee for the unsecured senior corporate term facility and USD 700 thousand was paid as upfront fee for the revolving credit facility (RCF). Both the senior corporate term facility and the revolving credit facility (RCF) incur a commitment fee of 0.2125% on the undrawn amounts. During the year, USD 2,654 thousand was charged as commitment fee on these facilities.

As at 31 December 2023, USD 100,000 thousand was drawn from the unsecured senior corporate term facility. During the year, interest incurred on this loan amounting to USD 2,419 thousand was capitalized as part of capital work in progress.

The Group's significant bank balances with Abu Dhabi Government and other entities controlled, jointly controlled or significantly influenced by the Abu Dhabi Government are as follows:

	2023 USD'000	2022 USD'000
Bank balances	**160,047**	115,965

	2023 USD'000	2022 USD'000
Key management compensation	**1,336**	1,348

25. BANK GUARANTEES, CONTINGENCIES AND COMMITMENTS

(a) Bank guarantees:
At 31 December 2023, the Group had bank guarantees issued by the bank and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to USD 6,373 thousand (2022: USD 2,999 thousand).

(b) Capital commitments:
At 31 December 2023, the Group's capital commitments amount to USD 1,113,308 thousand (2022: USD 1,371,929 thousand).

(c) Purchases commitments:
At 31 December 2023, the Group's purchases commitments amount to USD 39,353 thousand (2022: USD 86,275 thousand).

(d) Contingencies:
The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's financial statements if concluded unfavorably.

26. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The overall risk management programme of the Group seeks to minimize potential adverse effects of these risks on their financial performance.

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

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors are responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial liabilities consist of trade and other payables, amounts due to related parties, shareholder loan and lease liabilities. The main purpose of the financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade and other receivables, bank balances and amounts due from related parties, which arise directly from its operations.

Market risk management

Foreign exchange risk
The Group has no significant currency risk exposure from its operations as the Group's majority of transactions are in UAE Dirham or US Dollars. The UAE Dirham is pegged to the US Dollar, hence balances in US Dollars are not considered to represent a significant risk.

Price risk
The Group has no significant direct exposure to commodity price risk. Reductions in oil prices may lead to reduction in the level of future logistics services procured by customers who have significant exposure to oil and gas prices.

Cash flow and fair value interest rate risk
The following table demonstrates the sensitivity of the Group's profit to reasonably possible changes in interest rates, with all other variables held constant.

	2023 USD'000	2022 USD'000
Effect of increase of 100 basis points on Group's profit	**(386)**	(9,620)
Effect of decrease of 100 basis points on Group's profit	**386**	9,620

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises principally from the Group's trade and other receivables, related party and bank balances. The Group has adopted a policy of dealing only 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 non-related counter-parties.

The average credit period on sale of goods or services is 30-60 days. No interest is charged on trade and other receivables. The bank balances are maintained with commercial banks. The credit risk on liquid funds is limited because the counterparties are reputable banks closely monitored by the regulatory bodies.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counter parties fail to perform their obligations, generally approximates their carrying value. Advances to suppliers, other receivables and balances with banks are not secured by any collateral.

Other financial assets do not have a material expected credit loss, and the loss allowance considered during the year was limited to 12 months expected losses. As such, no loss allowance was made for such financial assets as at 31 December 2023 and 2022.

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short-term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group limits its liquidity risk by ensuring adequate cash available from its operations and from support of the shareholders. The table below summarizes the maturity profile of the Group's financial liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

	On demand USD '000	Less than 3 months USD '000	3 to 12 months USD '000	1 to 5 years USD '000	> 5 years USD '000	Total USD '000
31 December 2023						
Trade payables	-	99,878	-	-	-	99,878
Due to related parties	-	234,169	18,952	18,952	-	272,073
Lease liabilities	-	13,242	39,725	117,265	81,416	251,648
Shareholder loan	-	-	-	100,000	-	100,000
Other payables, accrued and capital expenses	-	598,992	-	-	-	598,992
Total	**-**	**946,281**	**58,677**	**236,217**	**81,416**	**1,322,591**
31 December 2022						
Trade payables	-	62,060	-	-	-	62,060
Due to related parties	-	108,858	18,952	37,903	-	165,713
Lease liabilities	-	4,618	16,260	36,052	76,937	133,867
Shareholder loan	-	-	123,500	2,023,500	-	2,147,000
Other payables (non-current)	-	-	-	71,254	-	71,254
Other payables, accrued and capital expenses	-	395,494	-	-	-	395,494
Total	**-**	**571,030**	**158,712**	**2,168,709**	**76,937**	**2,975,388**

Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it to ensure that it will be able to continue as a going concern. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Equity comprises share capital, general reserve, retained earnings and shareholder contribution, and is measured at USD 4,405,982 thousand as at 31 December 2023 (2022: USD 1,800,290 thousand).

The Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity as shown in the statement of financial position plus net debt.

The gearing ratio, determined as net debt to net debt plus equity, at the year-end was as follows:

	2023 USD'000	2022 USD'000
Debt	**100,000**	1,900,000
Cash and cash equivalents	**(215,709)**	(164,933)
Net debt	**(115,709)**	1,735,067

	2023 USD'000	2022 USD'000
Net debt	**(115,709)**	1,735,067
Equity	**4,405,982**	1,800,290
Net debt plus equity	**4,290,273**	3,535,357
Gearing ratio	**0%**	49.1%

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. As at 31 December 2023 and 2022, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

28. OPERATING SEGMENTS

Information regarding the Group's operating segments is set out below in accordance with IFRS 8, 'Operating Segments'. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, as the chief operating decision maker (CODM), in order to allocate resources to the segment and to assess its performance.

The Group's strategic steering committee, consisting of the Chief Executive Officer, the Chief Financial Officer and the Senior Vice President of Strategy, examines the group's performance from both a product and a service perspective but financial decisions are made by the Board. The operating segments are identified based on the nature of different services provided and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The CODM primarily uses EBITDA to monitor the performance of the business. For management purposes, the Group is organized into six operating segments and five reportable segments. These are referred to as "business units" as follows:

Integrated Logistics

Integrated Logistics comprises two operating segments, offshore and onshore logistics services, which are aggregated into one reportable segment which also includes logistics services associated with engineering, procurement and construction contracts, charter hire of offshore support vessels and barges.

Shipping

Shipping comprises the following reportable segments: (i) Tankers; (ii) Gas Carriers (including ship management services); and (iii) Dry-Bulk and Containers.

Marine Services

Marine Services reportable segment comprises petroleum port operations and oil spill response services.

Others

One-off items and COVID-19 related expenses are classified under Others by management to facilitate better understanding of the business and to ensure proper decision making. Finance income, finance costs, provision for expected credit losses, other income and other expenses which are largely non-operational costs are recorded under this segment to facilitate better decision making.

The following schedules illustrate the Group's activities according to the operating segments for the year ended 31 December 2023 in USD'000s:

2023	Integrated Logistics	Tankers	Gas Carriers	Dry-Bulk and Containers	Marine Services	Others	Total
Revenues	1,739,002	407,370	173,550	257,900	177,330	-	2,755,152
Direct costs	(1,272,255)	(279,170)	(112,330)	(201,280)	(138,190)	-	(2,003,225)
Gross profit	**466,747**	**128,200**	**61,220**	**56,620**	**39,140**	**-**	**751,927**
General and administrative expenses	(82,236)	(10,660)	(6,190)	(7,700)	(19,300)	(20,350)	(146,436)
Provision for expected credit losses	-	-	-	-	-	(2,672)	(2,672)
Other income	-	-	4,211	-	-	6,654	10,865
Operating profit / (loss)	**384,511**	**117,540**	**59,241**	**48,920**	**19,840**	**(16,368)**	**613,684**
Share of profit from joint venture	-	-	14,071	-	-		14,071
Finance income	1,021	-	1,086	-	-	7,678	9,785
Finance costs	(7,633)	-	(990)	-	-	(6,475)	(15,098)
Profit / (loss) before tax for the year*	**377,899**	**117,540**	**73,408**	**48,920**	**19,840**	**(15,165)**	**622,442**
Deferred tax credit*	-	-	-	-	-	1,123	1,123
Income tax expense*	(3,406)	-	-	-	-	-	(3,406)
Profit for the year*	**374,493**	**117,540**	**73,408**	**48,920**	**19,840**	**(14,042)**	**620,159**
Depreciation and amortization in direct costs	144,062	39,480	26,310	10,330	18,120	-	238,302
Depreciation and amortization in general and administrative expenses	3,794	2,240	1,400	1,030	1,760	-	10,224
Income tax	3,406	-	-	-	-	-	3,406
Deferred tax	-	-	-	-	-	(1,123)	(1,123)
Finance income	(1,021)	-	(1,086)	-	-	(7,678)	(9,785)
Finance costs	7,633	-	990	-	-	6,475	15,098
EBITDA	**532,367**	**159,260**	**101,022**	**60,280**	**39,720**	**(16,368)**	**876,281**

The following schedules illustrate the Group's activities according to the operating segments for the year ended 31 December 2022 in USD'000s:

2022	Integrated Logistics	Tankers	Gas Carriers	Dry-Bulk and Containers	Marine Services	Others	Total
Revenues	923,015	334,570	169,117	358,128	167,343	-	1,952,173
Direct costs	(768,155)	(265,373)	(100,898)	(263,859)	(138,778)	-	(1,537,063)
COVID - 19 costs*	-	-	-	-	-	(5,962)	(5,962)
Gross profit / (loss)	**154,860**	**69,197**	**68,219**	**94,269**	**28,565**	**(5,962)**	**409,148**
General and administrative expenses	(57,838)	(11,972)	(7,517)	(10,045)	(18,232)	-	(105,604)
Provision for expected credit losses*	-	-	-	-	-	(5,880)	(5,880)
Other expenses	(2,380)	-	-	-	-	(1,412)	(3,792)
Other income	1,000	-	-	-	-	3	1,003
Operating profit / (loss)	**95,642**	**57,225**	**60,702**	**84,224**	**10,333**	**(13,251)**	**294,875**
Share of profit from joint venture*	-	-	2,026	-	-	-	2,026
Finance income	1,241	-	-	-	-	2,476	3,717
Finance costs	(4,686)	(7)	-	-	-	(33,782)	(38,475)
Profit / (loss) before tax for the year*	**92,197**	**57,218**	**62,728**	**84,224**	**10,333**	**(44,557)**	**262,143**
Income tax*	(1,350)	-	-	-	-	-	(1,350)
Profit / (loss) for the year*	**90,847**	**57,218**	**62,728**	**84,224**	**10,333**	**(44,557)**	**260,793**
Depreciation and amortization in direct costs	63,804	35,269	23,563	10,000	15,255	-	147,891
Depreciation and amortization in general and administrative expenses	4,578	986	619	827	1,501	-	8,511
Income tax	1,350	-	-	-	-	-	1,350
Finance income	(1,241)	-	-	-	-	(2,476)	(3,717)
Finance costs	4,686	7	-	-	-	33,782	38,475
EBITDA	**164,024**	**93,480**	**86,910**	**95,051**	**27,089**	**(13,251)**	**453,303**

The Group's largest customers are related entities within the ADNOC Group (Refer to Note 24). The Group's vessels are deployed throughout the world and are not concentrated in certain geographical areas. The Group's management does not consider the geographical distribution of the group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

All operating segment results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess their performance.

The following tables represent segment assets for the Group's operating segments as reviewed by the management in USD'000s:

2023	Integrated Logistics	Tankers	Gas Carriers	Dry-Bulk and Containers	Marine Services	Total
Property, plant & equipment *	1,909,055	1,178,641	406,957	161,958	149,932	**3,806,543**
Investment properties *	95,269	-	-	-	-	**95,269**

2022	Integrated Logistics	Tankers	Gas Carriers	Dry-Bulk and Containers	Marine Services	Total
Property, plant & equipment *	1,667,172	1,052,148	125,168	167,505	139,391	3,151,384
Investment properties *	99,757	-	-	-	-	99,757

* These relate to additional voluntary disclosures not presented to CODM, but which are allocated on a reasonable and consistent basis to provide additional information.

29. BUSINESS COMBINATION / GOODWILL

On 12 July 2022, shareholders of the Group approved to acquire 100% of the Share Capital of ZMI Holdings (here after referred to as ZMI) through a wholly owned subsidiary Zinc HoldCo RSC LTD, a restricted scope company duly incorporated under the laws of the Abu Dhabi Global Market with company number 7990 and whose registered office is at Floor 28, Al Sarab Tower, Abu Dhabi Global Market Square, Al Maryah Island, P.O. Box 764652, Abu Dhabi, United Arab Emirates (the "Purchaser"). ZMI is an Abu Dhabi-based owner and operator of offshore support vessels, with the world's largest fleet of self-propelled jack-up barges.

On 1 November 2022, Zinc HoldCo RSC Limited acquired 100% of the shares of ZMI. The acquisition of ZMI will enable further strengthening of the Groups' leading position as the region's largest shipping and integrated logistics company. The acquisition has been accounted for using the acquisition method. For the year ended 31 December 2023, the consolidated financial statements include the amounts of ZMI for the entire 12 months whereas, for the year ended 31 December 2022, the results were included from the acquisition date. Fair values of the identifiable assets and liabilities of ZMI as at the date of acquisition are set out below:

	Fair Value on acquisition	
	2023 USD'000	2022 USD'000
Assets		
Property, plant and equipment	**1,365,269**	1,365,269
Inventories	**16,321**	16,321
Trade and other receivables	**112,416**	112,416
Cash and cash equivalents	**50,496**	50,496
Total assets	**1,544,502**	**1,544,502**
Liabilities		
Employees' end of service benefits	**(2,512)**	(2,512)
Deferred tax liability	**(35,671)**	-
Trade and other payables	**(78,857)**	(78,857)
Total liabilities	**(117,340)**	**(81,369)**
Total identifiable net assets at fair value	**1,427,462**	**1,463,133**
Final / provisional goodwill recognized	**51,368**	**15,697**
Purchase consideration	**1,478,830**	**1,478,830**

The fair value of acquired trade receivables was USD 112 million. The gross contractual amount for trade receivables due was USD 135 million, with a loss allowance of USD 23 million recognized on acquisition.

Under IFRS 3, management had a one-year window up to 31 October 2023 to finalize the accounting for the acquisition. With the enactment of the UAE Tax laws in January 2023 and subsequent clarifications obtained by management on the accounting for deferred tax in the current year, management has recognized a deferred tax liability on the fair value uplift of the assets acquired in ZMI in the amount of USD 35,671 on 31 October 2023.

As part of the SPA with the previous owners of ZMI, part of the consideration was determined to be based on the expected revenue of the acquired entity. As at the date of acquisition, the fair value for the consideration to be based on revenue amounted to USD 149,920 thousand given the revenue targets of ZMI. The purchase consideration can be analysed as follows:

	USD'000
Initial consideration paid in cash	1,328,910
Fair value of consideration based on expected revenue	149,920
Purchase consideration	**1,478,830**

The goodwill is attributable to synergies expected to be achieved from the business combination and an increase in market share. For impairment testing, the goodwill is allocated to the Cash Generating Unit ("CGU") where the goodwill is monitored for internal management purposes. The recoverable amount of the CGU was based on its value in use determined by management. The carrying amount of this unit was determined to be lower than its recoverable amount.

Value in use was determined based on the five-year business plan approved by the management. The projected future cash flows from the continuing use of the unit are based on past experience and current rates of contractual arrangements for the initial five-year period. Beyond this period, the projected future cash flows were determined by reference to historical experience and based on market rates available for similar vessels. Both the cash inflows and outflows projected utilized a growth rate equivalent to the estimated inflation rate of 2%. These resulting cash flows were then discounted based on the Group's approved discount rate.

Key assumptions used for the CGU impairment testing are as below:

	2023	2022
Discount rate (%)	**9%**	9%

Anticipated annual revenue growth is based on latest available forecasts. The values assigned to the key assumptions represent the management's assessment of future trends in the industry and are based on both external and internal sources.

Sensitivity analysis

The Group has conducted an analysis of the impairment test to changes in key assumptions used to determine the recoverable amount of the CGU to which goodwill is allocated. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of the CGU including goodwill to materially exceed its recoverable amount.

30. TAX ASSESSMENT

On 16 January 2023, the UAE government published a Cabinet Decision setting the threshold at which the new Corporate Income Tax will apply. This event made the Corporate Income Tax substantively enacted and enacted within the meaning of IAS 12. Current Taxes as defined in IAS 12 will be payable for financial years ending after 1 January 2024. The Company will be subject to Corporate Income Tax for the first time during the year ending 31 December 2024. Enactment of the legislation requires the Company to record deferred taxes using the enacted rate of 9%. An assessment of the impact of the law is underway.

During the year, the Group also signed a Fiscal Letter with the Department of Finance's Supreme Council for Financial and Economic Affairs ("SCFAEA") which will become effective for the year ended 31 December 2024. The UAE Corporate Income Tax law takes precedence over the Fiscal Letter and net income from group entities in Abu Dhabi exempt under the UAE Corporate Income Tax law gets taxed under Fiscal Letter at the rate of 9%.

Deferred taxes analysed by type of temporary difference:

Differences between IFRS accounting standards and statutory taxation regulations in UAE give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax basis. The tax effect of the movement in those temporary differences is detailed below:

	2023 USD'000	2022 USD'000
Tax effect of deductible/(taxable) temporary differences		
End of service benefits	**1,123**	-
Fair value up-lift on PPE acquired	**(35,671)**	-

The deferred tax impact on end of service benefits amounting to USD 1,123 thousand was credited to the consolidated statement of comprehensive income during the year.

	2023 USD'000	2022 USD'000
As disclosed in the consolidated statement of financial position		
Recognized deferred tax assets	**1,123**	-
Recognized deferred tax liability	**(35,671)**	-

The Group has not recorded any deferred tax liability in respect of a temporary difference associated with the carrying value of the investment in AW Shipping Limited (Joint venture) because the group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

31. CAPITAL REORGANIZATION

The transfer of the interest in Abu Dhabi Marine Business and Services Company P.J.S.C. (refer Note 1) is assessed to be a common control transaction as the Abu Dhabi Marine Business and Services Company P.J.S.C. continued to be controlled by the Shareholder being, by Abu Dhabi National Oil Company ("ADNOC") both before and after the reorganization. Therefore, the reorganization was considered to be outside the scope of IFRS 3 Business Combinations.

Although, ADNOC Logistics & Services PLC (the Company) was incorporated on the 19th of April 2023, the reorganization became effective on the 25th of April 2023 as this is the date when the shares were transferred that effectively made the Company the parent company of Abu Dhabi Marine Business and Services Company P.J.S.C. and the wider L&S group.

The Group has applied the capital reorganization method of accounting in line with its accounting policies. Accordingly, for the purpose of this consolidated financial statements:

- The assets and liabilities of the Group were reflected at their carrying amounts. No adjustments were made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that would otherwise be recognized under the acquisition method.
- No goodwill was recognized as a result of the combination. Any difference between the consideration transferred and the acquired net assets is reflected within equity.
- The consolidated statement of comprehensive income reflects the results of the combined entities as though they always existed.

32. SUBSEQUENT EVENTS

In the meeting of the Board of Directors on 14 February 2024, it was proposed that a final cash dividend of USD 130,000 thousand is paid for 2023.


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