

**APM TERMINALS BAHRAIN B.S.C
ANNUAL GENERAL MEETING
28 MARCH 2023**

TABLE OF CONTENTS



| | |
|---|-----|
| 1. To approve the minutes of the 16th Annual General Assembly Meeting held on 30 March 2022 | 3 |
| 2. To discuss and ratify the Report of the Board of Directors on the activities of the Company for Financial Year ended 31 December 2022 | 11 |
| 3. To discuss the external auditors report on the financial statements for the year ended 31 December 2022 | 16 |
| 4. To ratify the audited financial statements for the year ended 31 December 2022 | 22 |
| 5. To approve the recommendation of the Board of Directors to allocate the dividends for the financial year ended 31 December 2022 | 68 |
| 6. To approve remuneration of total amount of BD 62,000 to the members of the Board of Directors for the financial year ended 31 December 2022 | 69 |
| 7. To discuss and ratify the Corporate Governance Report for the year ended 31 December 2022 in compliance with the requirements of the Central Bank of Bahrain and the Ministry of Industry, Commerce and Tourism | 70 |
| 8. To review related party transactions entered by the Company for the Financial Year ended 31 December 2022 as set out in Note 22 of the financial statements in line with Article 189 of the Commercial Companies Law | 103 |
| 9. To discharge the Board of Directors from their liability in respect of management of the Company for the year ended 31 December 2022 | 104 |
| 10. Appointment/ reappointment of the external auditors for the financial year ending 31 December 2023 and authorizing the Board of Directors to determine their fees. | 105 |
| 11. Any other business in accordance with Article 207 of the Commercial Companies Law | 106 |



1. TO APPROVE THE MINUTES OF THE 16TH ANNUAL GENERAL ASSEMBLY MEETING HELD ON 30 MARCH 2022

APM TERMINALS BAHRAIN B.S.C. ("Company")
MINUTES OF THE ANNUAL GENERAL ASSEMBLY MEETING OF SHAREHOLDERS
("Meeting")

HELD ON WEDNESDAY, 30th March 2022 AT 02:00 P.M.

The Annual General Meeting (the "Meeting") was held at the Business Centre, Bahrain Bourse, Kingdom of Bahrain and attended by the following:

Shareholders:

| Shareholder | Proxy | Shares | Shareholding |
|--|----------------|---------------|---------------------|
| APM Terminals B.V. | Noora Janahi | 57,600,000 | 64.000% |
| Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L | Ali Abdulmalek | 14,400,000 | 16.000% |
| Ali Jaafar Ali Abdulla Tareef | Personally | 1,162 | 0.13% |
| Maisa Ahmed Al Haddad | Personally | 8,000 | 0.89% |
| Anas Ahmedjayyash | Maisa Ahmed | 10,000 | 1.11% |
| Yusuf Ebrahim Fakhroo | Maisa Ahmed | 8,400 | 0.93% |
| Babak Jalil Mohsen Sultani | Maisa Ahmed | 4,000 | 0.44% |
| Farooq Zuberi | Personally | 4,546 | 0.51% |
| Jassim Sayed Mohamed | Personally | 3,100 | 0.34% |

Board of Directors of the Company

- Mr. Soren S. Jakobsen – Executive Director
- Mr. Fawzi Ahmed Kanoo – Vice Chairman
- Mr. Nadhem Saleh Al Saleh – Independent Director
- Mr. Mohammed Al Shroogi – Independent Director
- Mr. Jesper Kjaedegaard – Non-Executive Director

Management of the Company:

- Maureen Bannerman –Chief Executive Officer
- Farooq Zaheer Zuberi - Chief Financial Officer
- Bharat Mehta - Legal Manager, Corporate Governance Officer, Company Secretary and Investor Relations Officer

External Auditors, Pricewaterhouse Coopers Middle East Limited (Pwc)

- Amad Azim
- Ali Khalaf

Ministry of Industry, Commerce and Tourism (MOICT)

- Ahmed Salman Ahmed

Capital Market Supervision Directorate - Central Bank of Bahrain (CBB)

- Jaber Al Aali

Listing & Disclosure - Bahrain Bourse

- Maryam Khaled AlKawari

Bahrain Clear, Share Registrar

- Hussain Ali Haji

Notice having been given to the Shareholders for the Meeting; the Meeting commenced at 02:00 P.M at the Business Centre, Bahrain Bourse. The Share Registrar confirmed in writing that the Meeting is attended by shareholders representing 80.04% of the share capital of the Company. Accordingly, it was confirmed that the Meeting has the required quorum and therefore the Meeting is in order to transact the business as listed on the Agenda circulated to all the shareholders.

Mr. Soren S. Jakobsen was designated Chairman of the Meeting (the "Chairman").

Welcome Address by the Chairman

For and on behalf of the Board of Directors of the Company, the Chairman welcomed the Shareholders, representatives of MOICT, CBB, Bahrain Bourse, Share Registrars, External Auditors and all others in attendance.

Mr. Jakobsen delivered a short note on Company's performance in 2021.

Mr. Jakobsen stated that in 2021 APM Terminals Bahrain continued to deliver solid revenue streams and profit despite global challenges in shipping and logistics sector. 2021 was marked with significant disruptions in container trade stemming from container shortages as well as restricted vessel capacity compared to demand. This resulted in supply chain bottlenecks for many businesses as well as lower throughput for Khalifa Bin Salman Port. Despite these headwinds APMT has made steady progress in 2021 on multiple initiatives to grow the business and offer new products/ services to its customers. This included catering to increased demand for break bulk handling on general cargo vessels through conversion of containerized volumes as well as introduction of new non cargo related services like Reefer Pre-Trip Inspections (PTI), attendance and repair of malfunctioning reefers, AQIS vessel inspections, Reception/R&R services among others.

FY2020 was an exceptional year for the company's results mainly due to upsides in volumes due to causeway closure. Hence compared to 2020, revenue declined by 10% in 2021 mainly in Container and General Cargo, however marine revenue increased by 25% YoY due to higher private jetty calls.

Costs were kept under control and excluding royalty the overall cost declined by 3.6% vs FY2020. This is an outstanding achievement and was made possible through sustained take cost out programs across the terminal, renegotiating major new contracts at favourable terms, freezing medical insurance costs without reducing any coverage and maximising our finance income (interest) through effective cash flow & treasury management. In 2021 we continued to make all the necessary investments in our people and assets. There were major

programs carried out for the upkeep of our equipment and facilities as well as continued investment in staff welfare, training and development.

During 2021, APMT launched an extensive CSR program to recruit and train local talents for leadership positions as well as a maritime youth program which will offer 3 students a full scholarship to study nautical science in a world class university as well as sea time apprenticeship on Maersk vessels. This program is part of APMT Bahrain's contribution to Bahrain's Economic Vision 2030.

The dividend pay-out for 2021 is BD 0.0887 per share which translates to roughly 6.9% yield on current share price.

Mr. Jakobsen then proceeded with the Agenda items of the Meeting.

Agenda Item No. 1:

To review and approve the minutes of the 15th Annual General Assembly Meeting of Shareholders held on 25 March 2021.

Mr. Ali Jaffar Ali Abdulla Tareef congratulated the Board and the management on the performance of the Company and appreciated on consecutive appointment of 2nd women CEO. He then enquired about the attendance of shareholder in the Annual General Meeting (AGM) held on 25 March 2021, the deliberations which took place during the meeting and media by which the company encourages its shareholders to participate in the shareholders meetings

Mr. Bharat Mehta informed that the attendance was very low (may be because of COVID – 19) and there were only 4 shareholders who attended the previous AGM. He further informed that there were no deliberations in relation to the previous meeting agenda items. Mr. Mehta highlighted that shareholders are invited to all the Shareholder meetings by various means including by publication in the newspapers, company website and Bahrain Bourse website. He further stated that company will consider further avenues (including social media) to cascade information and encourage shareholders to participate.

There being no further queries/ comments and with due consideration of the Shareholders, it was unanimously RESOLVED that the minutes of the Ordinary Annual General Assembly Meeting of Shareholders held on 25 March 2021 are approved and confirmed in all aspects and be filed in the Company's books and records.

Agenda Item No. 2:

To review and approve the report of the Board of Directors on the activities of the Company for the financial year ended 31 December 2021.

With due consideration of the Shareholders, it was unanimously RESOLVED that the report of the Board of Directors on the Company's activities for the financial year ended 31 December 2021 is hereby approved and confirmed in all aspects.

Agenda Item No. 3:

To review and approve the external auditors report on the audited Financial Statements for the year ended 31 December 2021.

With the permission of the Chairman, Mr. Amad Azim addressed the Independent Auditor's Report for the year ended 31 December 2021 and read the introduction and the external auditor's opinion.

At the request of Mr. Ali Tareef, Mr. Azim also read the Report on other 'Legal and regulatory requirements'.

With due consideration of the Shareholders, it was unanimously RESOLVED that the Auditor's report on the financial Statements for the year ended 31 December 2021 is hereby approved and confirmed in all aspects.

Agenda Item No. 4:

To review and approve the Audited Financial Statements for the financial year ended 31 December 2021.

Mr. Jassim Sayed Mohamed highlighted that there was BHD 10 fee for each truck entering Bahrain via the causeway as a charge for not using the seaport of Bahrain. He stated that the government shall charge this fee and pass it on to APM Terminals Bahrain. He further highlighted that Khalifa Bin Salman Port (KBSP) is a bonded area which is still not fully utilised to its maximum capacity. In spite of this underutilisation, the government has opened another bonded area outside KBSP and slowly the customers are encouraged to take service from this external warehouses thus causing losses to the shareholders of APM Terminals Bahrain.

Mr. Mohamed requested management to seek explanation from the government on the above 2 points.

Mr. Tareef enquired about the deposit held with the parent company and stated that this money belongs to APM Terminals Bahrain and shall be therefore deposited in Bahrain and not outside the country.

Mr. Ali Abdulmalek enquired about the interest being earned on the deposits and why is it not being deposited in local banks as local banks will fetch more returns, specially if deposited in BHD. Alternatively he proposed to distribute the amount to the shareholders.

Mr. Farooq Zuberi clarified that these are deposits with the group entity and are deposited at 25 basis points higher than the interest rate offered by HSBC on USD deposits and with flexibility on withdrawals and deposits. He further informed that the Company has paid almost 100% of retained earnings and this cash cannot be treated as retained earnings. This amount can be utilised for Capex needs.

It was further highlighted by Mr. Jakobsen that these transactions are reviewed by the Audit, Risk and Compliance Committee wherein only independent directors are voting on this item.

Mr. Tareef requested to elaborate on the liabilities included in the Financial Statements. Mr. Zuberi clarified that the 24mn+ is due to IFRS treatment and is a non-financial liability

Mr. Tareef further enquired as to why the revenue, profits and cashflow are substantially lower than 2020. Mr. Zuberi explained that 2020 was an exceptional year as there were windfall profits primarily arising from closure of Causeway due to COVID 19. Besides the aftereffects of COVID were felt in 2021 in terms of equipment crunch, reduced demand etc. In terms of profit, 2020 profit included subsidy of around BHD 800k Further profit was

negatively affected by increase in royalty by around 30%. With respect to cashflow, the cashflows were negatively affected due to lower volumes.

There being no further queries and with due consideration of the Shareholders, it was unanimously RESOLVED that the audited Statement of Accounts for the financial year ended 31 December 2021 is hereby approved and confirmed in all aspects.

Agenda Item No. 5:

To approve the recommendation of the Board of Directors to allocate the dividends for the financial year ended 31 December 2021 as follows:

- i. Cash dividend of BD 0.0887 per share or 88.71%, amounting to total dividend payment of BD 7.984 million for the fiscal year ended 31 December 2021.

In this regard, below are the key dates to be taken note of:

| Event | Date |
|--|---------------|
| Cum-Dividend Date <i>(Last day of trading with entitlement to dividends)</i> | 31 March 2022 |
| Ex-Dividend Date <i>(First day of trading without entitlement to dividends)</i> | 3 April 2022 |
| Record Date <i>(The Day on which all shareholders whose names are on the share register will be entitled to dividends)</i> | 4 April 2022 |
| Payment Date <i>(The Day on which the dividends will be paid to the entitled shareholders)</i> | 18 April 2022 |

Shareholders expressed their complete satisfaction with the dividend distribution.

With due consideration of the Shareholders, it was unanimously RESOLVED that the recommendation of the Board of Directors to allocate the dividends for the financial year ended 31 December 2021 as mentioned above is hereby approved and confirmed in all aspects

Agenda Item No. 6:

To approve a proposal for the distribution of remuneration to the members of the Board of Directors for a total amount of BD 80,000 for the financial year ended 31 December 2021, subject to the approval of the Ministry of Industry, Commerce and Tourism.

Mr. Tareef commented that Company's Board is most responsible Board in the Kingdom of Bahrain wherein in spite of such good results the Board Fee (including sitting fee) is kept nominal.

With due consideration of the Shareholders, it was unanimously RESOLVED that the proposal to distribute remuneration to the members of the Board of Directors for a total amount of BD 80,000 for the financial year 31 December 2021 is hereby approved and confirmed in all aspects.

Agenda Item No. 7:

To discuss and approve the Corporate Governance for 31 December 2021 and comply with the requirements of the Central Bank of Bahrain and the Ministry of Industry, Commerce and Tourism.

Mrs Maureen Bannerman gave a brief on Company's ESG activities. She informed the shareholders that Company is doing various activities towards ESG including but not limited to Ocean Clean up, celebrating Green Day, planting trees, upgrading facilities for customers, contractors and employees, upgrading our lighting to energy efficient lights, saving fuel consumption by reducing diesel usage. She further highlighted about the Marine Scholarship Program which is part of Accelerate Logistic Program wherein the Company has already identified 3 candidates and one of which is a female candidate, who will be provided scholarship along with sea time on Maersk vessels.

There being no further comments, with due consideration of the Shareholders, it was unanimously RESOLVED that the Corporate Governance report for 31 December 2021 is hereby approved and confirmed in all aspects.

Agenda Item No. 8:

To review and approve material related party transactions entered by the Company for the financial year ended 31 December 2021 as set out in Note 22 of the Financial Statements in line with Article 189 of the Commercial Companies Law.

With due consideration of the Shareholders, it was unanimously RESOLVED that the material related party transactions entered by the Company for the financial year ended 31 December 2021 as set out in Note 22 of the Financial Statements in line with Article 189 of the Commercial Companies Law is hereby approved and confirmed in all aspects.

Agenda Item No. 9:

To discharge the Members of the Board of Directors from their liability in respect of management of the Company for the year ended 31 December 2021

With due consideration of the Shareholders, it was unanimously RESOLVED that the Board of Directors is fully discharged from any liability in respect of their duties and actions during the year ended 31 December 2021.

Agenda Item No. 10

Election of two Independent Directors and appointment of four directors (3 executive and 1 non-executive directors) to the Board of Directors for the coming three years (i.e., 2022 – 2025).

Mr. Mehta informed that the following have been appointed by the shareholders under Article 176

- a. David Skov, Soren S. Jakobsen were appointed by APM Terminals BV as executive directors
- b. Jesper Kjaedegaard has been appointed by APM Terminals BV as non-executive directors
- c. Fawzi Kanoo has been appointed by Yusuf Bin Ahmed Kanoo (Holdings) Co. WLL as executive director

Voting was conducted by secret ballot for election of 2 independent directors. Mr. Jassim Sayed Mohamed (a shareholder) joined the counting to ensure that counting is conducted appropriately and confirmed that the counting was done with full transparency. Based on the voting Mr. Nadhem Saleh got 20% votes and Mr. Mohammed Ebrahim Juma Shroogi got 20% votes and got elected as independent directors. Mrs Maisa Ahmed Al Haddad got 0.04% votes and Mr. Ismail Al Sarraf and Mrs. Jordana Elie Semaan got 0 votes in their favour.

Agenda Item No. 11:

Appointment /reappointment of external auditors, for the financial year 2022 and authorizing the Board of Directors to determine their fees.

With due consideration of the Shareholders, it was unanimously RESOLVED that the PWC shall be appointed as the external Auditors of APM Terminals Bahrain B.S.C, for the financial year 2022 and to authorise the Board of Directors to determine their fees is hereby approved and confirmed to in all aspects.

Agenda Item No. 12:

Any other business in accordance with Article 207 of the Commercial Companies Law.

There being no further business, the Chairman thanked the Shareholders, the representatives of the Central Bank of Bahrain; Ministry of Industry, Commerce and Tourism, Bahrain Bourse, share registrars, PWC, Directors, Management and all others who had attended the Meeting.

The Chairman declared the Meeting closed at 03:15 PM and it was noted that the quorum had been present throughout.

These Minutes are subject to review and approval by the Shareholders at the next Annual General Meeting of the Shareholders whenever held.

These minutes and resolutions may be executed in electronic form which shall be deemed to be an original.



Mr. Soren S. Jakobsen
Chairman



2. TO DISCUSS AND RATIFY THE REPORT OF THE BOARD OF DIRECTORS ON THE ACTIVITIES OF THE COMPANY FOR FINANCIAL YEAR ENDED 31 DECEMBER 2022

APM Terminals Bahrain B.S.C.
Directors' Report
For the year ended 31 December 2022

On behalf of the Board of Directors, it is our pleasure in presenting the Company's financial statements (page 9 to 41) for the year ended 31 December 2022.

Financial highlights (BD 000's)

Revenue
Profit for the year
Total equity
Total assets

| | 2022 | 2021 |
|---------------------|--------|--------|
| Revenue | 37,257 | 39,017 |
| Profit for the year | 7,883 | 7,984 |
| Total equity | 21,383 | 21,484 |
| Total assets | 55,710 | 56,536 |

Director's remuneration

The Board of Directors' remuneration and the executive management expenses for the year are as follows:

| Name | Fixed remunerations | | | | Variable remunerations | | | | End-of-service award | Aggregate amount (Does not include expense allowance) | Expenses Allowance |
|---|---------------------------------------|--|---------|--------|---------------------------------------|-----------------|----------|-------|----------------------|--|--------------------|
| | Remunerations of the chairman and BOD | Total allowance for attending Board and committee meetings | Others* | Total | Remunerations of the chairman and BOD | Incentive plans | Others** | Total | | | |
| First: Independent Directors: | | | | | | | | | | | |
| 1- Mohamed Al Shroogi | 10,000 | 2,500 | - | 12,500 | - | - | - | - | - | - | - |
| 2-Nadhem Saleh Al Saleh | 10,000 | 2,750 | - | 12,750 | - | - | - | - | - | - | - |
| Second: Non-Executive Directors: | | | | | | | | | | | |

| | | | | | | | | | | | |
|------------------------------------|---------------|---------------|----------|---------------|----------|----------|----------|----------|----------|----------|----------|
| 1-Jesper Kjaedegaard | 10,000 | 2,250 | - | 12,250 | - | - | - | - | - | - | - |
| Third: Executive Directors: | | | | | | | | | | | |
| 1-David Skov (Previous Chairman) | 7,000 | 750 | - | 7,750 | - | - | - | - | - | - | - |
| 2- Soren S. Jakobsen | 10,833 | 2,750 | - | 13,583 | - | - | - | - | - | - | - |
| 3- Fawzi Ahmed Kanoo | 10,000 | 1,250 | - | 11,250 | - | - | - | - | - | - | - |
| 4- Jonathan Goldner | 4,167 | 1,250 | - | 5,417 | - | - | - | - | - | - | - |
| Total | 62,000 | 13,500 | - | 75,500 | - | - | - | - | - | - | - |

Note: All amounts must be stated in Bahraini Dinars.

Other remunerations:

*** It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).**

**** It includes the board member's share of the profits - Granted shares (insert the value) (if any).**

Second: Executive management remuneration details:

| Executive management | Total paid salaries and allowances | Total paid remuneration (Bonus) | Any other cash/ in kind remuneration for 20XX | Aggregate Amount |
|---|------------------------------------|---------------------------------|---|------------------|
| Top 6 remunerations for executives, including CEO* and Senior Financial Officer** | ~641,000 | ~109,000 | | ~750,000 |
| <p>Note: All amounts must be stated in Bahraini Dinars.</p> <p>* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc).</p> <p>** The company's highest financial officer (CFO, Finance Director, ...etc)</p> | | | | |

**APM Terminals Bahrain B.S.C
DIRECTORS' REPORT
for the year ended 31 December 2022**

Representations and audit

The Company's activities for the year ended 31 December 2022 have been conducted in accordance with the Commercial Companies Law and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 December 2022, which would in any way invalidate the financial statements on pages 9 to 41.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors PricewaterhouseCoopers M.E Limited, who have signified their willingness to continue in office for the next accounting year.

Proposed Appropriations

Based on the financial results, the Board of directors has recommended for the approval of Shareholders at the upcoming Annual General Meeting, a full year cash dividend of BD 7,883 thousands.

DocuSigned by:

Soren Jakobsen

DC8B17B239EC4D5...

Soren Sjostrand Jakobsen
Chairman



Fawzi Ahmed Kanoo
Vice Chairman

20 February 2023



3. TO DISCUSS THE EXTERNAL AUDITORS REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of APM Terminals Bahrain B.S.C. (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 Company 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 financial statements in the Kingdom of Bahrain. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

| | | |
|------------------|---|---|
| Key Audit Matter | - | Accounting under concession arrangement |
|------------------|---|---|

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of 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 financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

Key audit matters

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

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

Accounting under concession agreement

As described in note 3 (c), the Company has entered into the Khalifa Bin Salman Port Concession Agreement ("KBSP Agreement") dated 8 November 2006, with the Government of the Kingdom of Bahrain (the "Government"), whereby the Government has granted the Company an exclusive right and privilege to operate the Khalifa Bin Salman Port for a period of 25 years starting from 1 April 2009. The Board of Directors reassessed the accounting treatment of the KBSP Agreement and in doing so have exercised significant judgements in assessing the key clauses of the KBSP Agreement.

The judgements included:

- Interpretation and assessment of the key clauses of the KBSP Agreement, to ensure that the rights arising from the KBSP Agreement meet the requirements of the "intangible asset" model under IFRIC 12 — Service Concession Arrangements; and
- Assessment of fixed and variable payments for the recognition of financial liability with corresponding recognition of intangible assets arising from a fixed fee, payable to the Government over the life of the KBSP Agreement.

We considered this as a key audit matter as the appropriate accounting treatment of the KBSP Agreement is fundamental to the users' understanding of the financial statements taken as a whole as it impacts the recognition, classification and measurement of assets, liabilities, income and expenses.

Refer to note 3 (c).

Our audit procedures included:

- Obtaining the Board of Directors interpretation and assessment of the key clauses of the KBSP Agreement and its potential impact on the financial statements in line with IFRS requirements;
- Evaluating, with the assistance of our internal financial reporting experts, the key terms of the KBSP Agreement to identify clauses where Board of Directors have applied significant judgements that have a resultant impact on the financial statements;
- Assessing the appropriateness of the accounting policies applied by the Board of Directors in relation to the accounting and the recognition and measurement of financial liability with corresponding recognition of intangible assets arising from a fixed fee, payable to the Government over the life of the KBSP Agreement; and
- Assessing the adequacy of the disclosures made in the financial statements around this matter.



Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

Other information

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

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

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

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Bahrain Commercial Companies Law number (21) of 2001, as amended (the "Commercial Companies Law"), and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

Report on other legal and regulatory requirements

- A) As required by the Commercial Companies Law, we report that:
- i. the Company has maintained proper accounting records and the financial statements are in agreement therewith;
 - ii. the financial information included in the Directors' Report is consistent with the financial statements;
 - iii. nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law or the items of its Memorandum and Articles of Association which would have a material adverse effect on its activities for the year ended 31 December 2022 or its financial position as at that date; and
 - iv. satisfactory explanations and information have been provided to us by the management in response to all our requests.
- B) As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company:
- i. has appointed a corporate governance officer; and
 - ii. has a Board of Directors approved written guidance and procedures for corporate governance.

The partner in charge of the audit resulting in this independent auditor's report is John Molloy.

John Molloy
Partner's Registration Number: 255
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
20 February 2023



4. TO RATIFY THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

APM Terminals Bahrain B.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2022

APM Terminals Bahrain B.S.C
FINANCIAL STATEMENTS
For the year ended 31 December 2022

| CONTENTS | Page |
|--|-------------|
| Corporate Information | 1 |
| Directors' report | 2 - 3 |
| Independent auditors' report to the shareholders | 4 - 8 |
| Financial statements | |
| Statement of financial position | 9 |
| Statement of profit or loss and other comprehensive income | 10 |
| Statement of changes in equity | 11 |
| Statement of cash flows | 12 |
| Notes to the financial statements | 13 - 41 |

Corporate Information

Commercial Registration 60982 - 1

Registered Office P.O. Box 50490, Hidd
Kingdom of Bahrain
Telephone: +973 17 365500
Fax: +973 17 365505

Directors

| Name | Designation | Date of appointment | Date of reappointment |
|---------------------------|-------------------------------|----------------------------|------------------------------|
| Soren Sjostrand Jakobsen | <i>Chairman</i> | 13 Dec 2018 | 31 Mar 2022 |
| Fawzi Ahmed Kanoo | <i>Vice-chairman</i> | 13 Dec 2018 | 31 Mar 2022 |
| Jonathan Goldner | <i>Non-Executive Director</i> | 10 Aug 2022 | |
| Jesper Kjaedegaard | <i>Non-Executive Director</i> | 13 Dec 2018 | 31 Mar 2022 |
| Mohamed Ebrahim Alshroogi | <i>Independent Director</i> | 13 Dec 2018 | 31 Mar 2022 |
| Nadhem Saleh Al-Saleh | <i>Independent Director</i> | 13 Dec 2018 | 31 Mar 2022 |

Audit, Risk and Compliance Committee Nadhem Saleh Al-Saleh
Mohamed Ebrahim Alshroogi
Soren Sjostrand Jakobsen

Nomination, Remuneration and Governance Committee Mohamed Ebrahim Alshroogi
Nadhem Saleh Al-Saleh
Jesper Kjaedegaard

Company Secretary and Corporate Governance Officer Dana AlSendi

Registrar Bahrain Clear
Harbour Gate, 4th Floor,
Bahrain Financial Harbour
Bahrain

Bankers HSBC
Ahli United Bank

Auditor PricewaterhouseCoopers M.E Limited

APM Terminals Bahrain B.S.C.
Directors' Report
For the year ended 31 December 2022

On behalf of the Board of Directors, it is our pleasure in presenting the Company's financial statements (page 9 to 41) for the year ended 31 December 2022.

Financial highlights (BD 000's)

Revenue
Profit for the year
Total equity
Total assets

| | 2022 | 2021 |
|---------------------|--------|--------|
| Revenue | 37,257 | 39,017 |
| Profit for the year | 7,883 | 7,984 |
| Total equity | 21,383 | 21,484 |
| Total assets | 55,710 | 56,536 |

Director's remuneration

The Board of Directors' remuneration and the executive management expenses for the year are as follows:

| Name | Fixed remunerations | | | | Variable remunerations | | | | End-of-service award | Aggregate amount (Does not include expense allowance) | Expenses Allowance |
|---|---------------------------------------|--|---------|--------|---------------------------------------|-----------------|----------|-------|----------------------|--|--------------------|
| | Remunerations of the chairman and BOD | Total allowance for attending Board and committee meetings | Others* | Total | Remunerations of the chairman and BOD | Incentive plans | Others** | Total | | | |
| First: Independent Directors: | | | | | | | | | | | |
| 1- Mohamed Al Shroogi | 10,000 | 2,500 | - | 12,500 | - | - | - | - | - | - | - |
| 2-Nadhem Saleh Al Saleh | 10,000 | 2,750 | - | 12,750 | - | - | - | - | - | - | - |
| Second: Non-Executive Directors: | | | | | | | | | | | |

| | | | | | | | | | | | |
|------------------------------------|---------------|---------------|----------|---------------|----------|----------|----------|----------|----------|----------|----------|
| 1-Jesper Kjaedegaard | 10,000 | 2,250 | - | 12,250 | - | - | - | - | - | - | - |
| Third: Executive Directors: | | | | | | | | | | | |
| 1-David Skov (Previous Chairman) | 7,000 | 750 | - | 7,750 | - | - | - | - | - | - | - |
| 2- Soren S. Jakobsen | 10,833 | 2,750 | - | 13,583 | - | - | - | - | - | - | - |
| 3- Fawzi Ahmed Kanoo | 10,000 | 1,250 | - | 11,250 | - | - | - | - | - | - | - |
| 4- Jonathan Goldner | 4,167 | 1,250 | - | 5,417 | - | - | - | - | - | - | - |
| Total | 62,000 | 13,500 | - | 75,500 | - | - | - | - | - | - | - |

Note: All amounts must be stated in Bahraini Dinars.

Other remunerations:

* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).

** It includes the board member's share of the profits - Granted shares (insert the value) (if any).

Second: Executive management remuneration details:

| Executive management | Total paid salaries and allowances | Total paid remuneration (Bonus) | Any other cash/ in kind remuneration for 20XX | Aggregate Amount |
|---|------------------------------------|---------------------------------|---|------------------|
| Top 6 remunerations for executives, including CEO* and Senior Financial Officer** | ~641,000 | ~109,000 | | ~750,000 |
| <p>Note: All amounts must be stated in Bahraini Dinars.</p> <p>* The highest authority in the executive management of the company, the name may vary: (CEO, President, General Manager (GM), Managing Director...etc).</p> <p>** The company's highest financial officer (CFO, Finance Director, ...etc)</p> | | | | |

**APM Terminals Bahrain B.S.C
DIRECTORS' REPORT
for the year ended 31 December 2022**

Representations and audit

The Company's activities for the year ended 31 December 2022 have been conducted in accordance with the Commercial Companies Law and other relevant statutes of the Kingdom of Bahrain.

There have been no events subsequent to 31 December 2022, which would in any way invalidate the financial statements on pages 9 to 41.

The Company has maintained proper, complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors PricewaterhouseCoopers M.E Limited, who have signified their willingness to continue in office for the next accounting year.

Proposed Appropriations

Based on the financial results, the Board of directors has recommended for the approval of Shareholders at the upcoming Annual General Meeting, a full year cash dividend of BD 7,883 thousands.

DocuSigned by:

Soren Jakobsen

DC8B17B239EC4D5...

Soren Sjostrand Jakobsen
Chairman



Fawzi Ahmed Kanoo
Vice Chairman

20 February 2023

Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of APM Terminals Bahrain B.S.C. (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 Company 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 financial statements in the Kingdom of Bahrain. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our audit approach

Overview

| | | |
|------------------|---|---|
| Key Audit Matter | - | Accounting under concession arrangement |
|------------------|---|---|

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of 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 financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

Key audit matters

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

| Key audit matter | How our audit addressed the key audit matter |
|------------------|--|
|------------------|--|

Accounting under concession agreement

As described in note 3 (c), the Company has entered into the Khalifa Bin Salman Port Concession Agreement ("KBSP Agreement") dated 8 November 2006, with the Government of the Kingdom of Bahrain (the "Government"), whereby the Government has granted the Company an exclusive right and privilege to operate the Khalifa Bin Salman Port for a period of 25 years starting from 1 April 2009. The Board of Directors reassessed the accounting treatment of the KBSP Agreement and in doing so have exercised significant judgements in assessing the key clauses of the KBSP Agreement.

The judgements included:

- Interpretation and assessment of the key clauses of the KBSP Agreement, to ensure that the rights arising from the KBSP Agreement meet the requirements of the "intangible asset" model under IFRIC 12 — Service Concession Arrangements; and
- Assessment of fixed and variable payments for the recognition of financial liability with corresponding recognition of intangible assets arising from a fixed fee, payable to the Government over the life of the KBSP Agreement.

We considered this as a key audit matter as the appropriate accounting treatment of the KBSP Agreement is fundamental to the users' understanding of the financial statements taken as a whole as it impacts the recognition, classification and measurement of assets, liabilities, income and expenses.

Refer to note 3 (c).

Our audit procedures included:

- Obtaining the Board of Directors interpretation and assessment of the key clauses of the KBSP Agreement and its potential impact on the financial statements in line with IFRS requirements;
- Evaluating, with the assistance of our internal financial reporting experts, the key terms of the KBSP Agreement to identify clauses where Board of Directors have applied significant judgements that have a resultant impact on the financial statements;
- Assessing the appropriateness of the accounting policies applied by the Board of Directors in relation to the accounting and the recognition and measurement of financial liability with corresponding recognition of intangible assets arising from a fixed fee, payable to the Government over the life of the KBSP Agreement; and
- Assessing the adequacy of the disclosures made in the financial statements around this matter.



Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

Other information

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

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

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

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Bahrain Commercial Companies Law number (21) of 2001, as amended (the "Commercial Companies Law"), and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



Independent auditor's report to the shareholders of APM Terminals Bahrain B.S.C.

Report on the audit of the financial statements (continued)

Report on other legal and regulatory requirements

- A) As required by the Commercial Companies Law, we report that:
- i. the Company has maintained proper accounting records and the financial statements are in agreement therewith;
 - ii. the financial information included in the Directors' Report is consistent with the financial statements;
 - iii. nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law or the items of its Memorandum and Articles of Association which would have a material adverse effect on its activities for the year ended 31 December 2022 or its financial position as at that date; and
 - iv. satisfactory explanations and information have been provided to us by the management in response to all our requests.
- B) As required by the Ministry of Industry and Commerce in its letter dated 30 January 2020 in respect of Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company:
- i. has appointed a corporate governance officer; and
 - ii. has a Board of Directors approved written guidance and procedures for corporate governance.

The partner in charge of the audit resulting in this independent auditor's report is John Molloy.

John Molloy
Partner's Registration Number: 255
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
20 February 2023


APM Terminals Bahrain B.S.C.
STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

BD 000's

| | Note | 2022 | 2021 |
|---------------------------------------|------|---------------|---------------|
| ASSETS | | | |
| Intangible assets | 4 | 24,206 | 25,639 |
| Equipment and vehicles | 5 | 1,153 | 670 |
| Total non-current assets | | 25,359 | 26,309 |
| Inventories | 6 | 409 | 362 |
| Trade receivables | 7 | 1,671 | 1,550 |
| Other receivables and prepayments | 8 | 738 | 285 |
| Due from related parties | 22 | 977 | 788 |
| Balances with Group Treasury | 22 | 25,199 | 25,512 |
| Cash and cash equivalents | 9 | 1,357 | 1,730 |
| Total current assets | | 30,351 | 30,227 |
| Total assets | | 55,710 | 56,536 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 10 | 9,000 | 9,000 |
| Statutory reserve | 11 | 4,500 | 4,500 |
| Retained earnings | | 7,883 | 7,984 |
| Total equity | | 21,383 | 21,484 |
| Liabilities | | | |
| Lease and other financial liabilities | 12 | 24,006 | 24,330 |
| Employee leaving indemnities | 13 | 864 | 738 |
| Total non-current liabilities | | 24,870 | 25,068 |
| Trade and other payables | 14 | 7,301 | 8,035 |
| Due to related parties | 22 | 618 | 514 |
| Lease and other financial liabilities | 12 | 1,538 | 1,435 |
| Total current liabilities | | 9,457 | 9,984 |
| Total liabilities | | 34,327 | 35,052 |
| Total equity and liabilities | | 55,710 | 56,536 |

The financial statements were approved by the Board of Directors on 20 February 2023 and signed on its behalf by:

DocuSigned by:


Soren Sjestrand
Chairman


Fawzi Ahmed Kanoo
Vice Chairman

The accompanying notes 1 to 28 are an integral part of these financial statements.


APM Terminals Bahrain B.S.C.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2022

BD 000's

| | Note | 2022 | 2021 |
|--|------|----------------|----------------|
| Revenue | 15 | 37,257 | 39,017 |
| Direct operating expenses | 16 | (14,297) | (13,766) |
| Other direct expenses | 17 | (9,521) | (11,932) |
| Gross profit | | 13,439 | 13,319 |
| Other operating income | | 154 | 79 |
| Gain on disposal of equipment and vehicles | | - | 9 |
| General and administrative expenses | 18 | (4,201) | (4,215) |
| (Charge)/reversal from expected credit losses on trade receivables | | (77) | 26 |
| Operating profit | | 9,315 | 9,218 |
| Finance income | | 496 | 596 |
| Finance expense | 19 | (1,928) | (1,830) |
| Net finance costs | | (1,432) | (1,234) |
| Profit for the year | | 7,883 | 7,984 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 7,883 | 7,984 |
| Earnings per share | | | |
| Basic and diluted earnings per share (in fils) | 20 | 88 | 89 |

These financial statements were approved for issue by the Board of Directors of the Company on 20 February 2023 and signed on its behalf by:

DocuSigned by:


DC8B47B239EC4D5
Soren Sjostrand Jakobsen
Chairman


Fawzi Ahmed Kanoo
Vice Chairman

The accompanying notes 1 to 28 are an integral part of these financial statements.

| 2022 | Share capital | Statutory reserve | Retained earnings | Total |
|---|----------------------|--------------------------|--------------------------|---------------|
| At 1 January | 9,000 | 4,500 | 7,984 | 21,484 |
| Total comprehensive income for the year | - | - | 7,883 | 7,883 |
| Transactions with shareholders in their capacity as shareholders | | | | |
| Dividend for 2021 (Note 21) | - | - | (7,984) | (7,984) |
| At 31 December | 9,000 | 4,500 | 7,883 | 21,383 |

| 2021 | Share capital | Statutory reserve | Retained earnings | Total |
|---|----------------------|--------------------------|--------------------------|---------------|
| At 1 January | 9,000 | 4,500 | 13,662 | 27,162 |
| Total comprehensive income for the year | - | - | 7,984 | 7,984 |
| Transactions with shareholders in their capacity as shareholders | | | | |
| Dividend for 2020 (Note 21) | - | - | (13,662) | (13,662) |
| At 31 December | 9,000 | 4,500 | 7,984 | 21,484 |

The accompanying notes 1 to 28 are an integral part of these financial statements.

| | Note | 2022 | 2021 |
|---|------|-----------------|----------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the year | | 7,883 | 7,984 |
| <i>Adjustments for:</i> | | | |
| Amortisation | 4 | 2,478 | 2,333 |
| Depreciation | 5 | 329 | 366 |
| Finance expense | | 1,928 | 1,830 |
| Gain on sale of equipment and vehicles | | - | (9) |
| Charge/(reversal) of impairment on trade receivables | 7 | 77 | (26) |
| Provision for impairment of inventories | 6 | 24 | 12 |
| Finance income | | (379) | (484) |
| Employee leaving indemnities – charge | 13 | 149 | 135 |
| <i>Changes in:</i> | | | |
| - Inventories | | (71) | (30) |
| - Trade receivables | | (198) | 44 |
| - Other receivables and prepayments | | (453) | 175 |
| - Due from related parties | | 22 | 215 |
| - Trade and other payables | | (734) | 761 |
| - Due to related parties | | 104 | 138 |
| Employee leaving indemnities – paid | 13 | (23) | (77) |
| Net cash generated from operating activities | | 11,136 | 13,367 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of equipment and vehicles | | (812) | (188) |
| Purchase of intangible assets | 4 | (20) | (158) |
| Proceeds from maturity of placements with Group Treasury | | 24,411 | 29,693 |
| Placements with Group Treasury | | (23,930) | (25,444) |
| Proceeds from disposal of equipment and vehicles | | - | 9 |
| Net cash (used in)/ generated from investing activities | | (351) | 3,912 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of lease liabilities and other financial liabilities | | (1,246) | (1,241) |
| Payment of finance expenses | | (1,928) | (1,830) |
| Dividend paid | 21 | (7,984) | (13,662) |
| Net cash used in financing activities | | (11,158) | (16,733) |
| Net (decrease)/increase in cash and cash equivalents during the year | | (373) | 546 |
| Cash and cash equivalents at beginning of the year | | 1,730 | 1,184 |
| Cash and cash equivalents at end of the year | 9 | 1,357 | 1,730 |

Non-cash activities include additions to right-of-use assets and lease liabilities of BD 1,025 (2021: BD 508).

The accompanying notes 1 to 28 are an integral part of these financial statements.

1 REPORTING ENTITY

APM Terminals Bahrain B.S.C. (the "Company") is a joint stock company incorporated in the Kingdom of Bahrain on 11 May 2006 under Commercial Registration (CR) number 60982 by the Ministry of Industry, Commerce and Tourism. The Company's registered office is P.O. Box 50490, Hidd, Kingdom of Bahrain. The Company is a subsidiary of APM Terminals B.V (the "Parent Company"), a Dutch Company. Maersk Holding B.V, Rotterdam is the Ultimate Parent Company of the Group. The Group is ultimately controlled through A.P. Møller Holding A/S, Copenhagen, Denmark, which is owned by the foundation A.P. Møller og Hustru Chastine Mc-Kinney Møller Fond til almene Formaal.

The Company commenced operations on 8 December 2006, following the signing of the Mina Salman Concession Agreement (the "MSP agreement") with the Government of the Kingdom of Bahrain ("Government"), wherein the Government has granted the Company an exclusive right and privilege to operate the Mina Salman Port. The Mina Salman concession agreement was in force for a period commencing from 8 December 2006 and expired on the Commercial Operation Date of the Khalifa Bin Salman Port (KBSP), 1 April 2009.

The Company also signed the Khalifa Bin Salman Port Concession Agreement ("KBSP Agreement") dated 8 November 2006, with the Government whereby the Government has granted the Company an exclusive right and privilege to operate the KBSP for a period of 25 years starting 1 April 2009. The Company paid BD 924 as concession fee for the KBSP concession period on commencement of operations at the KBSP (refer note 4).

In consideration for granting the concessions, the Company pays a royalty fee to the Government of the Kingdom of Bahrain and is calculated as follows:

- A fixed fee of BD 700 per annum is payable for lease agreement increasing at the rate of 2% per annum; and

- A variable royalty fee calculated in accordance with the terms set out in the KBSP Agreement. The variable royalty fee on revenue for 2022 is 31% (2021: 31%) and 3% penalty in case of failure to meet transshipment target or key performance indicators set out in the concession agreement.

In accordance with the KBSP agreement, at an Extraordinary General Meeting held on 11 June 2018, the shareholders resolved to convert the Company's status to a Bahraini Public Joint Stock Company. Subsequent to the Initial Public Offering (IPO) of 20% of the existing shares of the shareholders, the Company became a Bahraini Public Joint Stock Company effective 9 December 2018 and was listed on the Bahrain Bourse.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB) and, IFRIC Interpretations and the Commercial Companies Law.

b) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Bahraini Dinars, which is the Company's functional and presentation currency. All financial information presented has been rounded to the nearest thousands, except when otherwise indicated.

2 BASIS OF PREPARATION (continued)

c) Basis of measurement

The financial statements have been prepared under the historical cost basis, except for derivatives which are measured at fair value through profit and loss.

d) Early adoption of standards

The Company has not early adopted any new standards in 2022.

e) New standards, amendments and interpretations effective from 1 January 2022

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018 – 2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

These standards did not have a material impact on the entity in the current reporting period.

f) New standards issued and not yet applicable or early adopted by the Company for the periods starting on or after 1 January 2022:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Definition of Accounting Estimate (Amendments to IAS 8).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The management is still assessing the expected impact of these new standards and interpretations on the Company's financial statements.

There are no other new standards or interpretations published that should be adopted by the Company for the annual periods starting on or after 1 January 2022 and which could have a material impact on the Company's financial statements.

g) Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 3(q) – leases: whether the Company is reasonably certain to exercise extension options and use of discount rate.

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties at 31 December 2022 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 3(b) – Useful life and residual value of equipment and vehicle
- Note 3(o) – impairment test of intangible assets
- Note 3(o) – impairment of inventory
- Note 3(o) – measurement of ECL allowance for trade receivables; and
- Note 3(o) – impairment of non-financial assets

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except as set out below.

a) Revenue recognition

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 - Revenue from Contract with Customers ("IFRS 15"):

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Company provides a wide range of services related to the management and operation of the Khalifa Bin Salman Port (KBSP), container services, general cargo services and marine services. If the contract with a customer includes any separate services, the Company identifies performance obligations of the services to be rendered.

The Company recognizes revenue when the amount of revenue and related costs can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Company's activities. Revenue is shown net of value added tax and discounts.

Revenue includes income from container services, general cargo services and marine services, which are recognized at a point in time.

- Container services represent the activities relating to handling containers and container vessels including storage and other related activities.
- General cargo services represent the activities relating to handling general cargo vessels and stuffing, unstuffing, and storage of non-containerized and bulk cargo.
- Marine services represent activities relating to pilotage and towage in KBSP, MSP and other private jetties.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Equipment and vehicles

Equipment and vehicles are stated at cost less depreciation and allowances for impairment, if any. Cost includes purchase price of the items and expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item or repairs can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to allocate the cost of equipment and vehicles to their residual values over their estimated useful lives, as follows:

| Asset category | Estimated useful life in years |
|-----------------------------------|---------------------------------------|
| ROU - Leased forklifts | Life of the lease |
| ROU – Leased Flats | Life of the lease |
| Computer equipment | 3 |
| Quay cranes | 25 |
| RTG cranes | 10 |
| Spreaders & straddle carriers | 5 |
| Vehicles | 5 |
| Tools | 5 |
| Machinery and equipment | 5 |
| Furniture, fixtures and equipment | 5 |

All depreciation is charged to profit or loss. The total amount of depreciation is classified into operating expenses based on the use of the related asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in the Statement of profit or loss and other comprehensive income.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Intangible assets (continued)

Port concession rights

The Company recognises an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. The port concession rights include all costs incurred towards construction of the container terminal.

The port concession rights are stated at cost, less amortization of cost. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Company is able to charge the public for the use of the infrastructure to the end of the concession period which is 25 years or life of the underlying assets, whichever is shorter.

Intangible assets include the amount of concession fee paid to the Government in accordance with the KBSP Agreement entered with the Government for the operation of the KBSP and the present value of the minimum lease payments of KBSP. These intangible assets have finite useful life and are measured at cost less amortisation and accumulated impairment loss, if any. Amortisation is recognised in the profit or loss on a straight-line basis over the concession agreement period of 25 years.

Other intangible assets

Intangible assets also include software and licenses acquired by the Company and are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software and licenses are amortised on a straight-line basis in the profit or loss over their estimated useful life, from the date on which it is available for use. The estimated useful life is three years.

d) Inventories

Inventories mainly consist of consumables and spares. Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Trade receivables

Receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and bank deposits that have an original maturity of three months or less, realisable on demand.

g) Trade payable and accruals

Payables are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. These are recognized initially at their fair value and subsequently measured at amortized cost

Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

h) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

i) Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared but not yet paid.

j) Earnings per share

The Company presents basic 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 shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Employee benefits

Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided.

End of service benefits:

Pension rights (and other social benefits) for Bahraini employees are covered by the Social Insurance Organisation scheme to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Company's share of contributions to this funded scheme, which is a defined contribution scheme under IAS 19 – *Employee Benefits*, is recognised as an expense in the profit or loss.

Expatriate employees are entitled to leaving indemnities payable under the Bahrain Labour Law for the Private Sector 2012, based on length of service and final salary and other allowances paid. Provision for this unfunded commitment, which represents a defined benefit scheme under IAS 19 – *Employee Benefits*, has been made by calculating the notional liability had all employees left at the reporting date, is recognised as an expense in the profit or loss.

l) Foreign currency transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of the Company is Bahraini dinars ("BD").

Transactions in foreign currencies are translated to Bahraini Dinars at the foreign exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Bahraini Dinars at the foreign exchange rate prevailing at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into Bahraini Dinars at the exchange rate at the date that the fair value was determined. Foreign exchange differences resulting from the settlement of such foreign currency transactions and from the translation of monetary and non-monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the profit or loss.

m) Financial instruments

Classification

The Company classified its financial assets as those measured at amortised cost except for derivatives measured at fair value through profit or loss. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised costs if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows under the instrument solely represents payments of principal and interest. These financial assets are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. The Company's financial assets at amortised costs are "other receivables", "trade receivable", "amounts due from related parties", "balances with Group treasury" and "cash and cash equivalents".

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial instruments

Derivative financial instruments

The Company holds derivative financial instruments for its foreign currency exposure in the form of foreign exchange forward and FX swap. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest "if any" are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss and other comprehensive income. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

Subsequent measurement

Subsequent to the initial recognition, financial assets are carried at amortised costs using the effective interest method.

n) Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

o) Impairment

(i) *Financial assets*

The Company recognises loss allowance for expected credit loss on financial assets measured at amortized cost. Loss allowance for trade receivables is always measured at an amount equal to the life-time expected credit losses.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes significant financial difficulty of the debtor, a breach of contract such as a default or it is probable that the debtor will enter bankruptcy or other financial reorganization.

The Company has three types of financial assets that are materially subject to the expected credit loss model which are trade receivables, due from related parties and balances with group treasury.

While cash at bank and other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Impairment (continued)

(i) *Financial assets (continued)*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

The Company 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. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 December 2022 or 1 January 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers and the related parties to settle the receivables.

The details for the calculation of the expected credit losses are disclosed in Note 24.

(ii) *Non-financial assets*

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

p) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right, not contingent on any future events, to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

q) Leases

Leases are recognized as assets of the right to use and corresponding liabilities on the date that the leased assets are available for use to the Company. Each lease payment is distributed between the obligation and the financing cost. The cost of financing is charged to profit or loss over the term of the lease to obtain a constant periodic rate of interest payable on the remaining balance of liabilities for each period. Depreciation is calculated on the assets of the right to use over the useful life of the asset or lease term, whichever is shorter, using the straight-line method.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Leases (continued)

The value of right of use is reviewed at the date of the financial statement, the estimated useful lives of these assets are also reviewed and any changes to be made in the coming periods.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, ex term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company has recognised the right-of-use assets for leased forklifts and flats (refer note 5), which are presented under equipment and vehicles. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Leases (continued)

Extension and termination options

Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable by the Company or by the respective lessor.

r) Finance income and finance expense

The Company's finance income includes interest income on balances with Group Treasury and bank balances, and finance costs includes interest expense on leases. Interest income or expense is recognised using the effective interest method.

s) Royalty

Royalty expense is computed in line with the concession agreement as a percentage of the revenue earned and is recognized as other direct expenses in the profit or loss, in the period it is incurred.

t) Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for which the grants are intended to compensate. In the case of grants related to assets, requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

u) Share capital

Ordinary shares are classified as equity.

v) Statutory reserve

According to the Bahrain Commercial Companies Law, the Company should deduct 10% of its annual net profit to transfer to the statutory reserve and continue to do so each year. The Company may elect to discontinue such appropriation when the reserves reach 50% of the capital. This reserve is not available for distribution to shareholders, except in the circumstances stipulated in the Commercial Companies Law.

4 INTANGIBLE ASSETS

| 2022 | Assets as per the Concession Agreement | | | | | | | Software and licenses | Total |
|-----------------------------------|--|--------------------------|--------------------|-----------------------|-----------------------|------------|--------------------------|-----------------------|---------------|
| | Service concession rights | Marine Service Equipment | Computer Equipment | Cranes & Transtainers | Machinery & Equipment | Vehicles | Capital work-in progress | | |
| Cost | | | | | | | | | |
| Balance as at 1 January | 9,731 | 20,601 | 238 | 15,244 | 1,625 | 822 | - | 830 | 49,091 |
| Remeasurement during the year * | - | 1,025 | - | - | - | - | - | - | 1,025 |
| Additions | - | - | - | - | - | - | - | 20 | 20 |
| At 31 December | 9,731 | 21,626 | 238 | 15,244 | 1,625 | 822 | - | 850 | 50,136 |
| Accumulated amortisation | | | | | | | | | |
| At 1 January | 4,961 | 4,052 | 224 | 11,454 | 1,202 | 822 | - | 737 | 23,452 |
| Amortisation | 389 | 1,619 | 12 | 309 | 114 | - | - | 35 | 2,478 |
| At 31 December | 5,350 | 5,671 | 236 | 11,763 | 1,316 | 822 | - | 772 | 25,930 |
| Net book value 31 December | 4,381 | 15,955 | 2 | 3,481 | 309 | - | - | 78 | 24,206 |

* Remeasurement relates to change in future financial liabilities payments arising from a change in index during the year for the assets – marine service equipment.

Service concession rights include BD 924 paid as concession fee for the KBSP concession period on commencement of operations at the KBSP (note 1).

4 INTANGIBLE ASSETS (continued)

| 2021 | Assets as per the Concession Agreement | | | | | | | Software and licenses | Total |
|-----------------------------------|--|--------------------------|--------------------|-----------------------|-----------------------|------------|--------------------------|-----------------------|---------------|
| | Service concession rights | Marine Service Equipment | Computer Equipment | Cranes & Transtainers | Machinery & Equipment | Vehicles | Capital work-in progress | | |
| Cost | | | | | | | | | |
| Balance as at 1 January | 9,731 | 20,241 | 238 | 15,175 | 1,604 | 822 | 37 | 725 | 48,573 |
| Remeasurement during the year * | - | 360 | - | - | - | - | - | - | 360 |
| Additions | - | - | - | - | 21 | - | 32 | 105 | 158 |
| Transfer | - | - | - | 69 | - | - | (69) | - | - |
| At 31 December | 9,731 | 20,601 | 238 | 15,244 | 1,625 | 822 | - | 830 | 49,091 |
| Accumulated amortization | | | | | | | | | |
| At 1 January | 4,573 | 2,654 | 206 | 11,052 | 1,089 | 820 | - | 725 | 21,119 |
| Amortisation | 388 | 1,398 | 18 | 402 | 113 | 2 | - | 12 | 2,333 |
| At 31 December | 4,961 | 4,052 | 224 | 11,454 | 1,202 | 822 | - | 737 | 23,452 |
| Net book value 31 December | 4,770 | 16,549 | 14 | 3,790 | 423 | - | - | 93 | 25,639 |

* Remeasurement relates to change in future financial liabilities payments arising from a change in index during the year for the assets – marine service equipment.

5 EQUIPMENT AND VEHICLES

2022

| | Leased Forklifts | Leased Flats | Computer Equipment | Cranes & Transtainers | Furniture & Fixtures | Machinery & Equipment | Vehicles | Tools | Leasehold Improvement | Capital work-in progress | Total |
|-----------------------------------|------------------|--------------|--------------------|-----------------------|----------------------|-----------------------|------------|-----------|-----------------------|--------------------------|--------------|
| Cost | | | | | | | | | | | |
| Balance as at 1 January | 145 | 148 | 1,045 | 2,163 | 189 | 1,415 | 743 | 60 | 30 | - | 5,938 |
| Additions | - | - | 2 | - | 17 | 26 | - | 6 | - | 761 | 812 |
| Disposals | - | (148) | (5) | - | (3) | - | - | - | - | - | (156) |
| At 31 December | 145 | - | 1,042 | 2,163 | 203 | 1,441 | 743 | 66 | 30 | 761 | 6,594 |
| Accumulated depreciation | | | | | | | | | | | |
| At 1 January | 41 | 74 | 886 | 2,150 | 103 | 1,261 | 683 | 40 | 30 | - | 5,268 |
| Depreciation | 29 | 74 | 97 | 3 | 22 | 68 | 29 | 7 | - | - | 329 |
| Disposals | - | (148) | (5) | - | (3) | - | - | - | - | - | (156) |
| At 31 December | 70 | - | 978 | 2,153 | 122 | 1,329 | 712 | 47 | 30 | - | 5,441 |
| Net book value 31 December | 75 | - | 64 | 10 | 81 | 112 | 31 | 19 | - | 761 | 1,153 |

5 EQUIPMENT AND VEHICLES (continued)

| 2021 | Leased Forklifts | Leased Flats | Computer Equipment | Cranes & Transtainers | Furniture & Fixtures | Machinery & Equipment | Vehicles | Tools | Leasehold Improvement | Capital work-in progress | Total |
|-----------------------------------|------------------|--------------|--------------------|-----------------------|----------------------|-----------------------|------------|-----------|-----------------------|--------------------------|--------------|
| Cost | | | | | | | | | | | |
| Balance as at 1 January | 145 | - | 963 | 2,163 | 141 | 1,470 | 743 | 41 | 30 | - | 5,696 |
| Additions | - | 148 | 82 | - | 48 | 20 | - | 19 | - | 19 | 336 |
| Transfer | - | - | - | - | - | 19 | - | - | - | (19) | - |
| Disposals | - | - | - | - | - | (94) | - | - | - | - | (94) |
| At 31 December | 145 | 148 | 1,045 | 2,163 | 189 | 1,415 | 743 | 60 | 30 | - | 5,938 |
| Accumulated depreciation | | | | | | | | | | | |
| At 1 January | 12 | - | 780 | 2,127 | 87 | 1,269 | 656 | 35 | 30 | - | 4,996 |
| Depreciation | 29 | 74 | 106 | 23 | 16 | 86 | 27 | 5 | - | - | 366 |
| Disposals | - | - | - | - | - | (94) | - | - | - | - | (94) |
| At 31 December | 41 | 74 | 886 | 2,150 | 103 | 1,261 | 683 | 40 | 30 | - | 5,268 |
| Net book value 31 December | 104 | 74 | 159 | 13 | 86 | 154 | 60 | 20 | - | - | 670 |

6 INVENTORIES

| | 2022 | 2021 |
|----------------------------------|--------------|---------|
| At 1 January | 837 | 807 |
| Purchased during the year | 647 | 1,199 |
| Consumed during the year | (576) | (1,169) |
| | 908 | 837 |
| Less: Provision for obsolescence | (499) | (475) |
| At 31 December | 409 | 362 |

Movement in provision for obsolescence:

| | 2022 | 2021 |
|--------------------------|-------------|------|
| At 1 January | 475 | 463 |
| Charge for the year, net | 24 | 12 |
| At 31 December | 499 | 475 |

7 TRADE RECEIVABLES

| | 2022 | 2021 |
|------------------------------------|--------------|-------|
| Trade receivables | 2,166 | 1,968 |
| Less: Provision for loss allowance | (495) | (418) |
| | 1,671 | 1,550 |

Movement in provision for loss allowance:

| | 2022 | 2021 |
|----------------------------|-------------|------|
| At 1 January | 418 | 444 |
| Charge for the year | 77 | - |
| Reversal for the year, net | - | (26) |
| At 31 December | 495 | 418 |

The fair values of trade receivables approximate their carrying values. Information about the Company's exposure to credit risk is included in note 24.

8 OTHER RECEIVABLES AND PREPAYMENTS

| | 2022 | 2021 |
|---|-------------|------|
| Prepayments | 52 | 211 |
| Advances to suppliers | 498 | - |
| Fair value of derivatives (refer note 28) | 40 | 12 |
| Other receivables | 148 | 62 |
| | 738 | 285 |

9 CASH AND CASH EQUIVALENTS

| | Ratings | 2022 | 2021 |
|---------------------|-----------|-------|-------|
| Balances with banks | A+ to BB+ | 1,357 | 1,730 |

Information about the Company's exposure to credit risk is included in note 24.

10 SHARE CAPITAL

Authorized share capital / issued and fully paid up

| | 2022 | 2021 |
|--|-------|-------|
| 90,000,000 shares of 100 fils each (2021: 90,000,000 of 100 fils each) | 9,000 | 9,000 |

(i) Names and nationalities of the major shareholders and the number of equity shares held:

| Name of the shareholder | Nationality | Number of shares (000s) | % of holding |
|--|-------------|-------------------------|--------------|
| APM Terminals B.V | Netherland | 57,600 | 64% |
| Yusuf Bin Ahmed Kanoo (Holdings) W.L.L | Bahrain | 14,400 | 16% |

(ii) The Company has one class of equity shares and the holders of these shares have equal voting rights. Holders of ordinary shares are entitled to dividends from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Company are suspended until those shares are re-issued.

(iii) The following is a distribution schedule of equity shares setting out the number of holding and percentage:

| Categories* | Number of shares (000s) | Number of shareholders | % of total shares |
|--------------------------|-------------------------|------------------------|-------------------|
| Less than 1% | 14,754 | 742 | 16.4% |
| 1 % up to less than 5% | 3,246 | 2 | 3.6% |
| 5 % up to less than 10% | - | - | - |
| 10 % up to less than 20% | 14,400 | 1 | 16.0% |
| 20 % up to less than 50% | - | - | - |
| 50% and above | 57,600 | 1 | 64.0% |
| Total | 90,000 | 746 | 100.0% |

* Expressed as percentage of total issued and fully paid shares of the Company.

11 STATUTORY RESERVE

In accordance with the Commercial Companies Law and the Company's Articles of Association, a minimum of 10% of the net profit for the year is appropriated to a statutory reserve. The Company may elect to discontinue such appropriation when the reserves reach 50% of the capital. This reserve is not distributable, except in the circumstances stipulated in the Commercial Companies Law. As this requirement has been met, no transfer has been made to the statutory reserve for the year ended 31 December 2021 and 31 December 2022.

12 LEASE AND OTHER FINANCIAL LIABILITIES

a) Amounts recognised in the statement of financial position

i) Intangible assets include marine service equipment amounting to BD 15,955 (2021: BD 16,549) (note 4). Right of use assets include leased forklifts and leased flats amounting to BD 75 (2021: BD 178) (note 5).

ii) Lease and other financial liabilities

| | 2022 | 2021 |
|---|---------------|--------|
| Marine service equipment (Financial liability) | 18,182 | 18,001 |
| Service concession rights (Financial liability) | 7,282 | 7,572 |
| Lease of forklifts (Lease liability) | 80 | 117 |
| Lease of flats (Lease liability) | - | 75 |
| | 25,544 | 25,765 |

| | 2022 | 2021 |
|--|---------------|--------|
| Non-current portion of lease and other financial liability | 24,006 | 24,330 |
| Current portion of lease and other financial liability | 1,538 | 1,435 |
| | 25,544 | 25,765 |

b) Amounts recognised in the profit or loss:

| | 2022 | 2021 |
|--|-------------|-------|
| Amortization charge on intangible assets (note 4) | 1,619 | 1,398 |
| Depreciation charge on right-of-use assets (note 5) | 103 | 103 |
| Interest expense on financial liabilities (included in finance expense note 19) | 1,912 | 1,770 |
| Interest expense on lease liabilities (included in finance expense note 19) | 27 | 9 |
| Expense relating to short-term leases | 77 | 71 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | - | 1 |

c) The total cash outflow for leases in 2022 was BD 1,246 (2021: BD 1,241).

13 EMPLOYEES LEAVING INDEMNITIES

Employee benefits related to salaries and related costs have been disclosed in notes 16 and 18. The charge for indemnity is included in the respective notes based on function i.e., direct operating expenses or administrative expenses. Provision for employees' indemnity liability is as follows:

| | 2022 | 2021 |
|-----------------------|-------------|------|
| At 1 January | 738 | 680 |
| Charge for the year | 149 | 135 |
| Paid during the year | (23) | (77) |
| At 31 December | 864 | 738 |

13 EMPLOYEES LEAVING INDEMNITIES (continued)

| | 2022 | 2021 |
|-------------------------------------|-------------|------|
| Charge for the year | | |
| General and administrative expenses | 41 | 43 |
| Direct operating expenses | 108 | 92 |
| At 31 December | 149 | 135 |

14 TRADE AND OTHER PAYABLES

| | 2022 | 2021 |
|--|--------------|-------|
| Royalty payable to the Government of Bahrain | 2,939 | 4,190 |
| Trade payables | 89 | 539 |
| Advances from customers | 200 | 248 |
| Accrued expenses | 3,316 | 2,378 |
| Provisions | 757 | 680 |
| | 7,301 | 8,035 |

15 REVENUE

| | 2022 | 2021 |
|------------------------|---------------|--------|
| Container services | 16,620 | 16,661 |
| General cargo services | 11,253 | 13,082 |
| Marine services | 9,384 | 9,274 |
| | 37,257 | 39,017 |

Revenue is generated only in the Kingdom of Bahrain.

16 DIRECT OPERATING EXPENSES

| | 2022 | 2021 |
|--|---------------|--------|
| Salaries and related costs | 5,199 | 4,964 |
| Subcontracting charges | 2,880 | 2,889 |
| Amortization (Note 4) | 2,478 | 2,333 |
| Maintenance and repairs | 1,420 | 1,331 |
| Fuel and electricity | 1,205 | 1,207 |
| Equipment hiring charges | 521 | 422 |
| Depreciation (Note 5) | 329 | 366 |
| Operational insurance | 174 | 155 |
| Customs duty and freight charges | 45 | 68 |
| Charge for provision on inventories (note 6) | 24 | 12 |
| Other expenses | 22 | 19 |
| | 14,297 | 13,766 |

17 OTHER DIRECT EXPENSES

| | 2022 | 2021 |
|----------------------------------|-------------|--------|
| Royalty to Government of Bahrain | 9,521 | 11,932 |

As per the concession agreement with the Government of Bahrain, the Company is required to pay royalty calculated as a percentage of the revenue to the Port and Maritime Affairs. During the year ended 31 December 2022, the Company recorded a reversal of the royalty accrual relating to the year ended 31 December 2021 amounting to BD 892.

18 GENERAL AND ADMINISTRATIVE EXPENSES

| | 2022 | 2021 |
|-----------------------------------|--------------|--------------|
| Salaries and related costs | 2,210 | 2,442 |
| Computer expenses | 398 | 315 |
| Management and administration fee | 332 | 343 |
| Office expenses | 275 | 189 |
| Security costs | 235 | 219 |
| Subcontracting charges | 183 | 147 |
| Corporate social responsibility | 121 | 20 |
| Repair and accident claims | 80 | 101 |
| Board of Directors' fee | 76 | 80 |
| Legal and professional charges | 74 | 146 |
| Training expenses | 41 | 43 |
| Communication expenses | 27 | 30 |
| Travel expenses | 20 | - |
| Other expenses | 129 | 140 |
| | 4,201 | 4,215 |

19 FINANCE EXPENSE

| | 2022 | 2021 |
|--|--------------|--------------|
| Financial liabilities interest expense | 1,912 | 1,770 |
| Bank charges | 37 | 32 |
| Lease interest expense | 27 | 9 |
| Foreign exchange(gain) loss, net | (48) | 19 |
| | 1,928 | 1,830 |

20 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year excluding the average number of ordinary shares purchased by the Company and held as treasury shares, are as follows:

| | 2022 | 2021 |
|---|-------------|--------|
| Profit for the year (BD 000's) | 7,883 | 7,984 |
| Weighted average number of shares (000's) | 90,000 | 90,000 |
| Basic and diluted earnings per share (fils) | 88 | 89 |

21 APPROPRIATIONS

The Board of Directors have proposed the following appropriations for the year 2022:

| | 2022 | 2021 |
|------------------------|-------------|-------|
| Cash dividend proposed | 7,883 | 7,984 |

At the Annual General Meeting of the shareholders held on 30 March 2022, the shareholders approved a cash dividend of BD 7,984 for the year ended 31 December 2021.

22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Company exercises significant influence, major shareholders, directors and key management personnel of the Company. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Transactions with related parties are at agreed terms. All transactions with related parties are made on market terms with its associates. The following are the major transactions:

| Description | Parent company | Group company | Entities which shareholders and directors have interest in | Total |
|--|----------------|---------------|--|--------------|
| As at 31 December 2022 | | | | |
| <u>Current Assets</u> | | | | |
| <i>Due from related parties</i> | | | | |
| Trade receivable | 183 | - | 462 | 645 |
| Interest receivable on deposits | 260 | - | - | 260 |
| Other receivables | - | 72 | - | 72 |
| | 443 | 72 | 462 | 977 |
| Balances with Group Treasury | 25,199 | - | - | 25,199 |
| <u>Non-Current Liabilities</u> | | | | |
| <i>Due to related parties</i> | | | | |
| Non-current portion of financial liabilities | - | 17,004 | 51 | 17,055 |
| <u>Current Liabilities</u> | | | | |
| Trade payables | - | 37 | - | 37 |
| Accrued expenses | - | 546 | 8 | 554 |
| Management fee payable | 27 | - | - | 27 |
| | 27 | 583 | 8 | 618 |
| Current portion of financial liabilities | - | 1,177 | 29 | 1,206 |
| For the year ended 31 December 2022 | | | | |
| <u>Income</u> | | | | |
| Revenue | 2,390 | - | 5,427 | 7,817 |
| Finance income | 371 | - | - | 371 |
| | 2,761 | - | 5,427 | 8,188 |
| <u>Expenses</u> | | | | |
| Subcontracting charges | - | 3,576 | - | 3,576 |
| Management and administration fee | 332 | - | - | 332 |
| Computer expenses | 386 | - | - | 386 |
| Maintenance and repairs | - | - | 24 | 24 |
| Board remuneration | 39 | - | 37 | 76 |
| Other expenses | 54 | 105 | 167 | 326 |

The Company has maintained balances with Group Treasury pursuant to the technical services agreement whereby treasury advice and execution services are provided and earns an average interest of 3.45% p.a. (2021: 1.23% p.a.)

22 RELATED PARTY TRANSACTIONS (continued)

A cash outflow of BD 2,135 (2021: BD 2,037) related to lease rental payments were made to the Group company and BD 32 (2021: BD 32) to other shareholders during the year.

| Description | Parent company | Group company | Entities which shareholders and directors have interest in | Total |
|--|----------------|---------------|--|--------|
| As at 31 December 2021 | | | | |
| <u>Assets</u> | | | | |
| <i>Due from related parties</i> | | | | |
| Trade receivables | 228 | - | 455 | 683 |
| Interest receivable | 49 | - | - | 49 |
| Other receivables | - | 56 | - | 56 |
| | 277 | 56 | 455 | 788 |
| Balances with Group Treasury | 25,512 | - | - | 25,512 |
| <u>Non-Current Liabilities</u> | | | | |
| <i>Due to related parties</i> | | | | |
| Non-current portion of financial liabilities | - | 16,695 | 80 | 16,775 |
| <u>Current Liabilities</u> | | | | |
| Trade payables | - | - | 6 | 6 |
| Other payables | - | 171 | - | 171 |
| Accrued expenses | 4 | 301 | - | 305 |
| Management fee payable | 32 | - | - | 32 |
| | 36 | 472 | 6 | 514 |
| Current portion of financial liabilities | - | 1,036 | 28 | 1,064 |
| For the year ended 31 December 2021 | | | | |
| <u>Income</u> | | | | |
| Revenue | 2,487 | - | 5,991 | 8,478 |
| Finance income | 476 | - | - | 476 |
| | 2,963 | - | 5,991 | 8,954 |
| <u>Expenses</u> | | | | |
| Subcontracting charges | - | 3,426 | - | 3,426 |
| Management and administration fee | 343 | - | - | 343 |
| Computer expenses | 243 | - | - | 243 |
| Maintenance and repairs | - | - | 30 | 30 |
| Board Remuneration | 42 | - | 38 | 80 |
| Other expenses | 46 | 84 | 153 | 283 |

Other related party transactions for the year ended 31 December

| Description | Parent/ Group company | | Entities which shareholders and directors have interest in | | Total | |
|-------------------------|-----------------------|------|--|------|-------|------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Purchase of inventories | - | - | 20 | 72 | 20 | 72 |

22 RELATED PARTY TRANSACTIONS (continued)

Key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management including employees promoted as executives during the year, having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

| | 2022 | 2021 |
|--|-------------|------|
| Salaries and other short-term benefits | 904 | 931 |
| Post-employment benefits for the year | 22 | 24 |
| Board remuneration and sitting fees for the year | 76 | 80 |
| Post-employment benefits payable | 66 | 58 |

23 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker of the Company. Chief Executive Officer and Chief Financial Officer of the Company are the chief operating decision makers. The Company operates only in one Business Segment i.e. 'Port Services' which primarily includes services such as Container services, General Cargo services and Marine services and the activities incidental thereto within Bahrain. The revenue, expenses and results are reviewed only at Company level and therefore no separate operating segment results and disclosures are provided in these financial statements.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Company include trade receivables, cash and cash equivalents, balances with Group Treasury, due to related parties and other financial assets. Financial liabilities of the Company comprise of trade and other payables, due to related parties and lease and other financial liabilities.

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

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company is exposed to credit risk primarily on its cash and cash equivalents and receivables.

The significant receivables are from customers and balances with Group Treasury. The receivables from customers represent revenue billed to the customers.

The Company has a practice, which ensures that each new customer is analyzed individually for creditworthiness before the Company's standard payment conditions are offered. In addition, the Company has a practice of collecting Bank Guarantee for the entire Credit limit approved for all the customers. Since the Company is providing services locally, there is no significant geographical concentration of credit risk involved in trade receivable balances and there was no concentration of credit risk on the local customers.

The Company perceives that the trade receivable balances are of good credit quality as these are primarily:

- government-owned companies;
- well established private companies, and
- related parties with a good financial position.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit loss.

Company's credit risk on cash and cash equivalents is limited as these are placed with an international bank and Ahli United Bank.

There was no concentration of credit risk on the other receivables and due from related parties at the reporting date.

The Company has significant concentration risk in balances with the Group Treasury.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2022 | 2021 |
|------------------------------|---------------|--------|
| Balances with banks | 1,357 | 1,730 |
| Trade receivables | 1,671 | 1,550 |
| Other receivables | 148 | 62 |
| Due from related parties | 977 | 788 |
| Balances with Group Treasury | 25,199 | 25,512 |
| | 29,352 | 29,642 |

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Credit risk (continued)

(ii) Impairment Losses

The aging of trade receivables at the reporting date was:

| | 2022 | | | 2021 | | |
|------------------------|--------------|----------------------------|----------------|-------|----------------------------|----------------|
| | Gross | Weighted Average Loss Rate | Loss Allowance | Gross | Weighted Average Loss Rate | Loss Allowance |
| Current (not past due) | 1,171 | 1% | 7 | 1,211 | 1% | 8 |
| Past due: | | | | | | |
| 0-90 days | 402 | 1% | 4 | 238 | 1% | 2 |
| 91-180 days | 39 | 10% | 4 | 67 | 10% | 7 |
| 181-270 days | 93 | 30% | 28 | 43 | 30% | 13 |
| 271-365 days | 18 | 50% | 9 | 41 | 49% | 20 |
| Over 365 days | 443 | 100% | 443 | 368 | 100% | 368 |
| | 2,166 | 23% | 495 | 1,968 | 21% | 418 |

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity risk may result from an inability to collect a financial asset within a reasonable period at close to its fair value.

The liquidity position of the Company is monitored by the Chief Executive Officer and the Chief Financial Officer. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2022 and 2021, based on contractual payment dates and current market interest rates.

| | Carrying amount | Contractual Cash flows | 6 months or less | 7 - 12 months | 1 - 2 years | More than 2 years |
|---------------------------------------|-----------------|------------------------|------------------|---------------|--------------|-------------------|
| 2022 | | | | | | |
| Trade and other payables | 6,344 | 6,344 | 6,344 | - | - | - |
| Due to related parties | 618 | 618 | 618 | - | - | - |
| Lease and other financial liabilities | 25,544 | 36,151 | 2,035 | 1,129 | 3,022 | 29,965 |
| | 32,506 | 43,113 | 8,997 | 1,129 | 3,022 | 29,965 |
| 2021 | | | | | | |
| Trade and other payables | 7,107 | 7,107 | 7,107 | - | - | - |
| Due to related parties | 514 | 514 | 514 | - | - | - |
| Lease and other financial liabilities | 25,765 | 37,575 | 1,986 | 1,093 | 3,016 | 31,480 |
| | 33,386 | 45,196 | 9,607 | 1,093 | 3,016 | 31,480 |

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the Company's earnings will be affected as a result of movements in interest rates.

The Company's interest rate risk is limited to its interest bearing balances with Group Treasury. Change in market interest rate will not have a significant effect on the carrying value of these balances due to the short-term characteristics of these balances and fixed interest rates.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the Company's earnings will be affected as a result of fluctuations in foreign currency exchange rates. The Company is exposed to currency risk on purchases of US Dollars. Majority of Company's transactions are in Bahraini Dinars and in US Dollars (USD), to which the Bahraini Dinars is currently pegged.

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

24 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor and Government's confidence and to be able to meet the requirements of the Khalifa Bin Salman Concession Agreement. The Board of Directors monitors that there is sufficient capital to ensure smooth working of the current operations and investments. The Company defines capital as total equity, which are for a significant term to ensure that the Company will be adequately capitalized till the internal accruals are sufficient for a sustainable growth.

The Company monitors capital by monitoring the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is the total equity, as shown in the statement of financial position, plus net debt. No gearing ratio was presented as the Company does not have any outstanding borrowings. There were no changes in the Company's approach to capital management during the year.

f) Financial instrument by category

At 31 December 2022 and 2021, all the Company's financial assets and financial liabilities were financial assets at amortised cost and financial liabilities at amortised cost, respectively, except for derivatives which are measured at financial assets through profit and loss. The classification of financial assets and liabilities, together with the carrying amounts presented in the statement of financial position, are as follows:

| | Financial assets at amortised cost | Financial assets at fair value through profit or loss | Financial liabilities at amortised cost | Total carrying value |
|---------------------------------------|---|--|--|-----------------------------|
| 31 December 2022 | | | | |
| Trade receivables | 1,671 | - | - | 1,671 |
| Other receivables | 148 | 40 | - | 188 |
| Due from related parties | 977 | - | - | 977 |
| Balances with Group Treasury | 25,199 | - | - | 25,199 |
| Cash and cash equivalents | 1,357 | - | - | 1,357 |
| | 29,352 | 40 | - | 29,392 |
| Trade and other payables | - | - | 7,301 | 7,301 |
| Due to related parties | - | - | 618 | 618 |
| Lease and other financial liabilities | - | - | 25,544 | 25,544 |
| | - | - | 33,463 | 33,463 |

| | Financial assets at amortised cost | Financial assets at fair value through profit or loss | Financial liabilities at amortised cost | Total carrying value |
|---------------------------------------|---|--|--|-----------------------------|
| 31 December 2021 | | | | |
| Trade receivables | 1,550 | - | - | 1,550 |
| Other receivables | 62 | 12 | - | 74 |
| Due from related parties | 788 | - | - | 788 |
| Balances with Group Treasury | 25,512 | - | - | 25,512 |
| Cash and cash equivalents | 1,730 | - | - | 1,730 |
| | 29,642 | 12 | - | 29,654 |
| Trade and other payables | - | - | 8,035 | 8,035 |
| Due to related parties | - | - | 514 | 514 |
| Lease and other financial liabilities | - | - | 25,765 | 25,765 |
| | - | - | 34,314 | 34,314 |

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measures:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company has not disclosed the fair value for financial instruments such as trade and other receivables, trade and other payables, balances with Group Treasury and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values, due to their short-term nature.

The Company's financial assets and financial liabilities are all classified under the amortized cost category. Derivative financial instruments measured at fair value were Level 2 as per the hierarchy.

26 COMMITMENTS AND CONTINGENT LIABILITIES

| | 2022 | 2021 |
|------------------------|--------------|------|
| Capital commitments | 1,487 | 2 |
| Contingent liabilities | 10 | 10 |

27 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

| | Liabilities | Equity | | | Total |
|--|-------------------------------------|---------------|-------------------|-------------------|---------------|
| | Lease and other financial liability | Share capital | Statutory reserve | Retained earnings | |
| Balance at 1 January 2022 | 25,765 | 9,000 | 4,500 | 7,984 | 47,249 |
| Remeasurement of IFRS 16 | 1,025 | - | - | - | 1,025 |
| <i>Changes from financing cash flows</i> | | | | | |
| Lease and other financial liability | (1,246) | - | - | - | (1,246) |
| Finance expense | (1,939) | - | - | - | (1,939) |
| Dividends paid | - | - | - | (7,984) | (7,984) |
| Total changes from financing cash flows | (3,185) | - | - | (7,984) | (11,169) |
| Liability-related changes | 1,939 | - | - | - | 1,939 |
| Equity-related changes | - | - | - | 7,883 | 7,883 |
| Balance at 31 December 2022 | 25,544 | 9,000 | 4,500 | 7,883 | 46,927 |

| | Liabilities | Equity | | | Total |
|--|-------------------------------------|---------------|-------------------|-------------------|----------|
| | Lease and other financial liability | Share capital | Statutory reserve | Retained earnings | |
| Balance at 1 January 2021 | 26,498 | 9,000 | 4,500 | 13,662 | 53,660 |
| Remeasurement of IFRS 16 | 360 | - | - | - | 360 |
| <i>Changes from financing cash flows</i> | | | | | |
| Lease and other financial liability | (1,241) | - | - | - | (1,241) |
| Finance expense | (1,779) | - | - | - | (1,779) |
| Dividends paid | - | - | - | (13,662) | (13,662) |
| Total changes from financing cash flows | (3,020) | - | - | (13,662) | (16,682) |
| Liability-related changes | 1,927 | - | - | - | 1,927 |
| Equity-related changes | - | - | - | 7,984 | 7,984 |
| Balance at 31 December 2021 | 25,765 | 9,000 | 4,500 | 7,984 | 47,249 |

28 DERIVATIVES

The Company has entered into foreign currency forward and swap contracts with a bank with nominal value of BD 25,997 (2021: BD 25,449) maturing within one year. The fair value as at the year end amounted to BD 40 (2021: BD 12) and is included under other assets.



5. TO APPROVE THE RECOMMENDATION OF THE BOARD OF DIRECTORS TO ALLOCATE THE DIVIDENDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

- I. Cash dividend of 87.588 fils per share or 87.588%, amounting to total dividend payment of BD 7,882,920 for the fiscal year ended 31 December 2022.

In this regard, below are the key dates to be taken note of:

| Event | Date |
|--|---------------|
| Cum-Dividend Date <i>(Last day of trading with entitlement to dividends)</i> | 29 March 2023 |
| Ex-Dividend Date <i>(First day of trading without entitlement to dividends)</i> | 30 March 2023 |
| Record Date <i>(The Day on which all shareholders whose names are on the share register will be entitled to dividends)</i> | 2 April 2023 |
| Payment Date <i>(The Day on which the dividends will be paid to the entitled shareholders)</i> | 16 April 2023 |



6. TO APPROVE REMUNERATION OF TOTAL AMOUNT OF BD 62,000 TO THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022.

- As per the remuneration policy, the Chairman is entitled to remuneration of BHD 12,000 annually and other members of the Board are entitled to remuneration of BHD 10,000 annually.

| Director Name | Fixed Fee |
|--------------------------------|---------------|
| David Skov | 7,000 |
| Soren S. Jakobsen | 10,833 |
| Fawzi Kanoo | 10,000 |
| Jesper Kjaedegaard | 10,000 |
| Mohamed Ebrahim Juma Alshroogi | 10,000 |
| Nadhem Saleh Al Saleh | 10,000 |
| Jonathan Goldner | 4,167 |
| Total | 62,000 |



7. TO DISCUSS AND RATIFY THE CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 IN COMPLIANCE WITH THE REQUIREMENTS OF THE CENTRAL BANK OF BAHRAIN AND THE MINISTRY OF INDUSTRY, COMMERCE AND TOURISM

Corporate Governance Report 2022





His Majesty

**King Hamad bin Isa
Al Khalifa**

The King of the
Kingdom of Bahrain



His Royal Highness

**Prince Salman bin
Hamad Al Khalifa**

The Crown Prince,
Deputy Supreme
Commander, and Prime
Minister

About APM Terminals Bahrain - Overview

APM Terminals Bahrain B.S.C. is a public listed company incorporated in the Kingdom of Bahrain, with 64% of its shares owned by APM Terminals B.V. (Netherlands), a subsidiary of A.P.Moller-Maersk, 16% by Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. and remaining 20% by various corporate and individual shareholders. It has been established for the purpose of managing and operating the state-of-the-art Khalifa Bin Salman Port (KBSP) of the Kingdom of Bahrain.

APM Terminals maintains a vast network of terminals across the globe, either on its own or with another operating partner. Headquartered in The Hague, Netherlands, APM Terminals specializes in providing customer-oriented solutions that are built around the evolving needs of the customers. The services are designed to ensure customers receive technologically competent, seamless, efficient experience by reducing complexity for them when purchasing different services in the market.

KBSP is the only general commercial port facility in the Kingdom of Bahrain which connects Bahrain to the world through its highly efficient operations and modern infrastructure, empowering businesses to fulfill consumer needs.

Located on 900,000 square metres of reclaimed land, the port has 1,800 metre quay which includes a container terminal served by four 61 metres post-panamax cranes, as well as general cargo, RO-RO and passenger facilities. Passenger facility includes a dedicated passenger terminal that is capable of handling cruise and ferry calls.



About APM Terminals Bahrain - Overview

KBSP is one of the multi-purpose deep water facilities located in the Middle East. Through its diverse service offering, KBSP is capable of handling the following:

Containers are used in the import and export of packaged cargo carried by container ships. Container dimensions range from 20, 40, 45 foot and are measured in Twenty Foot Equivalent Units (TEU). These can be broken down into two broad sub-categories:

- Local – export and import of containers with origin or destination being local; and
- Transshipment – a container which is transferred from one ship to another at some point during the journey without leaving the port where the transfer is taking place, is said to be transhipped.

General Cargo consists typically of commodity goods bulk or break-bulk including but not limited to livestock, steel, sugar, construction materials and RO-RO and passengers.

By means of its multi-purpose and modern port facilities, APM Terminals Bahrain plays a key role in facilitating external trade and marine services through Container Terminal activities, General Cargo, RoRo, Cruise and related port services, thus contributing significantly to Bahrain's economic growth.

OUR PURPOSE is caring and Creating possibilities for everyone by lifting Bahrain's global trade.

OUR VISION is for Khalifa Bin Salman port to be the most valued and largest single contributor to Bahrain's economy.

OUR MISSION is to be the most productive and efficient port, where doing business is simple, transparent, integrated, and fast, offering flexible logistic service solutions for all types of cargo, with great service delivered by exceptional people.

Corporate Social Responsibility



Corporate Social Responsibility

APM Terminals aims to be the leader in its sector. At the same time, it recognizes that leadership and success go beyond the bottom line to incorporate the principles of sustainable business practice.

The group also measures its progress according to its safety record, its environmental performance, and its contribution towards uplifting its people and their communities

APM Terminals believes that its contribution to society extends beyond the port and extends to the ongoing development of the local community.

We have a regular program of social engagement, including outreach programs for disadvantaged children, placement schemes for young students, and contribution of our time and other resources to help the local communities develop.

The total amount spent on Corporate Social Responsibility for the year 2022 is ~BHD 127,441 in addition to time devoted by members of the Company. The Corporate Social Responsibility Policy of the Company sets out the Company's commitment to continuing its efforts to incorporate sustainability into its business process. The Company's approach to corporate social responsibility is led by the executive management, headed by the CEO.

APM Terminals Bahrain is committed to integrating its own community-based activities as well as supporting those of its employees.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Socio-Economic Development

Social responsibility is one of our main sustainability pillars. We recognize the importance of being a good corporate citizen, contributing to local communities and making a difference to their wellbeing. Equally, we believe in improving people's quality of life and thus investing in the future of our country.

APM Terminals Bahrain is committed to ensuring that its socio-economic investments have a sustainable impact on the local community. APM Terminals has sponsored and participated in various charity events that were all for a good cause. Employees are also encouraged to take part in such events..

Corporate Social Responsibility

GO GREEN WEEK



APM Terminals organized its Go Green initiative. The week-long series of activities were in partnership with key stakeholders such as the Port and Maritime Affairs, Supreme Council of Environment, and the Ministry of Transportation and Telecommunications.

As part of the campaign, the series of activities included celebrations of the UN World Ocean and World Environment Day and were held with the attendance of H.E. Shaikh Ahmed Bin Isa Al Khalifa, the Undersecretary, Port and Maritime at the Ministry of Transportation and Telecommunications.

As part of the campaign, an overview of the company's decarbonization plans were also shared which included continuous technological investments to make Khalifa Bin Salman Port operations safer, greener, and more efficient.



Corporate Social Responsibility

TALENT ACCELERATION PROGRAM BE

In collaboration with the Ministry of Transportation & Telecommunications, APM Terminals has launched its nationwide Acceleration Program with both its tracks:

THE LEADERSHIP TRACK:

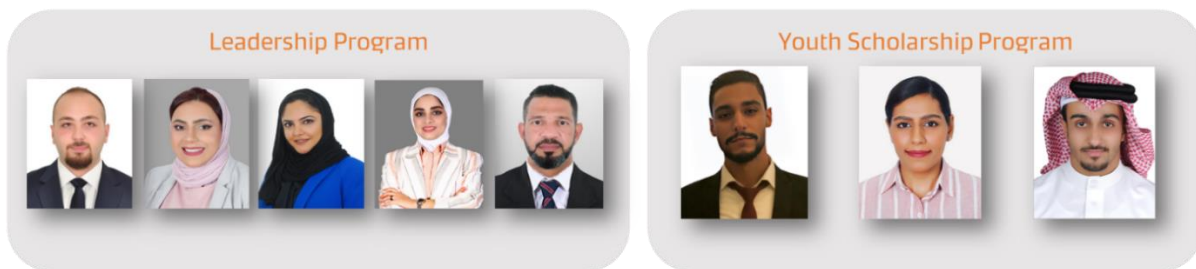
5 leaders have joined APM Terminals Bahrain this year in an initiative to support people who have lost their jobs due to the Covid-19 Pandemic and those who are looking for a career in the logistics field. This initiative is a 2-year development program with an employment opportunity to be mentored, developed, and be prepared to become the future leaders in the Logistics Industry. This covers areas including Asset Management, Human Resources, Port Operations, Transformation, and Health & Safety.

The program has started in May this year and continues for 2 years until 2024.

THE YOUTH TRACK:

This is a full scholarship program where 3 students have been chosen amongst over 100 applicants between the ages of 20 and 30 to undergo a Level 3 Diploma, Deck Officer Training at South Tyneside College, UK. The selection has gone through an extensive process to determine the top 3 students and it included members of APM Terminals Bahrain, Ministry of Transportation & Telecommunications and Bahrain Polytechnic.

The program includes alternate phases of academic studies at the College and sea-time apprenticeship aboard a Maersk Vessel. It continues for 3 years where the students shall take the certifying exam after which they become officially certified Deck Officers.



Corporate Social Responsibility

INTERNSHIP & GRADUATE PROGRAMS

As part of our commitment towards giving back to the community, developing our Youth, and being active in our contribution to Bahrain's Vision 2030, and in addition the Talent Acceleration Program, APM Terminals Bahrain has 2 main programs:

INTERNSHIP PROGRAM:

The Internship Program aims to support active school or university students with gaining the required course credits and work experience as part of their curriculum. The program offers students the opportunity to experience the practical work environment and the duration varies between a minimum of one week and a maximum of three months depending on mutual agreement.

GRADUATE PROGRAM:

The Graduate Program supports and attracts Bahraini fresh graduates by offering them the opportunity to build a starting foundation to shape their career choices. The duration of the program may vary between 12 to 18 months based on mutual agreement and the candidates may be offered employment contracts upon their successful completion depending on vacancies, business need, and their performance during the program.

In 2022, three Graduate Program candidates who have been working with the Asset Management Function have been offered full time employment contracts and one candidate is currently working with the Human Resources Function.

UNIVERSITY STUDENTS SUPPORT PROGRAM



APM Terminals Bahrain launched a strategic project in collaboration with Bahrain Polytechnic, offering students the opportunity to gain hands-on learning in the field of health and safety at the port.

The program gives students the opportunity to gain experience in project management, direct coaching by health and safety professionals, and develop solutions that could potentially be

globally deployed. The 23 students will be participating in three work streams: personal protective equipment (PPE), health & safety induction, and general cargo handling.

Corporate Governance Report



Corporate Governance Report

COMMITMENT TO CORPORATE GOVERNANCE PRINCIPLES

The corporate governance framework sets the tone as to how the company operates in relation to its internal as well as external stakeholders. It defines the relationship between the Board of Directors, management, and the rest of the organisation. We, at APM Terminals Bahrain B.S.C., are committed to the highest standards of corporate governance.

The Company has appointed and elected a Board of Directors (“Board”) including non-executive and independent directors and appointed a Corporate Governance Officer to ensure that the corporate governance principles are duly implemented and complied with.

The Company has Board approved policies for risk management, compliance, and internal controls, in accordance with the applicable laws, rules and guidelines. The Board’s adherence to best practice in corporate governance is underlined by various principles such as transparency, integrity, independence, accountability, responsibility and fairness. The Board has adopted a Board of Director’s Charter, together with the Company’s Memorandum and Articles of Association as well as the Corporate Governance Manuals and Charters of Board Committees, that provide the authority and practices for corporate governance at APM Terminals Bahrain B.S.C.

The adoption and implementation of corporate governance is the direct responsibility of the Board. The Board is committed to excellence in corporate governance and adheres to rules of the High-Level Controls Module (“HC Module”) of the Central Bank of Bahrain (“CBB”); and the principles of the Corporate Governance Code (“Corporate Governance Code”) and Commercial Companies Law of the Kingdom of Bahrain.

SHAREHOLDER’S INFORMATION

APM Terminals Bahrain B.S.C.’s shares are listed on the Bahrain Bourse. The Company has issued 90,000,000 ordinary equity shares, each with a nominal value of 100 fils. All shares are fully paid up.

Corporate Governance Report

DISTRIBUTION OF SHAREHOLDING BY NATIONALITY AS OF 31 DECEMBER 2022

| Nationality | No. of Shareholders | No. of Shares | Shareholding % |
|--------------|---------------------|-------------------|----------------|
| Bahrain | 648 | 30,590,742 | 33.99 |
| Netherlands | 1 | 57,600,000 | 64.00 |
| Saudi Arabia | 13 | 196,602 | 00.22 |
| Oman | 3 | 425,374 | 00.47 |
| Kuwait | 4 | 375,197 | 00.42 |
| UAE | 1 | 361,566 | 00.40 |
| Others | 76 | 450,519 | 00.50 |
| Total | 746 | 90,000,000 | 100.00 |

OWNERSHIP ACCORDING TO PERCENTAGE/ NO. OF SHARES AS OF 31 DECEMBER 2022

| Shareholding (share) | No. of Shareholders | No. of Shares | Shareholding % |
|--------------------------|---------------------|-------------------|----------------|
| Less than 1% | 742 | 14,754,362 | 16.39 |
| 1 % up to less than 5% | 2 | 3,245,638 | 3.61 |
| 5 % up to less than 10% | - | | |
| 10 % up to less than 20% | 1 | 14,400,000 | 16.00 |
| More than 50% | 1 | 57,600,000 | 64.00 |
| Total | 746 | 90,000,000 | 100.00 |

| | | | |
|-----------------------------------|------------|-------------------|---------------|
| < 50,000 | 684 | 5,324,853 | 5.92 |
| 50,000 to 500,000 | 57 | 8,688,440 | 9.65 |
| Greater than 500,000 to 5,000,000 | 3 | 3,986,707 | 4.43 |
| >5,000,000 | 2 | 72,000,000 | 80.00 |
| Total | 746 | 90,000,000 | 100.00 |

Corporate Governance Report

MAJOR SHAREHOLDERS (5% AND ABOVE) AS OF 31 DECEMBER 2022

| Shareholder's Name | Ultimate Beneficiary | No. of Shares | % of shareholding |
|---------------------------------------|--------------------------------|---------------|-------------------|
| APM Terminals B.V. | Maersk Holding B.V. | 57,600,000 | 64.00 |
| Yusuf Bin Ahmed (Holdings) Co. W.L.L. | Various ultimate beneficiaries | 14,400,000 | 16.00 |

Ownership by government

The Government of Bahrain does not hold any shares in the Company.

Corporate Governance Report

Board of Directors

COMPOSITION OF THE BOARD

- The Board comprises of six directors as per the composition in the table below.
- The Chairman, Mr. David Skov, has resigned during August 2022 and Mr. Soren Sjostrand Jakobsen has been appointed as Chairman of the Board, by secret ballot.
- Mr. Jonathan R. Goldner has been appointed as a member of the Board in place of Mr. David Skov by the majority shareholder, APM Terminals BV.
- The Board is composed of 100% male members and no female members currently serve on the Board of Directors.

| Board Member | Type | Position | Term |
|------------------------------------|------------------------|--|--|
| David Skov | Executive Director | <ul style="list-style-type: none">• Chairman of the Board until 10 Aug 2022 | 16 Feb 2018 to 12 Dec 2018 13 Dec 2018 to 10 Aug 2022 |
| Soren Sjostrand Jakobsen | Executive Director | <ul style="list-style-type: none">• Chairman of the Board effective 10 Aug 2022• Member of the Board• Member of ARCC | 18 Jun 2013 to 12 Dec 2018 13 Dec 2018 to 30 Mar 2022 31 Mar 2022 to 30 Mar 2025 |
| Fawzi Ahmed Kanoo | Executive Director | <ul style="list-style-type: none">• Vice Chairman of the Board | 20 May 2006 to 18 Jun 2012 31 Jul 2018 to 12 Dec 2018 13 Dec 2018 to 30 Mar 2022 31 Mar 2022 to 30 Mar 2025 |
| Jesper Kjaedegaard | Non-Executive Director | <ul style="list-style-type: none">• Member of the Board• Member of NRGC | 13 Dec 2018 to 30 Mar 2022 31 Mar 2022 to 30 Mar 2025 |
| Mohamed Bin Ebrahim Juma Alshroogi | Independent Director | <ul style="list-style-type: none">• Member of the Board• Member of ARCC• Chairman of NRGC | 13 Dec 2018 to 30 Mar 2022 31 Mar 2022 to Mar 2025 |
| Nadhem Saleh Al-Saleh | Independent Director | <ul style="list-style-type: none">• Member of the Board• Chairman of ARCC• Member of NRGC | 13 Dec 2018 to 30 Mar 2022 31 Mar 2022 to 30 Mar 2025 |
| Jonathan Goldner | Executive Director | <ul style="list-style-type: none">• Member of the Board | 10 Aug 2022 to 30 Mar 2025 |

Corporate Governance Report



Soren Sjostrand Jakobsen

Chairman

- Mr. Jakobsen has been with the Maersk and APM Terminals group for more than 42 years and has held various positions of importance within the group.
- He serves as a board member in a number of JV entities of APM Terminals in Asia, Middle East, Africa and Latin America.
- Mr. Jakobsen has a bachelor's degree in shipping and business with various management programs including at IMD and INSEAD.



Fawzi Ahmed Kanoo

Vice Chairman

- Mr. Kanoo is currently the Deputy Group Chairman of Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L., a multi-national organisation, having offices throughout the Arabian Gulf and Saudi Arabia.
- Mr. Kanoo holds directorship in various companies internationally. Specifically, Mr. Kanoo holds directorships in public listed companies in Bahrain namely Gulf Hotels Group BSC, Bahrain Ship Repairing & Engineering Co. BSC and National Bank of Bahrain B.S.C.
- He holds a bachelor's degree in Business Administration from Southwest Texas State University.



Jonathan Goldner

Executive Director

- Mr. Goldner has been part of the A.P. Moller-Maersk organization for over 25 years. Today he is a member of APM Terminals Leadership Team and serves as Regional Managing Director - Asia & Middle East.
- He has lived and worked in the U.S., China, Denmark, Netherlands, and Singapore in various leadership positions across APM Terminals, Maersk Line, and DAMCO. Prior to his current role, he served as CCO for APM Terminals globally.
- Mr. Goldner attended Texas A&M University, has his Third Officers License, and received his MBA from Columbia University, New York.

Corporate Governance Report



Jesper Kjaedegaard

Non-Executive / Non-Independent Director

- Mr. Kjaedegaard has spent more than 40 years in the maritime industry and is currently serving as an Advisor/Board member for several maritime related companies.
- Mr. Kjaedegaard was previously global head of Maersk Line and is also past President of the British Chamber of Shipping and Chairman of Maritime, UK.
- Mr. Kjaedegaard is a graduate from Copenhagen's Commercial College and has subsequently attended several Management Programs including AMP (Harvard).



Mohamed Bin Ebrahim Juma Alshroogi

Independent Director

- Mr. AlShroogi was Investcorp's Co-Chief Executive Officer. He joined Investcorp in 2009 as President of the Firm's Gulf Business. He oversaw the development of private equity investment business in the MENA and Turkey region.
- Mr. AlShroogi has been a member of the Bahrain Shura Council, Member of the Board of Trustees at Bahrain University and a member of the Bahrain Economic Development Board.
- Mr. AlShroogi studied at Kuwait University and the Harvard Management Executive Program.



Nadhem Saleh Al Saleh

Independent Director

- Dr. AlSaleh served at the University of Bahrain for 25 years where he assumed different academic & administrative positions. He has long years of experience in the areas of business administration, financial management and strategic planning.
- He is also a Board Member of Solidarity Bahrain B.S.C. and a Member of Board of Trustee of Kanoo Award for Creativity & Excellence.
- Dr. AlSaleh holds a Ph.D. in Finance from Brunel University, England, MBA from University of Pennsylvania, USA and bachelor's degree in petroleum engineering from University of Baghdad, Iraq.

Corporate Governance Report

RESPONSIBILITIES AND DUTIES OF BOARD MEMBERS

The Board must review the quality and integrity of the Company's accounting and financial reporting practices. The Board must ensure that the Company's financial statements are prepared and reported in accordance with international financial reporting standards. The Board is accountable to the Shareholders for creation and delivery of strong sustainable financial performance and long-term Shareholder value. The Board works together as a team to provide strategic leadership to staff, ensure the organisation's fitness for purpose, set the values and standards for the organisation, and ensure that enough financial and human resources are available.

Transactions are carried out in accordance with the Company's Authority Matrix which lays down various levels of authority for the Board as well as the executive management. This includes strategic issues and planning, review of management structure and responsibilities, disposal of assets, investment policies, capital expenditure, policies, appointment of key officers, preparation of financial statements in accordance with international financial reporting standards, financing and borrowing activities and reviewing the adequacy and integrity of internal systems and the regulatory and control framework.

ELECTION AND TERMINATION OF DIRECTORS

There are formal and transparent procedures for the appointment and election of new directors to the Board, in accordance with applicable laws. Candidates are appointed and elected based on merit, in line with the objectives of the Company and with due regards to the benefit of diversity on the Board.

The term of the current Board is for 3 years, commencing from 31 March 2022, unless terminated in accordance with the applicable laws in the Kingdom of Bahrain.

DIRECTOR APPOINTMENT

As a member of the Board, each Director has signed a formal written appointment letter which covers among other things, the Director's duties and responsibilities in serving on the Board, the terms and conditions of their directorship, the annual remuneration, sitting fees and access to independent professional advice, when needed.

INDUCTION AND TRAINING OF DIRECTORS

The Director's Board Charter recommends formal and tailored Director's induction program. The Chairman in coordination with the Secretary ensures that each new Director, upon appointment, receives a formal induction, to ensure his/her contribution to the Board from the beginning of their tenure.

The induction process includes meetings with the Executive Management, visits to the Company's facilities, presentations regarding significant strategic, financial, compliance and risk management related matters.

Corporate Governance Report

DIRECTORS REMUNERATION POLICY

The Board of Directors' remuneration is governed by the provisions of the Commercial Companies Law 2001 and its amendments, and the CBB rulebook. Such remuneration and the remuneration policy requires approval by the Shareholders at the ordinary general meeting. In addition, the Board of Directors' remuneration is reviewed by the Nomination, Remuneration & Governance Committee as per the remuneration policy. Directors' remuneration is accounted as an expense as per international accounting standards.

As per the remuneration policy, the Chairman is entitled to remuneration of BHD 12,000 annually and other members of the Board are entitled to remuneration of BHD 10,000 annually.

In addition to the fixed fee, the members of the Board are entitled to sitting fees as stated below:

- For Directors residing in Bahrain, a sitting fee of BHD 500 for each face-to-face Board meeting
- For Directors residing outside Bahrain, a sitting fee of BHD 1,000 for each face-to-face Board meeting
- Sitting fee of BHD 250 for each Board meeting attended through video or audio conferencing or through remote participation
- Sitting fee of BHD 250 per committee meeting
- For Directors residing outside Bahrain, the Company shall provide return air tickets for traveling to Bahrain, accommodation and any other related expenses to attend the Board meetings of the Company. For Board meetings outside Bahrain, the Company shall provide air tickets, accommodation and any other related expenses for all travelling Board members. Class of air travel and accommodation will be in accordance with the Company's travel policy.

DIRECTOR'S REMUNERATION

In accordance with the Board remuneration policy, a total of BHD 75,500 for the year 2022 was paid to the Board of Directors as remuneration for their services as follows:

- BHD 62,000 as fixed fee
- BHD 13,500 as sitting fee

| Director Name | Fixed Fee | Sitting Fee |
|--------------------------------|---------------|---------------|
| David Skov | 7,000 | 750 |
| Soren S. Jakobsen | 10,833 | 2,750 |
| Fawzi Kanoo | 10,000 | 1,250 |
| Jesper Kjaedegaard | 10,000 | 2,250 |
| Mohamed Ebrahim Juma Alshroogi | 10,000 | 2,500 |
| Nadhem Saleh Al Saleh | 10,000 | 2,750 |
| Jonathan Goldner | 4,167 | 1,250 |
| Total | 62,000 | 13,500 |

Corporate Governance Report

BOARD COMMITTEES

In compliance with applicable laws, the Board has established an Audit, Risk and Compliance Committee ("ARCC") and a Nominating, Remuneration and Governance Committee ("NRGC").

1. AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee has a written Charter approved by the Board of Directors ("ARCC Charter"). The ARCC Charter is an overall governing document laying out the roles and responsibilities of the Committee while ensuring compliance with the Corporate Governance Code and CBB Rulebook. As per the ARCC Charter, the committee shall meet at least four times a year. The External Auditor and Internal Auditor of the Company shall report directly to the Committee

A. Functions of ARCC

In accordance with the ARCC charter, the committee conducts the following functions:

- Review the quality and integrity of the Company's accounting and financial reporting practices
- Review the integrity of the Company's financial controls, internal controls and financial statements
- Review and monitor the Company's compliance with the relevant legal and regulatory requirements as well as the Code of Conduct of the Company
- Recommend appointment, compensation and oversight of the external auditor
- Recommend appointment of the internal auditor, including the approval of internal audit policies, plans and reports made thereof
- Review and approve various policies and procedures of the Company including the ones pertaining to risk management function, key persons dealing, market abuse, reports and plans submitted thereof in compliance with such policies and procedures
- Review and approve annual and interim financial statements of the Company, recommend for additional or specific audit requirements in relation to financial statements or other relevant aspects of the Company's business
- Recommend and table discussion on the management letter to be provided to the external auditor

B. Members of ARCC are as follows:

| ARCC Members | Type | Position |
|------------------------------------|-----------------|----------|
| Nadhem Saleh Al-Saleh | Independent | Chairman |
| Mohamed Bin Ebrahim Juma Alshoorgi | Independent | Member |
| Soren Sjostrand Jakobsen | Non-Independent | Member |

Corporate Governance Report

BOARD COMMITTEES

2. NOMINATING, REMUNERATION AND GOVERNANCE COMMITTEE

The Nominating, Remuneration and Governance Committee (NRGC) has a written Charter approved by the Board ("**NRGC Charter**"). The NRGC Charter is an overall governing document laying out the roles and responsibilities of the Committee while ensuring compliance with the Corporate Governance Code and CBB Rulebook. As per the NRGC Charter, the Committee shall meet at least twice a year.

A. Functions of NRGC

In accordance with the NRGC charter, the committee conducts the following functions:

- Ensure adherence to the principles of corporate governance
- Oversee the development and implementation of the Company's Corporate Governance Manual and other relevant governance policies of the Company
- Establish board structure, composition and impart training and induction to the directors
- Identify persons qualified to become members of the Board or Executive Management and any other officers of the Company which the Board considers appropriate, except for the appointment of the internal auditor, which is the responsibility of ARCC
- Make recommendations to the Board, including recommendations of candidates for Board membership (including reappointment) to be included by the Board on the agenda for the Shareholders' General Meeting
- Lead the Board in its annual review of the performance of the Board and its committees
- Review and make recommendations on Board candidates proposed by those substantial Shareholders eligible to propose a Director to represent such Shareholder on the Board
- Review the Company's remuneration policies for the Board and senior management, which must be approved by the Shareholders and be consistent with the Company's corporate values and strategy
- Make recommendations regarding remuneration policies and amounts for specific persons to the whole Board, taking account of total remuneration including salaries, fees, expenses and employee benefits
- Recommend Board Member remuneration based on their attendance and performance

B. Members of NRGC are as follows:

| NRGC Members | Type | Position |
|------------------------------------|-----------------|----------|
| Mohamed Bin Ebrahim Juma Alshoorgi | Independent | Chairman |
| Nadhem Saleh Al-Saleh | Independent | Member |
| Jesper Kjaedegaard | Non-Independent | Member |

Corporate Governance Report

DIRECTORS ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

| Board Meeting | 28 Feb* | 25 Apr* | 10 Aug * | 7 Nov |
|---------------------------------------|---------|---------|----------|-------|
| David Skov | ✓ | ✓ | ✓ | |
| Fawzi Ahmed Kanoo | ✓ | ✓ | ✓ | ✓ |
| Soren Sjostrand Jakobsen | ✓ | ✓ | ✓ | ✓ |
| Jonathan Goldner | | | ✓ | ✓ |
| Jesper Kjaedegaard | ✓ | ✓ | ✓ | ✓ |
| Mohamed Bin Ebrahim Juma Alshroogi | ✓ | ✓ | ✓ | ✓ |
| Nadhem Saleh Al Saleh | ✓ | ✓ | ✓ | ✓ |

| ARCC Meeting | 28 Feb* | 25 Apr* | 10 Aug * | 7 Nov |
|---------------------------------------|---------|---------|----------|-------|
| Nadhem Saleh Al Saleh | ✓ | ✓ | ✓ | ✓ |
| Soren Sjostrand Jakobsen | ✓ | ✓ | ✓ | ✓ |
| Mohamed Bin Ebrahim Juma Alshroogi | ✓ | ✗ | ✓ | ✓ |

| NRGC Meeting | 28 Feb* | | | 7 Nov |
|---------------------------------------|---------|--|--|-------|
| Mohamed Bin Ebrahim Juma Alshroogi | ✓ | | | ✓ |
| Nadhem Saleh Al Saleh | ✓ | | | ✓ |
| Jesper Kjaedegaard | ✓ | | | ✓ |

*Attended via conference

Corporate Governance Report

DIRECTOR'S SHAREHOLDING

No members of the Board, their spouses and sons own any shares in the Company except as follows:

| Director's Name | Position | Direct Shareholdings | % of direct shareholding | Indirect Shareholding | % of indirect shareholding |
|-----------------------|----------------------|----------------------|--------------------------|-----------------------|----------------------------|
| Nadhem Saleh Al Saleh | Independent Director | 2,000 | - | 18,244 | 0.0002 |

DIRECTOR'S TRADING OF COMPANY SHARES DURING THE YEAR

None.

EVALUATION OF BOARD'S PERFORMANCE

In accordance with the Board Charter, the Board conducts annual review and evaluation of performance of Board and its committees in accordance with CBB guidelines. Performance of the Board in 2022 has been satisfactory.

INDEPENDENCE OF DIRECTORS

In line with the requirements of the HC Module, the Company has put in place Board-approved criteria to determine 'Independence' using formal requirements as specified in the CBB rule book. The independent directors disclose personal interests on a regular basis. Such determines whether the Director is independent of management and any business or other relationships, which could materially interfere with the Director's ability to exercise objective, unfettered or independent judgement; or the Director's ability to act in the best interests of the Company.

Corporate Governance Report



Maureen Bannerman

Chief Executive Officer (CEO)

- Mrs. Bannerman joined APM Terminals Bahrain as Managing Director in March 2021.
- Mrs. Bannerman has 30 years of experience in the Transportation and Hospitality industries holding several executive roles in various international organisations including Dubai International Airport, Serco Dubai Metro, Abu Dhabi Airports, Network Rail UK and other leading global organizations.
- Mrs. Bannerman brings vast depth of knowledge and experience covering all areas from strategy and operations to business transformation and stakeholder management.
- Maureen holds an MBA degree and Diploma in Business and Finance, Courses in Situational Leadership, Coaching, Mentoring and completion of the Future Ready Leadership Programme from London Business School.



Farooq Zuberi

Chief Financial Officer (CFO)

- Mr. Zuberi joined the Company as CFO in June 2018.
- Prior to joining the Company, Mr. Zuberi has worked in senior leadership roles with Global Fortune 500 companies across several industries.
- He has worked with PwC, Unilever, GSK & Emirates Group in roles covering finance business partnering, project delivery & strategic initiatives.
- Mr. Zuberi is a Chartered Accountant from ICAP as well as Chartered Certified Accountant from ACCA – UK.



Isa Al-Qetami

Chief Government and Security Affairs Officer (CGSO)

- Mr. Al-Qetami retired in 2014 as a Colonel with the Bahrain Defence Force and Bahrain Royal Air Force as Aircraft Engineer. He has over 30 years of leadership, management and projects experience gained at the highest level at Bahrain Defence Force.
- Mr. Al-Qetami joined APM Terminals in August 2015 as GM Security & Government Relations and was promoted to Chief Government and Security Affairs Officer in 2021.
- Mr. Al-Qetami holds a 'Master of Science in Systems Management' (Naval Post-Graduate School Monterey, California USA) and is a Civil Aviation Authority Licensed Engineer – in Aerospace/Avionics (Brunel Technical College Bristol – UK).

Corporate Governance Report



Abdelrahman Elshamy

Chief Operating Officer

- Mr. Elshamy has an overall international experience of 18 years in ports and logistics industry.
- Mr. Elshamy completed his bachelor's degree in law from University of Alexandria, Egypt.
- Mr. Elshamy is a Certified Lean and Six Sigma Black Belt from Accenture, Netherlands, Certified TPM Facilitator from TPM Club India, Certified Lean Trainer from APM Terminals HQ in the Hague, Netherlands, and Certified Leader of Leaders, Maersk Leadership Center, Rolighed, Denmark.



Richard G.C. Smith

Chief Commercial Officer (CCO)

- Mr. Smith has over 25 years commercial experience in the Ocean logistics business.
- Initially employed by P&O Containers in the UK, he joined Maersk in 2011 after 7 years outside the industry running his own business. With P&O Nedlloyd and subsequently Maersk, Richard has spent nearly 15 years in commercial roles in east and west Africa, with the last 7 years based in Lagos, Nigeria.
- He holds a bachelor's degree in History & Politics from Durham University in England.



Yosra Abdulla

GM- Human Resources

- Mrs. Abdulla joined APM Terminals Bahrain in November 2019. In addition to her role as GM- Human resources, Yosra have been managing Regional & Global people related projects.
- Mrs. Abdulla previously worked as the Relations & Personal Manager for Nass Contracting Bahrain for almost 12 years and has extensive experience within the human resources field.
- Mrs. Abdulla had worked primarily within the Construction industry. She served many of Bahrain's largest organizations and contributed to the development of the Frontline employees' welfare standards and represented the industry to the International Labour Organization.
- Mrs. Abdulla is a BSc. Degree holder in International Studies, Certified Strategy, and business Planning professional from the KPI institute
- Mrs. Abdulla is also a John Maxwell's Coach, Speaker & Trainer.

Corporate Governance Report



Karl Gnonlonfin

Head of HSE and Transformation

- Mr. Gnonlonfin has been part of APM Terminals since 2005 and joined APM Terminal Bahrain in 2021.
- Mr. Gnonlonfin has 16 years of experience with APM Terminals on various Terminal Operations and Safety senior Leadership roles and his areas of expertise are Port and Terminal Operations, workplace Health & Safety Management as well as Lean Leadership and management.
- Mr. Gnonlonfin holds a Master's degree in Environment Management and NEBOSH International General Certificate in Health & Safety. Karl is a certified PFSO, a certified Lean and Six Sigma Green & Black Belt as well as a certified Leader of Others and Leader of leaders. Karl is a 2008 Magnet graduate and a 2018 Magnum graduate.



Kevin Blakey

Head of Asset Maintenance

- Mr. Blakey joined APMT in 2017 as Global Head of Asset Maintenance having spent five years with Maersk Oil in Qatar. He brings 20 years of experience from the Oil & Gas industry.
- Mr. Blakey has proven success in embedding new systems, processes, technologies, and ways of working in complex technical environments, supported by his extensive experience of behavioural and people-focused change, to deliver transformative performance improvements and operational outcomes.
- He is also a member of the Institute of Engineering Technology (IET), has an MSc in Asset Integrity Management and is certified as an OIM in Major Emergency Management.

Corporate Governance Report

EXECUTIVE MANAGEMENT SHAREHOLDING

| Executive Management | Position | No. of Shares |
|------------------------|---|---------------|
| Maureen Bannerman | Chief Executive Officer | - |
| Farooq Zuberi | Chief Finance Officer | 4,546 |
| Isa Al Qetami | Chief Government and Security Affairs Officer | - |
| Abdelrahman Elshamy | Chief Operating Officer | - |
| Richard G.C.Smith | Chief Commercial Officer | - |
| Yosra Abdulla | GM, Human Resources | - |
| Karl Darius Gnonlonfin | Head of HSE and Transformation | - |
| Kevin Blakey | Head of Asset Maintenance | - |

TOTAL REMUNERATION PAID TO KEY EXECUTIVE OFFICERS

Total remunerations paid to the top 6 executive management members for the year 2022, including salaries, benefits, allowances, increases, etc. is ~BHD 749,000.

REMUNERATION AND PERFORMANCE-LINKED INCENTIVES

The Company's remuneration policy for its executive management and its employees is designed to attract, retain and motivate qualified and talented professionals. The Company does not currently have any share ownership or option schemes for its employees.

CORPORATE GOVERNANCE FRAMEWORK

Company's Corporate Governance framework comprises of Board and Committees Charters, Whistle Blowing Policy, Code of Conduct, Corporate Social Responsibility Policy, Standard operating policies and procedures (SOPs), internal controls and risk management process/systems; compliance procedures; internal and external audit; effective communications and transparent disclosure; and measurement and accountability.

In order to ensure good governance, the Company has appointed corporate governance officer, company secretary, internal auditors and external auditors, who directly report to the Board of Directors.

A Corporate Governance Report is submitted by the Corporate Governance Officer (Compliance Officer) annually to the NREGC and to the Board of Directors.

Corporate Governance Report

LEGAL MANAGER, CORPORATE GOVERNANCE OFFICER, COMPANY SECRETARY AND INVESTOR RELATIONS OFFICER

| Name | Qualification | Contact Details |
|---------------------------------|--|-----------------|
| Dana Abdulrahman Alsendi | LLB Law (University of Leicester), LL.M International Corporate Governance & Financial Regulation (University of Warwick), Qualified in the Kingdom of Bahrain | 1736 5512 |

EXTERNAL AUDITORS

Pricewaterhouse Coopers Middle East Limited (PwC) have been the external auditor of the Company for the Financial Year 2022.

Pricewaterhouse Coopers Middle East Limited (PwC) have been appointed as new external auditors in 2021. PwC have operated in the Middle East region for more than 40 years. Collectively, PwC Middle East network employs in the region more than 6,000 people including 267 partners working from 23 offices (in 22 locations) across 12 countries.

PwC's services have been satisfactory throughout their engagement with us. The ARCC reviews the appointment of the external auditors, as well as their relationship with the Company, including monitoring the Company's use of the auditors for non-audit services. Please see the details in the table below:

| | |
|--|-----------------|
| Name of the audit firm % | PwC Middle East |
| Years of service as the Company's external auditor | Two years |
| Name of the partner in charge of the Company's audit | John Molloy |
| The partner's years of service as the partner in charge of the Company's audit | Two years |
| Audit and related services fee for the FY year 2022 (BHD) | 21,210 |
| Non-audit service fee | Nil |

INTERNAL AUDITOR

The Board has appointed BDO Consulting WLL as Company's Internal Auditor. BDO Bahrain was established in 1980. BDO is one of the leading accounting and advisory firms in Bahrain. A thorough internal audit plan was prepared by BDO for financial year 2022, which was approved by ARCC. The Internal Auditor conducted audits in accordance with the approved audit plan throughout the year and submitted reports to ARCC for review, approval and relevant actions.

Corporate Governance Report

CORPORATE COMMUNICATIONS

Company conducts all communications with its stakeholders in a professional, honest, transparent, understandable, accurate and timely manner. Main communications channels include the Company website, regular regulatory announcements in the local media and Bahrain Bourse and the Annual Report.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

The Company is party to a number of agreements and arrangements with its shareholders and other related parties. The Company has in place and acts in accordance with a robust Corporate Governance Manual which governs related party transactions. Standard operations procedures and approvals are followed for all contracts that are entered into, to seek and ensure that there are no conflicts or preferences given to any specific entity.

The Directors make every practicable effort to arrange their personal and business affairs to avoid a conflict of interest situation with the Company. The Directors are required to disclose their interests in other entities or activities to the NRCG committee on an annual basis and inform the Company of any conflict of interest whenever it arises and abstain from voting on any related subject matter.

The related party transaction details are disclosed in Note 22 to the Financial Statements.

The Company has entered into the following related party transactions in the financial year 2022.

Corporate Governance Report

| S.N | Entity Name | Expenses (BHD'000) | Revenue (BHD'000) | Justification |
|---|--------------------------------|-----------------------|----------------------|---|
| APM Terminals B.V. Related Transactions | | | | |
| 1 | Maersk Line A/S | 2.096 | 538.913 | <ul style="list-style-type: none"> Services provided as business as usual and governed by standard terms FTE outsourcing to assist in reporting |
| 2 | Svitzer Bahrain (S.P.C) | 928.895 | | <ul style="list-style-type: none"> Marine services obtained pursuant to sub concession agreement. The lease has been capitalized under IFRS 16 at a net book value of BHD 15.873 Million |
| 3 | APMT Management B.V. | 96.609 | | <ul style="list-style-type: none"> Services provided pursuant to Technical Service Agreement: mainly IT related services. |
| 4 | APM Terminals B.V. | 80.789 | | <ul style="list-style-type: none"> Services provided pursuant to Technical Service Agreement: mainly management fees |
| 5 | APM Terminals Apapa Limited | 28.973 | | <ul style="list-style-type: none"> STA recharges |
| 6 | Maersk Training | 3.254 | | <ul style="list-style-type: none"> Training related expenses |
| 7 | A.P. Møller - Mærsk A/S | 9.97 | 102.29 | <ul style="list-style-type: none"> Interest earned on excess cash deposited with group |
| 8 | APM Terminals Mauritania S.A | 14.88 | | <ul style="list-style-type: none"> STA recharges |
| A.P. Terminals B.V. and Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. Related Transactions | | | | |
| 9 | Maersk Kanoo Bahrain WLL | 0.02 | | <ul style="list-style-type: none"> Damage claim recovery |
| Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L. Related Transactions | | | | |
| 10 | Al Manhal Water Factory | 1.311 | | <ul style="list-style-type: none"> Lowest bidder among all qualified suppliers. Also, reliable delivery and quality |
| 11 | BASREC | 0.107 | | <ul style="list-style-type: none"> Services provided for container inspection |
| 12 | Bahrain INTL Cargo Services | | 33.516 | <ul style="list-style-type: none"> Services provided as business as usual and governed by standard terms We also provide space for storage for certain special general cargo at agreed price |
| 13 | APL (Bahrain) W.L.L. | | 441.47 | <ul style="list-style-type: none"> Services provided as business as usual and governed by standard terms |
| 14 | Yousuf Bin A. Kanoo | 11.498 | 355.238 | <ul style="list-style-type: none"> Services provided as business as usual and governed by standard terms Only dealer of hyster and cummins forklift for spares Leasing of 3Ton forklift for 5 Years, selected after getting multiple quotations and found competitive prices and technically approved. These forklifts have been capitalized at a net book value of BHD 0.90 Million |
| 15 | Hapag-Lloyd Bahrain Co. W.L.L. | | 450.87 | <ul style="list-style-type: none"> Services provided as business as usual and governed by standard terms |

Corporate Governance Report

In addition to the foregoing, pursuant to the treasury advisory function provided by APM Terminals Management B.V. and Board approval, the Company deposits its excess cash with the parent company A.P. Moller Maersk of its major shareholder (APM Terminals B.V.). The Company, as of 31 December 2022, has deposited ~BHD 25.2M with A.P. Moller Maersk A/S. The deposits are excess cash which are deposited as part of the treasury advice and instructions received from APM Terminals Management B.V., as part of the treasury advisory and execution services provided by it under the technical services agreement and direct agreement with the Company. These deposits offer interest rate benchmarked to the USD Libor along with foreign currency swap contracts with an additional premium such that the Company earns an annualized Net All-in-Yield of ~0.25% over the deposit rate offered by one of the international banks.

None of the directors appointed by the APM Terminals B.V. participated in voting in relation to this transaction.

COMPLIANCE WITH HC MODULE AND CORPORATE GOVERNANCE CODE

The Company is in compliance with the Corporate Governance Code and HC Module except for the following:

- HC- 1.4.6 and HC 1.4.8 of HC Module and Principle 1 First (a) (3) of Corporate Governance Code stipulates that the Chairman of the Board of Directors should be an independent director. David Skov, an executive director is the elected Chairman of the Board until August 2022. Effective August 2022, Soren S. Jakobsen has been elected Chairman of the Board. This is to ensure that APM Terminals will be able to deliver its obligations under the direct agreement, it has entered with the Government for management and operations of KBSP and the support that APM Terminals is required to provide. However, this does not compromise high standards of corporate governance as the Company follows strict policies to manage conflict of interest in Board decisions.

MANAGEMENT ANALYSIS AND PRINCIPAL RISKS

On 8 November 2006, the Company signed a 25-year Concession with the Government of Bahrain ("Concession") with numerous rights as listed in the Concession. Due to continuation of pandemic and various other global business factors FY 2022 faced certain principal risks and uncertainties which includes the following:

KEY PERFORMANCE INDICATORS (KPI'S)

The Company is required by clause 13 of the Concession Agreement to adhere to certain minimum KPI's. There are four KPI targets set in relation to (i) vessel working rate (ii) crane rate (iii) labour rate and (iv) throughput per berth meter (each as defined and described in the Concession Agreement). The Company has exceeded the KPI targets consistently in respect of vessel working rates, crane rates and labour rates. However, the Company has not met its 'throughput per berth meter' KPI target in the years 2014 to 2018.

Corporate Governance Report

If the Company fails to meet one or more of the KPIs for a period of 4 years or any further years thereafter, except as a result of force majeure, then the Nominated Percentage element of the Revenue Charge (i.e. an element in the calculation of the Revenue Charge payable by the Company to the Government in consideration of the rights granted by the Government to the Company under the Concession Agreement) will be increased by an additional 1% above the level set out in the Agreement for such fourth year failure and by a further 1% for each further year's failure thereafter. Such additional charges will continue until the Company produces a KPI report demonstrating compliance with the relevant KPIs in respect of the applicable year. This additional charge was applied in 2017 and 2018. However, the Company has successfully achieved all KPIs for the financial years 2019 and 2020 and accordingly no additional charge was applied in 2020 in relation to the KPI targets. The Company has not met its 'throughput per berth meter' KPI target in 2021, however, no penalty was imposed on the 2021 Revenue Charge, in accordance with the Concession Agreement. The Company has successfully achieved all KPIs for the financial year 2022.

Failure to meet KPIs for a period of 5 consecutive years would also constitute an event of default under clause 33.1 of the Concession Agreement which provides a right of termination of the Concession on the part of the Government, should it choose to exercise it.

TRANSHIPMENT TARGET

One of the requirements of the Concession Agreement is that the Company must meet certain annual transshipment volumes. According to the Concession Agreement, in the event that the transshipment target for the year 2015 or any later year shows that the average level of transshipment at KBSP, over the previous four consecutive years, has failed to meet 60% of the transshipment targets set in relation to those four years (taken on an average basis over the relevant four year period) then the Government shall have the right, but not the obligation, to terminate the Concession Agreement as an event of default by the Company on 30 days' notice. The right of the Government to terminate does not apply in the event that Company can demonstrate to the Government's satisfaction both:

- That it has taken all reasonable steps (including expenditure of time and money) to market KBSP so as to secure transshipment business for KBSP during the four consecutive years in question; and
- That, notwithstanding the efforts of Company, external economic or other factors beyond Company's and APM Terminals control have prevented Company from achieving the required level of transshipment volume at KBSP.

Since commercial operations began at KBSP, Company has failed to meet the transshipment volumes required under the Concession and is therefore at risk that the Government may terminate the Concession Agreement. However, the Ministry of Transportation and Telecommunication issued a letter to the Company, dated 28 June 2015, in which the Ministry stated that it shall not apply the termination right in the Concession so long as the Company continues its efforts to reach the required transshipment level and the Ministry is comfortable with the Company's efforts.

Corporate Governance Report

COMPLIANCE RISK

Noncompliance with laws, regulations, rules, prescribed practices or contractual agreements can result in reputational loss, limited business opportunities and cessation of operations. The Company ensures adherence to all applicable regulations, including regulations prescribed by CBB and Bahrain Bourse. Besides, Company internal policies and code of conduct are in line with international business standards ensuring that best practices are adopted and implemented by the Company.

RISK OF OUTBREAK OF EPIDEMIC, PANDEMIC OR CONTAGIOUS DISEASE

Outbreaks of epidemic, pandemic, or contagious diseases, such as the recent novel coronavirus can result in lockdowns, lower revenue, lesser volumes, higher costs, labour shortages, decreases in productivity, supply chain disruptions, operational disruptions, and changes in the macroeconomic environment. The extent to which such epidemic, pandemic or contagious diseases could impact our operations and business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, severity and the actions taken by the government to contain such disease, among others.



Soren S. Jakobsen
Chairman of the Board of Directors



8. TO REVIEW RELATED PARTY TRANSACTIONS ENTERED BY THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AS SET OUT IN NOTE 22 OF THE FINANCIAL STATEMENTS IN LINE WITH ARTICLE 189 OF THE COMMERCIAL COMPANIES LAW.

(As detailed in the Corporate Governance Report)



9. TO DISCHARGE THE BOARD OF DIRECTORS FROM THEIR LIABILITY IN RESPECT OF MANAGEMENT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2022.



10. APPOINTMENT/ REAPPOINTMENT OF THE EXTERNAL AUDITORS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 AND AUTHORIZING THE BOARD OF DIRECTORS TO DETERMINE THEIR FEES.



11. ANY OTHER BUSINESS IN ACCORDANCE WITH ARTICLE 207 OF THE COMMERCIAL COMPANIES LAW



APM TERMINALS

Lifting Global Trade

