



# Integrated Annual Report 2023

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**Khaled Abdulla  
Al Qubaisi**

**Chairman, Tabreed**

## Chairman's Message

*Tabreed is this region's original district cooling company and 2023 was an incredibly important year for everyone in this pillar of the UAE business community. This is now a global company, operating in six countries, and there is much more to come.*

*As you will see, Tabreed's 2023 annual report provides ample evidence that the company is steering a steady course, reaping the rewards of shrewd past investments while carefully entering new markets with a stated aim to grow its portfolio when the time and conditions are favourable. This considered, cautious approach means Tabreed is safe for investors, who consistently see record returns as this robust company's prudent management of cashflow and long-term contractual arrangements with clients means it can plan ahead with surety and agility.*

*Group revenue increased during 2023 by 9% compared to 2022, to AED 2.4 billion, and Tabreed's EBITDA remains resilient at AED 1.2 billion with a healthy margin of 50%. Pre-tax net profit attributable to parent has risen by a remarkable 25% and our net finance costs have fallen by 24% – all of which point to Tabreed being perfectly positioned for its next stage of growth.*

*International expansion is a key objective for Tabreed, as we build on the groundwork already carried out in India and elsewhere. The demand for the services we provide is growing and our quarter century of industry expertise is unrivalled anywhere in the world. COP28 proved that there is still a mountain to climb when it comes to decarbonising, particularly in the real estate sector, and Tabreed is well placed to help countries meet their individual net-zero targets through energy efficiency and economies of scale.*

*As countries develop economically, district cooling is viewed less as a luxury and more a necessity, and the data speaks for itself. During 2023 Tabreed's operations around the GCC saved 2.52 billion kilowatt hours, enough to power more than 143,000 homes every year. In turn, this prevented the release of 1.5 million metric tons of CO2 into the atmosphere – equivalent to taking approximately 330,000 internal combustion engine vehicles off the roads.*

*Talk to anyone at Tabreed and they will express their genuine pride at working for this home-grown UAE business which does so much good for society. We're looking to the future, not with fear or trepidation, but eager anticipation and the strongest possible work ethic. Tabreed is an undeniable force for good and we're steering the global conversation on sustainable cooling.*

*It's the loyal, unwavering support of our investors, stakeholders and staff which makes all of this possible, of course. And to each of you I again express my sincerest appreciation and a reaffirmed commitment to ensuring Tabreed continues to go from strength-to-strength.*



**Khalid Abdulla  
Al Marzooqi**  
CEO, Tabreed

## CEO's Message

The year 2023 was always going to be an exceptional one for Tabreed. Founded in 1998, this company started with a minute team with big ambitions and, 25 years on, when we celebrated our silver jubilee, it was with an enormous sense of pride at what we've gone on to achieve. The company has grown beyond anyone's expectations and now employs more than 1,000 people from 40 different countries, and is providing essential, sustainable cooling to clients in six countries, including two outside the GCC.

At Tabreed we don't grow for growth's sake, with each and every investment carefully weighed and impeccably managed. And we never forget our roots, paying close attention to the markets that gave us our early successes. To that end, during 2023 we added 53,000 Refrigeration Tons (RT) of new customer connections and six new plants were added to our portfolio in the GCC and beyond, increasing our total connected capacity to 1.303 million RT while consumption volumes increased by 8% compared to 2022.

It was also a year in which we shone an even brighter spotlight on the undeniable benefits district cooling brings to society, by being more active than ever in the public discourse on sustainability. We exhibited at the second World Utilities Congress, exclusively sponsoring as 'Cooling Partner' and, during COP28 in December, we exhibited on Mubadala's pavilion as one of the group's specially chosen portfolio companies, and were extremely active in high-level debates, panel discussions and roundtables.

We aligned more closely with the UAE's net-zero agenda, too, in what was billed as the Year of Sustainability, becoming signatories to the UAE's Responsible Companies Pledge, the Abu Dhabi Sustainable Finance Declaration and the Global Cooling Pledge, each one a clear and transparent commitment to assisting this country and others in reaching their individual decarbonisation targets.

Our investments in AI are proving to be particularly sound – harnessing 25 years' worth of real-world operational data gives Tabreed an enviable edge when it comes to predicting client demand and increasing operational efficiency. But we're not fixated on technology at the expense of our existing portfolio of assets. For example, our Variable Frequency Drive (VFD) retrofit programme has been incredibly successful and, over the next ten years, will save an additional 223 million kWh, consequently preventing the release of a further 105,000 metric tons of CO2 emissions.

This annual report provides much reason for cheer and optimism, outlining Tabreed's excellent financial standing with detailed analysis of its operations both at home and abroad. We are the world's leading authority on sustainable district cooling and our track record demonstrates time and again that what we do matters – to everyone, everywhere.

## Tabreed at a Glance

**6** Countries:  
UAE, Saudi Arabia,  
Oman, Bahrain, Egypt  
and India

Further international  
expansion targeted

**90**  
Operating plants

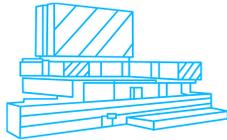
Equivalent to  
cooling  
**130**  
towers the size  
of Burj Khalifa

X 130

**1.3m RT**  
cooling delivered  
to clients

The preferred partner for sustainable cooling.

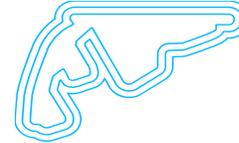
## Exclusive provider of DC services to several iconic projects



Cleveland Clinic  
Abu Dhabi



Sheikh Zayed  
Grand Mosque



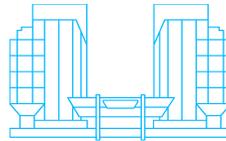
Yas  
Marina Circuit



Yas Mall



Rosewood  
Abu Dhabi



Abu Dhabi Global  
Market Square



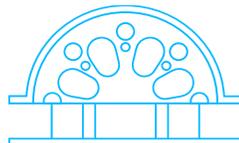
Dubai  
Metro



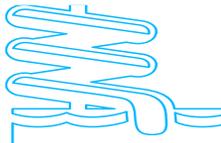
Ferrari  
World



SeaWorld  
Abu Dhabi



Dubai Parks  
and Resorts



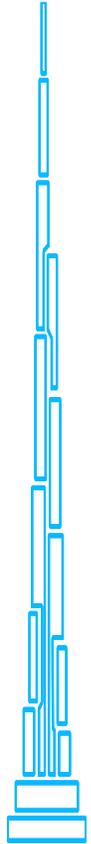
Yas Waterworld



Louvre  
Abu Dhabi

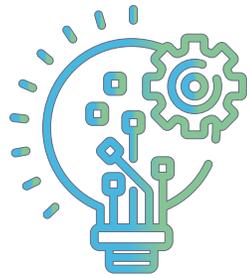


Etihad  
Towers



Burj  
Khalifa

# At the forefront of decarbonisation and reduction in energy consumption



Pioneering various innovations, technologies and initiatives



## Utilisation of TSE

Pioneering the use of TSE by recycling sewage water which would otherwise be discharged into the environment



## Variable Frequency Drives (VFDs) Retrofit

Completed phase 3 of Tasheel programme, extensive retrofit of VFDs to increase energy efficiency



## Nanofluid Pilot Study

Concluded the world's first pilot project of its kind, demonstrating results that provide real hope for significant gains in energy efficiency



## Use of sea water to protect scarce resources

Utilising sea water where possible, leading to substantial reductions in water consumption while ensuring no harm to marine ecosystems



## Management of hazardous waste

Active engagement with Environmental Service Providers for the management of hazardous materials from various plants



## Renewable Energy

Completed new Geothermal plant and investing in solar energy at key UAE locations

Annual reduction in energy consumption (In Billions of kWh)



# Environmentally RESPONSIBLE operations preventing Greenhouse Gas emissions



**2.52 billion kWh**

reduction in energy consumption in 2023



**~143,000**

Homes powered in the GCC every year (equivalent)



**1.5 million MT**

prevention of CO<sub>2</sub> emissions



**~330,000**

Cars removed from roads annually

# 2023 Overview



## Resilient Business Model

- A utility-like essential service considering the warm climate of the Middle East with operational track record of 25 years
- The pass-through clauses in most of Tabreed's contracts limit its exposure to fluctuations in the cost of utilities
- Robust and resilient business underpinned by long-term contracts; low non-renewal risk given significant upfront investments



## Cash Flow Visibility

- Operating Cashflow has grown by 14% annually since 2019
- Deleveraging on track (Net debt to LTM EBITDA reduced from 5.97x end of 2021 to 4.11x end of 2023); Investment grade status reiterated by both Fitch (BBB) and Moody's (Baa3) with stable outlook
- Sufficient capacity to pursue multiple growth avenues and return cash to shareholders
- Dividend payout ratio from 2019 to 2023 has been 68% on average



## Strategic Partnerships

- Leveraging partnership model to grow business and achieve operational excellence
- Successfully established a presence in the Indian market through a partnership with the IFC as well as a valuable strategic alliance with TRIL
- Entered Egyptian market with Marakez and Gascool for D5M Mall
- Implemented Nemo, ENGIE's bespoke AI operations software, for Downtown DCP network, to enhance operational excellence



## Advancing Sustainability Goals

- Provider of critical infrastructure to achieve energy efficiency and decarbonization ambitions
- Green Financing Framework further strengthens our commitment to finance sustainability initiatives and advance ESG goals



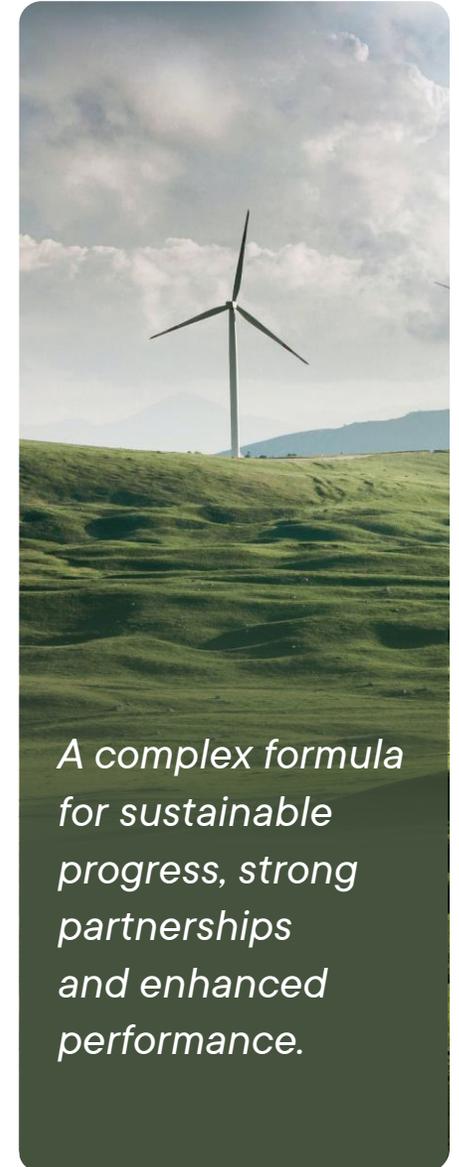
## Sizeable Growth Opportunities

- Strong track record of delivering growth (~390k RT added over 2019-23 through greenfield and brownfield excluding Qatar Cool divestment)
- Additional concessions capacity of ~300k RT to be connected in medium term
- Well positioned to capitalize on presence in large markets such as Saudi Arabia/India that are expected to grow at a faster pace
- Continuously exploring inorganic growth opportunities with disciplined capital allocation



## Strong Corporate Governance

- Listed on the DFM with strong corporate governance driven by Mubadala and ENGIE board members
- All board members except the Chairman are independent and the board is entirely non-executive with 2 women board members



A complex formula for sustainable progress, strong partnerships and enhanced performance.

## Tabreed at COP28: Demonstrating Perfect Synergies



### The UAE's Biggest Event

For two weeks in December, the eyes of the world were focused on Dubai as the 28th Conference of the Parties took place at the EXPO site, and Tabreed was an active participant throughout.



# COP28 UAE

#### Highlights of Tabreed's Participation

In partnership with UNEP Tabreed helped facilitate the launch of the Global Cooling Pledge which targets the reduction of cooling-related emissions by 68% before 2050.

#### Helping the Next Generation of Entrepreneurs

Tabreed supported the launch of the Hub71 + ClimateTech programme, which assists start-ups to take advantage of Abu Dhabi's progressive regulatory environment. Tabreed is proud to be a Corporate Anchor Partner to accelerate decarbonisation, alongside Siemens Energy and TAQA.

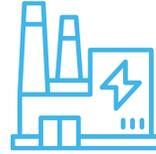
#### Advancing Sustainable Cooling Solutions through Green Financing

Tabreed successfully secured AED 600M Inaugural Green Revolving Credit Facility (RCF) in partnership with First Abu Dhabi Bank (FAB), Abu Dhabi Commercial Bank (ADCB) and Emirates NBD.

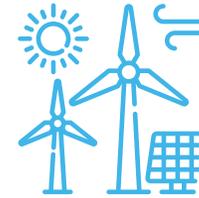
# Geothermal: a New Chapter for Sustainable Cooling



*In August 2023, Tabreed announces its partnership with ADNOC to develop, build and operate a new plant powered by sustainable geothermal energy in Masdar City*



*It takes just three months to build the plant, with a special absorption chiller that turns almost boiling hot water into chilled*



*The geothermal plant, known as G2COOL, captures the world's imagination and heralds a new dawn in sustainable district cooling. Further sites with geothermal potential are identified around the UAE, as well as internationally. Tabreed has proved the concept works and plans to expand its reach*



*This pioneering pilot project has confirmed that geothermal provides a viable, renewable source of clean energy that can support district cooling across the UAE. Our partnership with ADNOC on geothermal shows what can be achieved through a shared commitment to progress.*



## Variable Frequency Drive (VFD) Retrofit Delivers Results

In 2019 Tabreed's O&M dept. started a five-year efficiency plan (Tasheel 3) to better understand the impact of VFDs, retrofitting where appropriate to increase plant energy efficiency. In 2023 the investment paid for itself, a year early.



Identifying plants to benefit from VFD retrofit



Insight from Original Equipment Manufacturers (OEM)



Increased efficiency, lower costs, significant GHG prevention

Original motors worked at fixed speeds no matter the load. VFDs enable regulation of power, instantly making them more energy efficient

01

Targeted retrofits

03

Reduced operating cost

02

Huge energy savings

04

Environmental benefits

Predicted 10-year savings of 223 million kWh, preventing 105k metric tons of carbon emissions

## Connected Capacity (kRT)

| Consolidated                  | Dec 2022     | Q1 2023      | Q2 2023      | Q3 2023      | Dec 2023     |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>UAE</b>                    | 1,060        | 1,071        | 1,077        | 1,051        | 1,053        |
| <b>Bahrain</b>                | 34           | 34           | 35           | 35           | 37           |
| <b>Oman</b>                   | 52           | 53           | 53           | 53           | 53           |
| <b>India</b>                  | -            | -            | -            | 1            | 1            |
| <b>Egypt</b>                  | -            | -            | -            | -            | 3            |
| <b>Total Consolidated</b>     | <b>1,146</b> | <b>1,158</b> | <b>1,165</b> | <b>1,140</b> | <b>1,146</b> |
| <b>Equity Accounted</b>       |              |              |              |              |              |
| <b>UAE</b>                    | 9            | 9            | 7            | 40           | 33           |
| <b>KSA</b>                    | 110          | 110          | 124          | 124          | 124          |
| <b>Total Equity Accounted</b> | <b>119</b>   | <b>119</b>   | <b>131</b>   | <b>164</b>   | <b>157</b>   |
| <b>Total</b>                  | <b>1,264</b> | <b>1,276</b> | <b>1,296</b> | <b>1,304</b> | <b>1,303</b> |

# Capacity Growth Guidance

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 CEO's Message

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| 2023/24 Two years guidance | kRT |
|----------------------------|-----|
| 2023/24 Capacity Guidance  | 120 |



Capacity guidance for 2023 and 2024 is 120k RT

Of the guided capacity around 60% is expected to be contributed by consolidated entities and balance 40% by equity accounted entities

| 2022/23 Two years guidance        | kRT |
|-----------------------------------|-----|
| 2022/23 Capacity Guidance         | 120 |
| 2022/23 Actual Capacity delivered | 109 |



109k RT was added in 2022 and 2023, which included 67k RT in UAE, 20k RT in Oman, 14k RT in Saudi, 3.5k RT in Bahrain, 3k RT in Egypt and 1k RT in India

Actual capacity is 87% from the consolidated entities

| 2021/22 Two years guidance        | kRT |
|-----------------------------------|-----|
| 2021/22 Capacity Guidance         | 120 |
| 2021/22 Actual Capacity delivered | 95  |



95k RT was added in 2021 and 2022, which included 74.5k RT in UAE, 19k RT in Oman and balance 1.5k RT in Bahrain

Actual capacity is 100% from the consolidated entities

## Performance Highlights



Revenue grew by 9% to AED 2.4 billion with healthy EBITDA margin of 50%



Expanded capacity by 53k RT, largely driven by organic growth



AED 600 million Green RCF signed under green financing framework



Expanded presence outside GCC with entry in India and Egypt



Started operations of the region's first Geothermal district cooling plant in Masdar City, UAE



Continuing to secure future growth with the new projects announced in Saudi Arabia and India

### Return on Capital Employed and Return on Equity



## Financial Highlights: 2023 vs. 2022

**+9.0%**  
**Total Revenue**  
AED 2,415m

**+9.0%**  
**Chilled Water Revenue**  
AED 2,333m

**+0.5%**  
**Profit from Operations**  
AED 806m

**-2.8%**  
**EBITDA**  
AED 1,198m

**+25.2%**  
**Net Profit Before Tax\***  
AED 751m

**-28.2%**  
**Net Profit\*\***  
AED 431m

LT Issuer Credit Rating

**Baa3 / BBB**

Moody's / Fitch

**Stable Outlook**

\*Net Profit attributable to parent before tax

\*\*Net Profit attributable to parent after recognizing one-off non-cash deferred tax liability

## Full Year Dividend: 2023 vs 2022

**+14.8%**  
**Dividend Per Share\*\*\***

**100% Cash**

AED 15.5 Fils

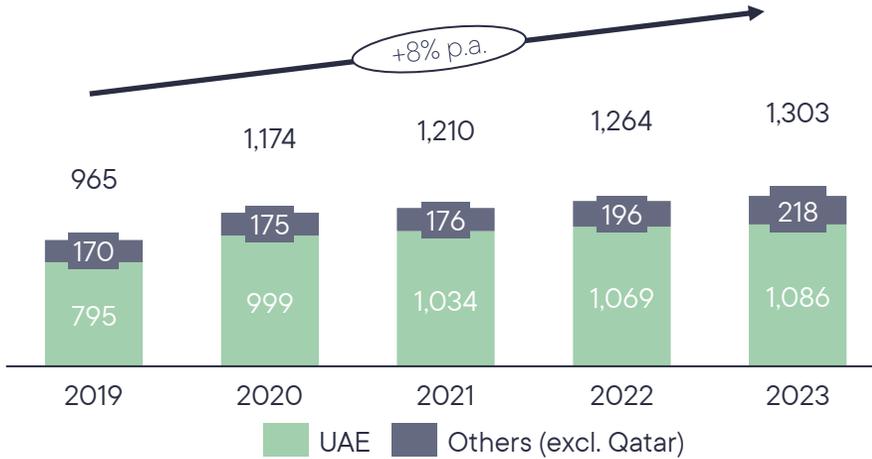
**102.2%**

**Dividend Payout**

\*\*\* Subject to shareholders' approval during Annual General Assembly

## Headline Performance (1/3)

### Group Connected Capacity<sup>1</sup> (kRT)

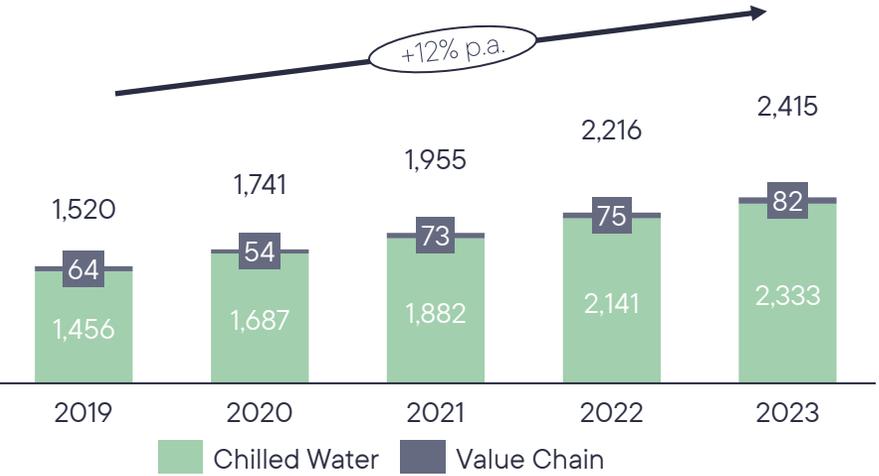


### Long-term Contracts With Credit Worthy Customers

- Providing over 1.3m RT of cooling across GCC, Egypt and India – grown at 8% CAGR since 2019.
- Long term contract (~25 years) and stable revenues. 77% of contracted capacity locked in for at least the next 10 years.
- About 71% of revenues from wholly government owned and partially government owned entities.

1) Excluding Qatar Cool divestment

### Group Revenue (AEDm)

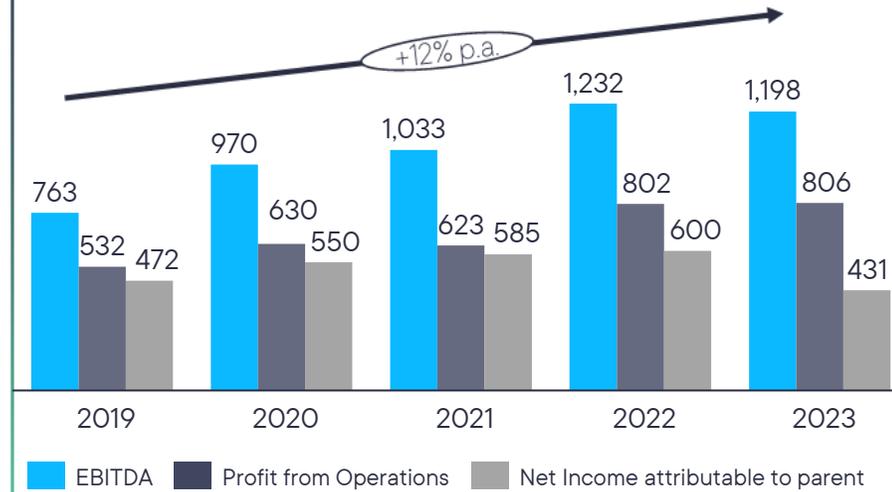


### Revenue Growth From Existing And New Business

- Group Revenue (97% from Chilled Water business in FY 2023) increased at a robust CAGR of 12% over 2019-23.
- Revenue growth from new connections, increased consumption volumes and CPI increase
- Utility-like business model allows highly visible revenues, resilient profitability and sustained financial strength.

## Headline Performance (2/3)

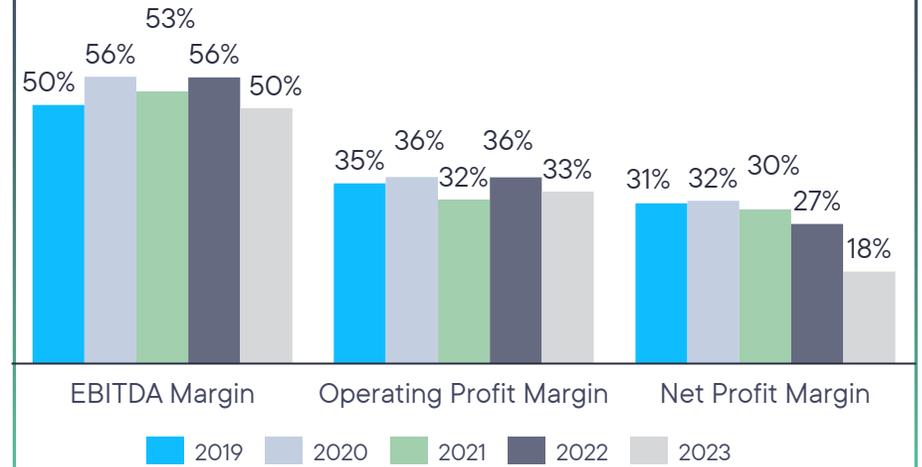
### Financial Results (AED m)



### Financial Performance

- Predictability in earnings driven by fixed capacity charge.
- EBITDA has grown 12% annually since 2019, underscoring sustained operational efficiency and profitability.
- Profit from Operations has grown 11% annually since 2019.
- Net Income before tax has grown 12% annually since 2019. Net Income after tax sustained annual growth of 8% over 2019-22, however, was impacted by non-cash deferred tax liability in 2023.

### Key Margins

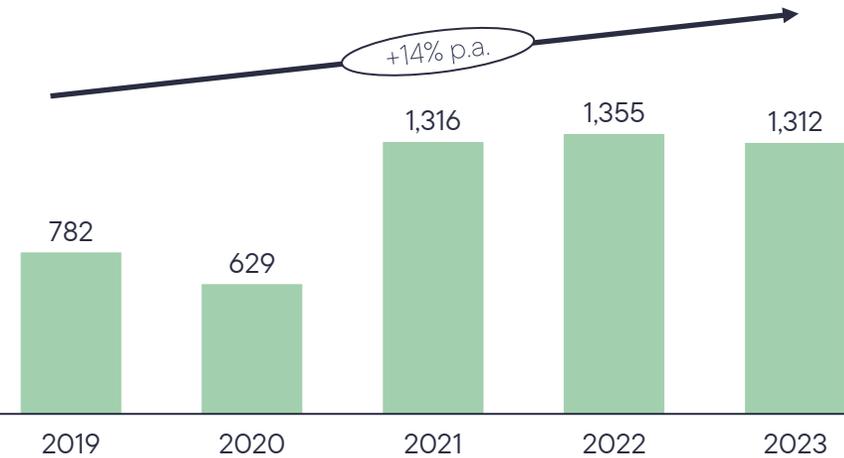


### Margin Sustainability

- Demonstrating resilient business model, the EBITDA margin remained robust at 50% in FY 2023, maintaining an average margin of 53% from 2019-23.
- Ability to effectively generate sustainable profits is evident through the Operating Profit margin of 33% in FY 2023, with yearly average margin of 34% over 2019-23.
- Net profit margin of 18% in FY 2023 (impacted by deferred tax liability), with an average margin of 28% over 2019-23.

## Headline Performance (3/3)

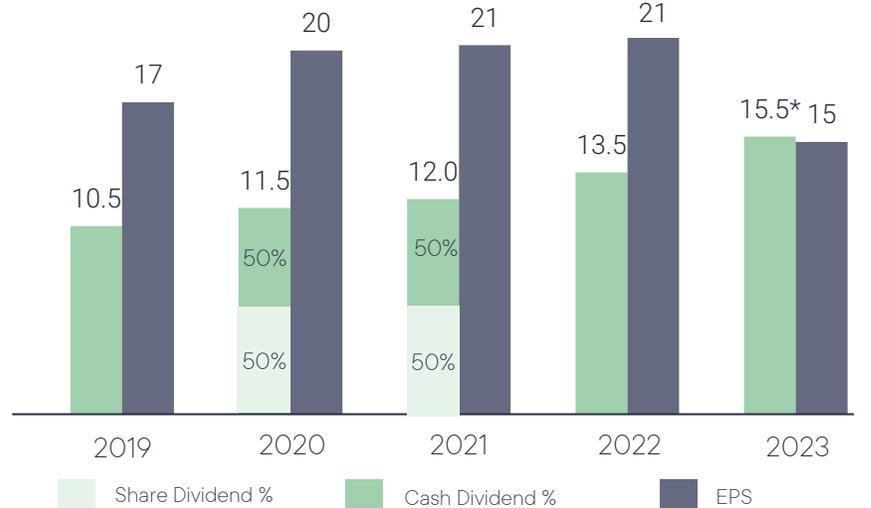
### Net Operating Cashflows (AED m)



#### Net Operating Cashflows

- Net Operating Cash Flows recorded remarkable annual growth of 14% over 2019-23, reflecting growth in business, operational excellence and ability to efficiently manage working capital.
- Consistently growing cash flows provide a strong foundation to maintaining financial strength, expanding our operations and adopting a sustainable dividend policy.

### EPS and Dividend Breakup



#### Returns to Shareholders

- Dividend payout ratio from 2019 to 2023 has been 68% on average.
- Dividend per share has grown 10.2% annually since 2019.
- 2023 dividend of 15.5 fils is an increase of 14.8% (2.0 fils) from previous year, to be paid as 100% cash distribution.

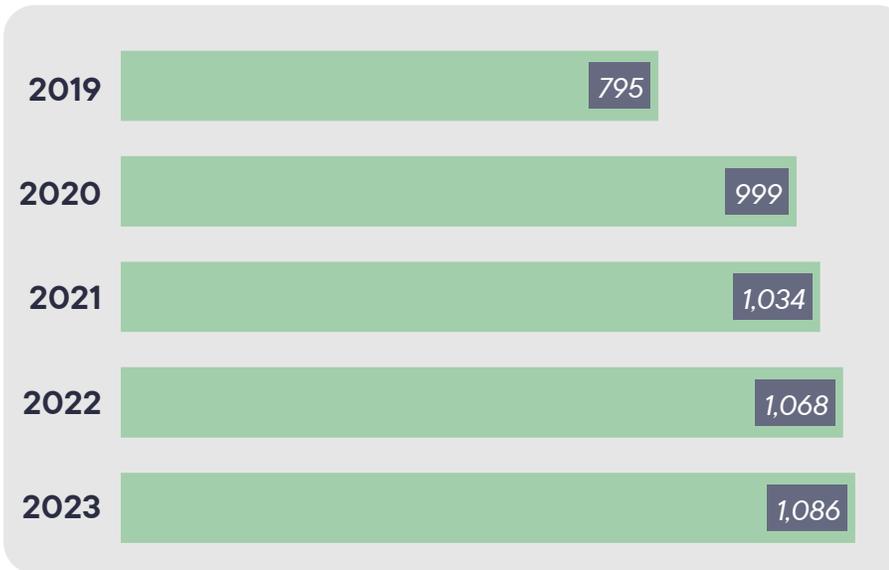
\* Subject to shareholders approval during Annual General Assembly

## Overview – Historical Highlights

### UAE Capacity (k RT)

Over the past five years, Tabreed's UAE capacity has witnessed an average growth rate of 8% p.a. This is attributable to milestone acquisitions in recent years, including Downtown DCP, Saadiyat DCPs and Masdar DCP assets.

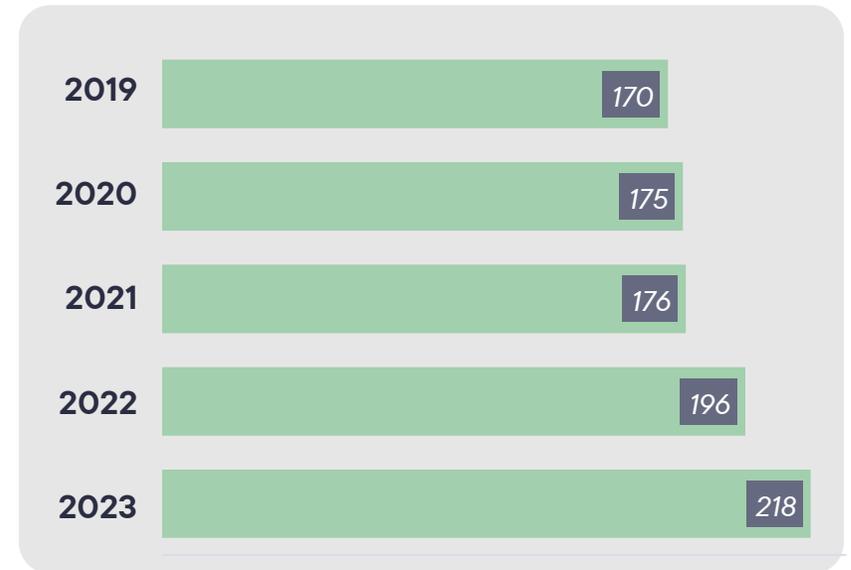
During 2023, Tabreed continued to benefit from its long-term existing concessions, delivering an additional 2% increase in the UAE capacity.



### GCC & Others Capacity (k RT\*)

Tabreed Oman and Saudi Tabreed led the growth in capacity outside UAE, with notable contributions from the flagship premium real estate development of Al Mouj in Muscat and new greenfield projects delivered in Saudi Arabia.

During 2023 alone, GCC & others have seen 11% growth in connected capacity driven by addition of new projects in Saudi Arabia and entry in new countries such as Egypt and India.

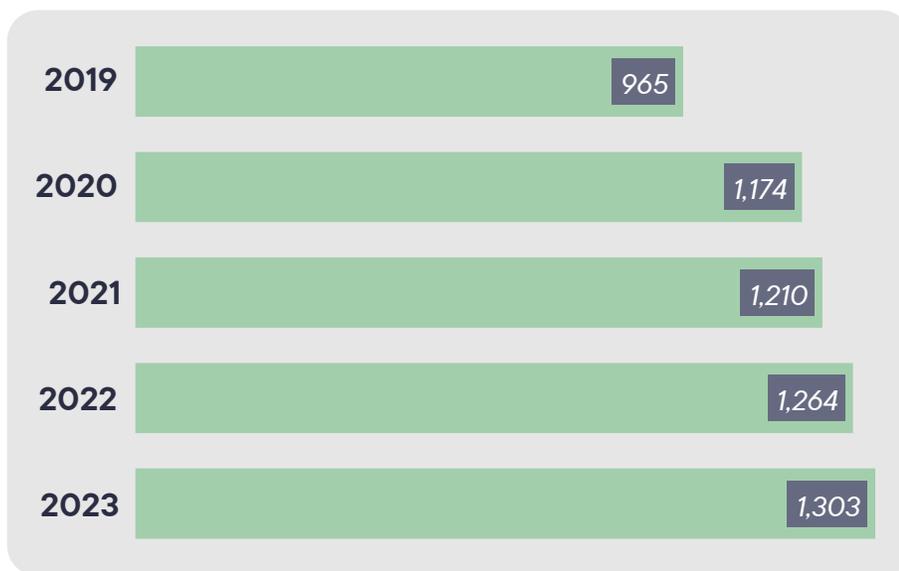


\*Normalised for Qatar Cool divestment

### Group Connected Capacity (k RT\*)

The Group's connected capacity increased at an average growth rate of 8% p.a. over the past five years, further strengthening the Company's local ,regional and international presence.

Tabreed delivered 53k Refrigeration Tonnes (RT) of capacity growth during 2023 (before disposals and load adjustments), with combined contributions from the UAE, Egypt, India and other GCC countries. The additions in connected capacity from 2022 to 2023 is mainly on account of organic growth.



\*Normalised for Qatar Cool divestment

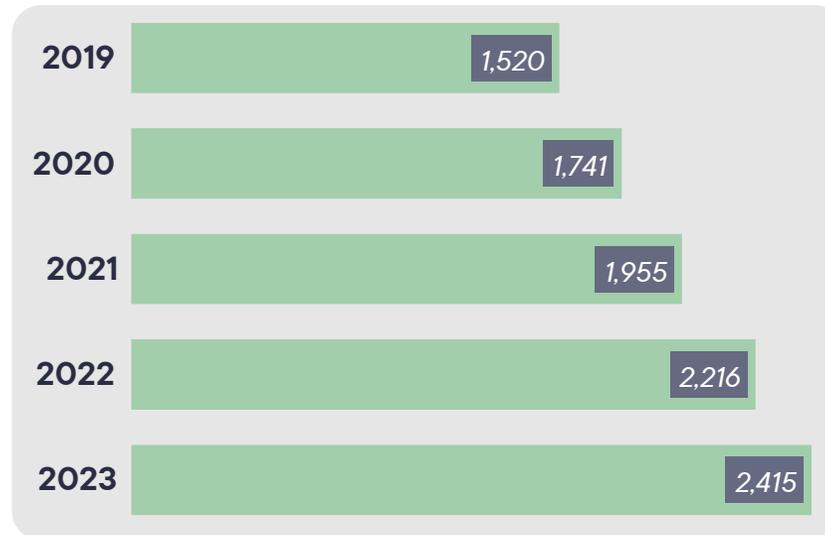
### Number of Plants\*

Tabreed's total number of plants has increased by 4 (Net of Disposals) compared to the previous year. The growth was propelled due to addition of new plants in UAE, India, Egypt and other GCC regions.



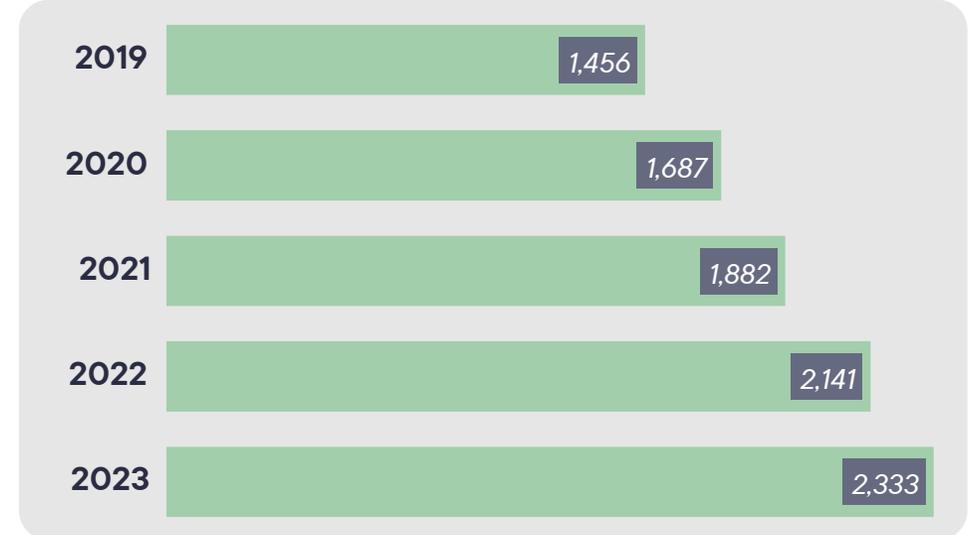
## Group Revenue (AEDm)

Total revenue increased by 9% from 2022, primarily led by an increase of 9% in chilled water revenue, which underscores the company's strong financial performance and provides stable and predictable long-term returns. The core chilled water business represents 97% of total revenue.



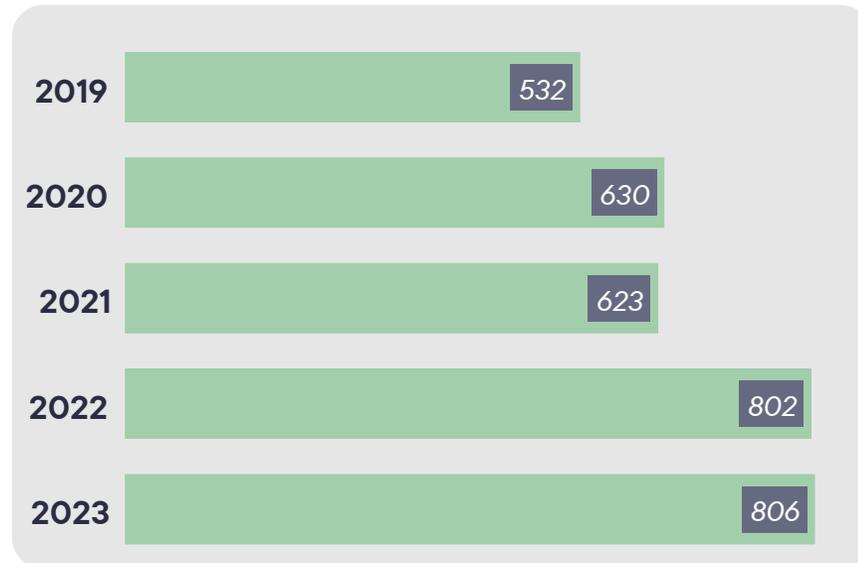
## Chilled Water Revenue (AEDm)

Our core chilled water business model continues to deliver predictable and sustainable returns on the foundation of our long-term, price-certain contracts with our customers across the GCC. Around 71% of our revenues come from wholly government owned and partially government owned entities. During 2023, chilled water revenue grew 9%, through connected capacity of over 1.30m RT of cooling across the GCC, India and Egypt.



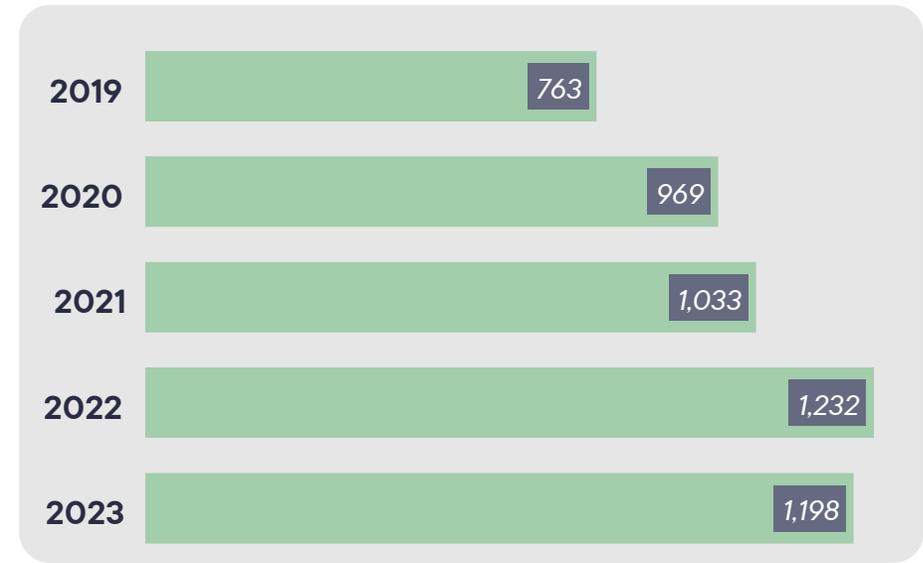
### Profit from Operations (AEDm)

Profit from operations margin in 2023 was 33%, broadly consistent with the past five- year average, and an average growth rate of 11% p.a. since 2019. The increase in 2023 was primarily driven by the increase in performance of existing chilled water business and growth achieved through organic business. Tabreed continues to prioritise operational efficiency through innovative performance programmes focusing on both plant operations and controls. These programmes further enhance our sustainability credentials by reducing CO<sub>2</sub> emissions.



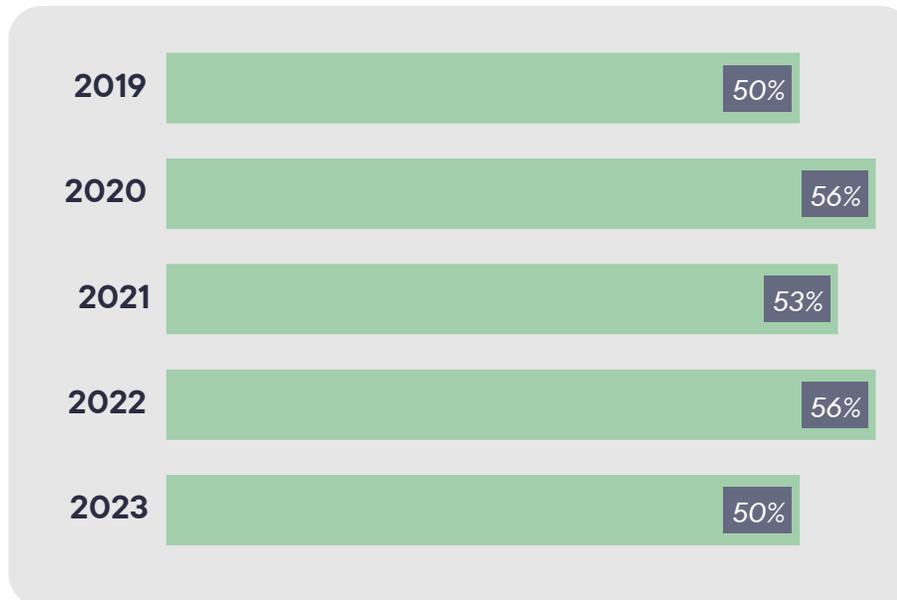
### Group EBITDA (AEDm)

EBITDA declined by 3% in 2023, with resilient EBITDA margins at 50%. EBITDA has grown at an average annual rate of 12% since 2019. This is driven by a combination of growth through acquisitions, strong chilled water performance, the addition of new customer connections to the portfolio and continued focus on cost control and efficient operations.



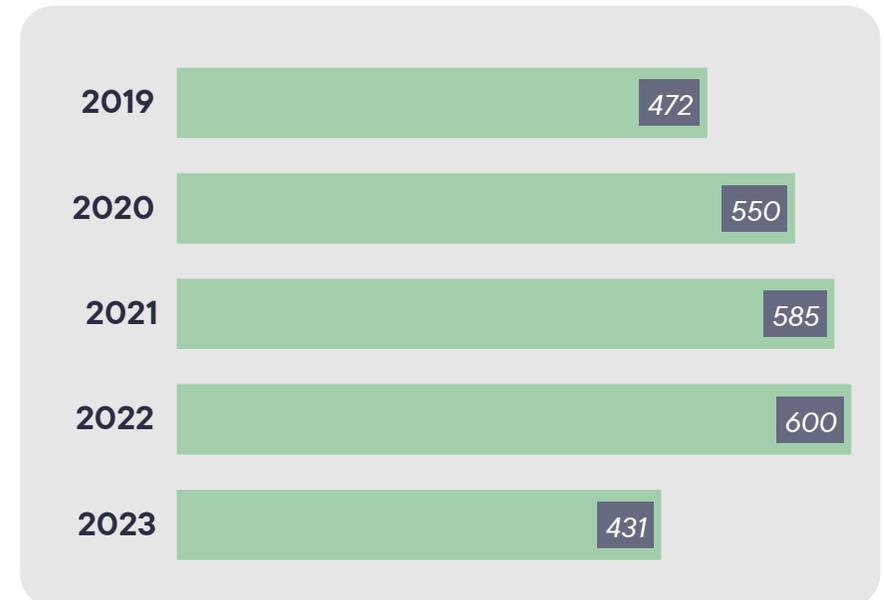
### Group EBITDA Margin (%)

EBITDA margin in 2023 stood at 50%. The five-year average EBITDA Margin is 53% from the period 2019 to 2023.



### Net Profit (AEDm)

Net income before tax reported strong growth in 2023 driven by resilient profit from operations and reduction in net finance cost due to proactive liability management and increase in interest income. Net income margin before tax in 2023 was 31% and after considering the impact of deferred tax liability, it stood at 18%.



## Board of Directors



### Khaled Abdulla Al Qubaisi

**Chairman, Non-Executive, Non-Independent**

Khaled Al Qubaisi is the Chief Executive Officer of Real Estate and Infrastructure Investments at Mubadala. In this role he oversees the platform's business sectors which invest in attractive real estate and infrastructure opportunities to mitigate volatility and achieve financial stability in support of the organization's wider business ambitions in other sectors. The platform includes three sectors which are Traditional Infrastructure, Digital Infrastructure, and international Real Estate Investments.

Before joining Mubadala, Mr. Al Qubaisi was the Chief Investment Officer at International Capital and was the Head of Corporate Finance and Business Development at the National Bank of Abu Dhabi, where he focused on developing the bank's investment banking capabilities.

Mr. Al Qubaisi sits on the boards of Abu Dhabi Global Market (ADGM), Connect Infrastructure Topco Limited (CityFibre), Emirates Integrated Telecommunications Company (du), and Insurance House. Mr. Al Qubaisi is also the Chairman of the National Central Cooling Company (Tabreed), Chairman of Finance House and Director of Abu Dhabi Motor Sports Management.

He holds a Master of Project Management (MSPM) degree from George Washington University, and a Bachelor's degree in finance and operations management from Boston University.



### Paulo Almirante

**Vice Chairman, Non-Executive, Independent**

Paulo Almirante is currently Senior Executive Vice President in charge of the Global Business Unit Renewables, Global Energy Management and Nuclear Production activities, and is a member of ENGIE's Executive Committee.

He is a board member of several ENGIE group companies. He holds a Master of Science degree in Mechanical Engineering Production Management and a Master's degree in Mechanical Engineering Thermodynamics from the Instituto Superior Técnico in Lisbon, Portugal.



## H.E. Dr. Alyazia Ali Al Kuwaiti

**Board Member, Non-Executive, Independent**

*Dr. Alyazia Ali Al Kuwaiti is the Executive Director of the Energy portfolio in Mubadala, responsible for ensuring the effective management of its global energy operating companies, including oversight of their business plans, growth strategies and overall performance.*

*Dr. Alyazia's corporate boards experience is primarily in the energy and industrial sector, with a strong record in financial and strategic value creation. In January 2021, she was nominated as a member of Mubadala's Investment and Business Planning Committee, which approves incoming transactions across the entire group of sectors including technology, financial services, real estate, healthcare, consumer and others.*

*A leading female figure in the UAE's energy investments sector, Dr. Alyazia plays an active role in accelerating the professional development of young Emiratis and is a strong advocate for the advancement of women in both the local workforce and, more broadly, in the international Energy scene.*

*She holds a bachelor's degree in Accounting and Finance from Portobello College in Dublin, Ireland; a Master's in International Business from the University of Wollongong in Dubai; and a PhD in Business Administration from UAE University on the topic of Corporate Governance in Publicly Listed Companies in UAE stock markets.*



## Dr. Bakheet Al Katheeri

**Board Member, Non-Executive, Independent**

*Dr. Bakheet is the Executive Director of the UAE Industries unit within Mubadala's UAE Investments platform. The platform contributes to the acceleration of the UAE's economic transformation, and investing in national world class champions, fostering vibrant industrial and commercial clusters, and partnering with world-class global entities.*

*Until 2020 he was CEO of Mubadala Petroleum where he was responsible for maintaining overall responsibility for MP's global operations, health & safety, strategy & growth, finance as well as managing the company's human capital.*

*With over 20 years of diverse experience in the energy sector, Dr. Bakheet is a member of industry Boards and committees in the UAE including ADNOC Group, Cepsa, Oil Search, Mubadala Petroleum, and Emirates Global Aluminium.*

*Before joining Mubadala Dr. Bakheet held positions at Abu Dhabi National Oil Company (ADNOC), leading production and facilities engineering for five of its operating companies, covering all offshore operators in Abu Dhabi.*

*Dr. Bakheet holds a BSc degree in Petroleum Engineering and applied Mathematics from the University of Tulsa (Oklahoma, USA) and MSc in Environmental Science from UAE University. He also holds an Executive MBA from HCT, UAE, and a Doctorate of Business Administration from the College of Business and Economics, UAE University*



## Musabbeh Al Kaabi

**Board Member, Non-Executive, Independent**

*Musabbeh Al Kaabi leads ADNOC's Low Carbon Solutions & International Growth Directorate. He is responsible for driving ADNOC's investments in new energies and low carbon solutions, as well as its international growth, technology, and sustainability strategies. .*

*Al Kaabi currently serves as Chairman of the Board of Directors of Mubadala Energy and Yahsat. He is also a board member of Masdar, Tabreed, ADNOC Gas and Environment Agency - Abu Dhabi. In the past, he has served on the boards of several leading organizations including First Abu Dhabi Bank, Dolphin Energy, Emirates Global Aluminium, Borealis, Cepsa, NOVA Chemicals and Cleveland Clinic Abu Dhabi.*

*Musabbeh holds a Bachelor of Science degree in Geophysical Engineering from Colorado School of Mines and a Master of Sciences degree in Geoscience from Imperial College, London.*



## Pierre Cheyron

**Board Member, Non-Executive, Independent**

Chief Development and Strategy Officer of ENGIE Energy Solutions and member of the operational executive committee of ENGIE.

Until 2020, Pierre was the CEO of ENGIE Southeast Asia, leading one of the fastest growing key business clusters in the Asia-Pacific organisation towards Zero-Carbon Transition by delivering integrated solutions to its customers.

Pierre joined ENGIE in 2011 as CEO of Cofely Southeast Asia, and then overseeing all Service activities of ENGIE in the Asia-Pacific region from 2015 to 2018. Prior to ENGIE, Pierre was with Alcatel-Lucent in various key management roles in Asia and Europe. He was appointed President of the Malaysian French Chamber of Commerce & Industry from 2011 to 2015 and is currently a member of the board with the French Chamber of Commerce in Singapore.



## Claire Béchaux

**Board Member, Non-Executive, Independent**

Claire Bechaux began her career as an auditor of industrial groups at Deloitte. In 2000, she joined the Veolia Environmental Services division, where she held various financial positions in France and the United States.

In 2007, after 6 years in the United States, she joined Veolia's Finance and Treasury Department, where she notably worked on the structuring and reorganization of the function within the Group, and of which she took over the management in 2014.

Since 2018, as Chief Financial Officer for Veolia's global water treatment technology activities, Claire Bechaux has supported the strategic repositioning and transformation of this Business Unit.

Claire joined Engie in July 2022 as Chief Operating Officer for the Global Business Unit Energy Solutions. She is a member of the GBU ExCom

Claire Bechaux is a graduate of the Audencia Business School.



## Geert Bunkens

**Board Member, Non-Executive, Independent**

Geert Bunkens is the VP Regional Hub for AMEA and VP of Finance for AMEA at ENGIE. He is based in Dubai and brings to the table extensive experience in project financing, financial planning and analysis, profit-and-loss leadership, and mergers and acquisitions.

Geert joined ENGIE's project finance team in 2005 and quickly advanced his career. He managed corporate financing in Belgium and Australia, led regional corporate finance operations, and served as CFO Asia Pacific in Singapore from 2018 to 2021. He holds a Master's degree in Commercial Engineering, majoring in Finance, as well as a Master's degree in Taxation from the University of Leuven (KU Leuven) in Belgium



## Saeed Ali Khalfan Al Dhaheri

**Board Member, Non-Executive, Independent**

Saeed Al Dhaheri is an executive Board member of Ali & Sons Holding LLC, where he serves on both the audit and the executive committees.

Moreover, Mr. Al Dhaheri is a Managing Director of Investments, overseeing investments in both Real Estate and public & private equities as well as Venture Capital. He is a non-executive director of National Central Cooling Company (Tabreed) and Peninsula Real Estate Management.

His past experience includes working as an analyst for Abu Dhabi Investment Authority and earning a bachelor's degree in Finance from the American University of Dubai.

All Board members confirm the information provided herein, true and accurate.

We also confirm that no delegations or authorizations to any Board member or member of executive management were granted by the Board in respect of duties and functions of the Board of Directors during the year 2023.

## Board of Directors Report

With each passing year, Tabreed fortifies its already iron-clad reputation as one of this country's most resilient companies.

Targeted, strategic, carefully planned growth continues to manifest meaningful results that benefit shareholders, employees, clients, and the districts and communities in which we operate.

As we take our globally renowned expertise into new markets, we further our positive impact by helping to negate climate change through optimum efficiencies. And we do this, always with sustainability as a cornerstone of our continuous success.



### Financial Highlights

In 2023, Tabreed continued to improve on the strong financial performance of recent years. Highlights include:

- Group revenue increased by 9% to AED 2.4 billion (2022: AED 2.2 billion).
- EBITDA remained resilient at AED 1.2 billion with healthy margin of 50%.
- Net profit (pre-tax) attributable to the parent increased by 25% to AED 751.4 million (2022: AED 600.2 million).

### Operational Highlights

During 2023, Tabreed added 31,000 Refrigeration Tons (RT) of new connections in the UAE, 14,000 RT in KSA, 3,000 RT in Bahrain, 3,000 RT in Egypt, 1,000 RT in Oman and 1,000 RT in India.

- Total connected capacity increased to 1,303,000 Refrigeration Tons (RT).
- 53,000 RT of new customer connections added.
- Consumption volumes increased by 8% year-on-year.

### Environmental Impact Highlights

- 2.52 billion kilowatt hours saved across the GCC – enough to power approximately 143,000 homes every year.
- Prevented the release of 1.5 million metric tons of CO<sub>2</sub> into the atmosphere, equivalent to the removal of approximately 330,000 vehicles from the roads annually.

## Board of Directors Report (cont.)

### FEB

Tabreed announces record financial results for 2022, with a 19% increase in EBITDA to AED 1.23 billion and a 3% increase in net profit to AED 600.2 million, Board of Directors recommended record dividend payment of 13.5 fils per share, paid fully in cash.

### MARCH

Becomes signatory to the UAE Ministry of Climate Change and Environment's (MOCCAE) Climate-Responsible Companies Pledge. This was followed swiftly with participation in landmark event hosted by low-carbon energy giant, ENGIE, at Louvre Abu Dhabi: 'E4 - Defining the Pathway to a Carbon Neutral Economy'.

### MAY

Tabreed exhibits at World Utilities Congress, sponsoring as 'Cooling Partner'. Enters first deal in India through strategic alliance with TATA Realty and Infrastructure Ltd. Deal includes investment of AED 44.34 million in TATA's Intellion Park special economic zone (SEZ) development in Gurugram,.

### AUG

Announces strategic partnership with ADNOC and breakthrough in the first project in the MENA region to harness geothermal energy following the conclusion of testing on two geothermal wells at Masdar City in Abu Dhabi.

### NOV

Geothermal plant, developed in partnership with ADNOC, is completed and commences operations, opening a new chapter for sustainable cooling in the UAE. Announces results from pioneering nanofluid technology testing, with potential to achieve significant energy savings.

### DEC

Tabreed celebrates its 25th anniversary, signs the Abu Dhabi Sustainable Finance Declaration and plays an integral role in COP28, the most important event ever hosted by the UAE. Becomes signatory to the UN's Global Cooling Pledge and secures AED 600 million Green Revolving Credit Facility to advance sustainable cooling solutions and achieve further growth.

# Independent Auditor's Report

## To the shareholders of National Central Cooling Company PJSC

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

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

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

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these

requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### Revenue recognition

The Group generates revenue from its contracts with customers for the supply of chilled water and associated value chain in the UAE, Bahrain, Saudi Arabia, and Oman through its subsidiaries, associates and joint ventures. A significant proportion of the Group's revenues and profits is derived from long term contracts including lease arrangements.

Revenue from the supply of chilled water is recognized over time. The Group has applied judgement in classification of certain long-term customer contracts as operating or finance leases depending on the terms and conditions of the contracts.

Revenue from the value chain business is recognized over time for supervision and design of district cooling networks and at point in time for the sale of related equipment.

The Group's revenue recognition accounting policy is included in note 2.3.2 to the consolidated financial statements.

The Group recognised revenue of AED 2,415 million (2022: AED 2,216 million) for the year ended 31 December 2023. Revenue recognition is considered a key audit matter given the Group's varied nature of revenue arrangements and the magnitude of the amounts involved.

The audit procedures performed over this key audit matter include the following:

- We obtained an understanding of the business process flow and performed walkthroughs to understand the key processes and identify key controls;
- We assessed the relevant controls over revenue to determine if they had been designed and implemented appropriately and tested these controls to determine if they were operating effectively;
- We performed procedures to assess whether the revenue recognition criteria adopted by Group is appropriate and in accordance with the Group's accounting policy and the requirements of the IFRSs;
- We performed analytical procedures including data analytics on major revenue streams to test transaction initiation to recording process and compared the major revenue streams to prior year results;
- We obtained the key items and representative sample of revenue transactions and tested their occurrence, accuracy and recognition, by tracing them back to

supporting documents;

- We recalculated the finance lease income, on a sample basis, with reference to the respective lease models; and
- We assessed the disclosure in the consolidated financial statements relating to revenue recognition for compliance with the requirements of the IFRSs.

### Impairment assessment of goodwill

The Group has recorded goodwill amounting to AED 319 million (2022: AED 319 million) arising from the acquisition of two of its subsidiaries.

Management carries out impairment assessments of goodwill annually. Goodwill impairment testing is considered a key audit area given the significant estimates and assumptions involved in determining the value in use of the respective cash generating units. These estimates and assumptions relate to future cash flows, consumer price index and discount rates.

The audit procedures performed over this key audit matter include the following:

- We tested, together with our valuation specialists, the Group's impairment testing methodology and inputs used in the models as well as the assumptions relating to consumer price index and discount rates;
- We tested the mechanical accuracy of the cash flow models;
- We assessed the sensitivity of available headroom in the respective CGUs to changes in key assumptions;
- We compared actual performance of cash generating units to the assumptions applied in discounted cash flow models to assess the historical accuracy of management's estimates;
- We performed earnings multiples cross checks in comparison with other comparable businesses to assess the impairment testing model outcomes; and
- We assessed the adequacy of the disclosure in the consolidated financial statements in compliance with the requirements of the IFRS.

### Other information

Other information consists of the information included in the Group's Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

### Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

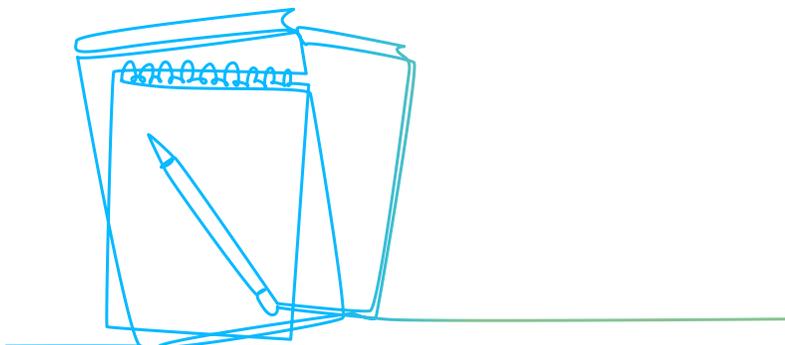
Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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



### **Auditor's responsibilities for the audit of the consolidated financial statements continued**

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

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

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

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

### Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

- i. the Group has maintained proper books of account;
- ii. we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- iii. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021, and the Memorandum of Association of the Company;
- iv. investments in shares is included in note 9 to the consolidated financial statements and include the purchases and investments made by the Group during the year ended 31 December 2023;
- v. note 30 reflects material related party transactions and the terms under which they were conducted;
- vi. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year ended 31 December 2023 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2023; and
- vii. note 1 reflects the social contributions made during the year.

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

- i) Its Memorandum of Association or Law of Establishment which would materially affect its activities or its financial position as at 31 December 2023; and
- ii) Relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.



**Kaed Anmaa**

Partner - Ernst & Young

Registration No 811

14 February 2023, Abu Dhabi

## Financial Statements (1/2)

Consolidated statement of profit or loss

For the year ended 31 December 2023

|  |        | for the year ended 31 December |             |
|--|--------|--------------------------------|-------------|
|  |        | 2023                           | 2022        |
|  | Notes  | AED '000                       | AED '000    |
| Revenues   | 3      | 2,415,475                      | 2,216,156   |
| Direct costs   | 6.1    | (1,333,390))                   | (1,177,919) |
| <b>Gross profit</b>                                    |        | 1,082,085                      | 1,038,237   |
| (Provision for) reversal of trade receivables          | 20     | (3,895)                        | 8,830       |
| Administrative and other expenses                      | 6.2    | (272,446)                      | (245,169)   |
| <b>Operating profit</b>                                |        | 805,744                        | 801,898     |
| Finance costs  | 5      | (264,623)                      | (289,444)   |
| Finance income   |        | 60,540                         | 21,705      |
| Other gains and losses, net                            | 6.4    | 148,770                        | 69,639      |
| Share of results of associates and joint ventures, net | 12, 13 | 34,923                         | 29,607      |
| <b>Profit before tax</b>                               |        | 785,354                        | 633,405     |
| Income tax   | 14     | (358,795)                      | -           |
| <b>Profit for the year</b>                             |        | 426,559                        | 633,405     |



## Consolidated statement of comprehensive income

### For the year ended 31 December 2023

for the year ended 31 December

|  |       | 2023             | 2022           |
|--|-------|------------------|----------------|
|  | Notes | AED '000         | AED '000       |
| Profit for the year  |       | 426,559          | 633,405        |
| Other comprehensive income   |       |                  |                |
| Items that may be reclassified subsequently to profit or loss:   |       |                  |                |
| Net movement in fair value of derivatives in cash flow hedges related to Interest Rate Swaps ("IRS")                     | 20    | (99,952)         | 280,031        |
| Share of changes in fair value of derivatives of associates and joint venture in cash flow hedges related to IRS         | 12    | (4,833)          | 17,489         |
| Exchange differences arising on translation of overseas operations   |       | 781              | (1,570)        |
| <b>Net other comprehensive(loss) income that may be reclassified subsequently to profit or loss</b>                      |       | <b>(104,004)</b> | <b>295,950</b> |
| Reclassification of fair value of derivatives in cash flow hedges to profit or loss statement upon termination (note 24) |       | (100,604)        | -              |
| <b>Net other comprehensive loss reclassified to profit or loss</b>   |       | <b>(100,604)</b> | <b>-</b>       |
| <b>Total comprehensive income for the year</b>   |       | <b>221,951</b>   | <b>929,355</b> |
| <b>Attributable to:</b>  |       |                  |                |
| Equity holders of the parent   |       | 226,533          | 896,138        |
| Non-controlling interests  |       | (4,582)          | 33,217         |
|  |       | <b>221,951</b>   | <b>929,355</b> |

## Consolidated statement of financial position As at 31 December 2023

As at 31 December

|   |        | 2023              | 2022              |
|---|--------|-------------------|-------------------|
|   | Notes  | AED '000          | AED '000          |
| <b>ASSETS</b>   |        |                   |                   |
| <b>Non-current assets</b>   |        |                   |                   |
| Capital work in progress  | 10     | 258,276           | 252,041           |
| Property, plant and equipment                                       | 11     | 4,521,031         | 4,752,673         |
| Right-of-use assets   | 17     | 221,673           | 192,849           |
| Intangible assets   | 15     | 4,049,445         | 4,152,090         |
| Investments in associates and joint ventures                        | 12, 13 | 622,390           | 457,288           |
| Finance lease receivables   | 16     | 2,522,872         | 2,577,891         |
| Long term deposits  | 18     | 14,309            | -                 |
|   |        | <b>12,209,996</b> | <b>12,384,832</b> |
| <b>Current assets</b>   |        |                   |                   |
| Inventories   |        | 69,693            | 60,029            |
| Trade and other receivables   | 20     | 691,040           | 908,476           |
| Finance lease receivables   | 16     | 333,157           | 324,279           |
| Cash and bank balances  | 21     | 1,509,804         | 1,773,301         |
|   |        | 2,603,694         | 3,066,085         |
| <b>Total assets</b>   |        | <b>14,813,690</b> | <b>15,450,917</b> |
| <b>EQUITY AND LIABILITIES</b>                                       |        |                   |                   |
| <b>Equity</b>   |        |                   |                   |
| Issued capital  | 22     | 2,845,261         | 2,845,261         |
| Treasury shares   |        | (3,296)           | (3,296)           |
| Statutory reserve   | 23     | 565,453           | 522,947           |
| Retained earnings   |        | 2,762,076         | 2,757,257         |
| Foreign currency translation reserve                                |        | 1,932             | 1,151             |
| Cumulative changes in fair value of derivatives in cash flow hedges |        | 146,101           | 351,490           |
| Equity attributable to the equity holders of the parent             |        | 6,317,527         | 6,474,810         |
| Non-controlling interests   |        | 625,715           | 679,265           |
| <b>Total equity</b>   |        | <b>6,943,242</b>  | <b>7,154,075</b>  |

## Consolidated statement of financial position As at 31 December 2023 (Continued)

|                                       | Notes | 2023<br>AED '000 | 2022<br>AED '000 |
|---------------------------------------|-------|------------------|------------------|
| <b>Liabilities</b>                    |       |                  |                  |
| <b>Non-current liabilities</b>        |       |                  |                  |
| Trade and other payables              | 28    | 268,666          | 218,559          |
| Interest bearing loans and borrowings | 24    | 1,976,915        | 2,468,855        |
| Islamic financing arrangement         | 25    | 638,135          | 929,318          |
| Non-convertible Bonds and Sukuk       | 26    | 3,532,495        | 3,648,295        |
| Lease liabilities                     | 19    | 176,999          | 170,487          |
| Deferred tax liabilities              | 14    | 358,795          | -                |
| Employees' end of service benefits    | 27    | 45,258           | 42,706           |
|                                       |       | <b>6,997,263</b> | <b>7,478,220</b> |

|                                       | Notes | 2023<br>AED '000 | 2022<br>AED '000 |
|---------------------------------------|-------|------------------|------------------|
| <b>Current liabilities</b>            |       |                  |                  |
| Trade and other payables              | 28    | 759,098          | 726,601          |
| Interest bearing loans and borrowings | 24    | 61,037           | 37,626           |
| Islamic financing arrangement         | 25    | -                | 8,073            |
| Lease liabilities                     | 19    | 53,050           | 46,322           |
|                                       |       | <b>873,185</b>   | <b>818,622</b>   |

|                                     |  |                   |                   |
|-------------------------------------|--|-------------------|-------------------|
| <b>Total liabilities</b>            |  | <b>7,870,448</b>  | <b>8,296,842</b>  |
| <b>Total equity and liabilities</b> |  | <b>14,813,690</b> | <b>15,450,917</b> |



**Khaled Abdulla Al Qubaisi**

Chairman



**Khalid Abdulla Al Marzooqi**

Chief Executive Officer



**Adel Al Wahedi**

Chief Financial Officer

## Consolidated statement of changes in equity As at 31 December 2023

Attributable to equity holders of the parent

|  | Issued capital<br>AED'000 | Treasury shares<br>AED'000 | Statutory reserve<br>AED'000 | Retained earnings<br>AED'000 | Foreign currency translation reserve<br>AED'000 | Cumulative changes in fair value of derivatives in cash flow Hedges<br>AED'000 | Total<br>AED'000 | Non-controlling interests<br>AED'000 | Total equity<br>AED'000 |
|--|---------------------------|----------------------------|------------------------------|------------------------------|---|--|------------------|--------------------------------------|-------------------------|
| <b>Balance at 1 January 2022</b>                               | 2,775,874                 | (3,215)                    | 456,648                      | 2,460,147                    | 2,721   | 53,970   | 5,746,145        | 700,251                              | 6,446,396               |
| Profit for the year  | -                         | -                          | -                            | 600,188                      | -   | -  | 600,188          | 33,217                               | 633,405                 |
| Other comprehensive profit for the year                        | -                         | -                          | -                            | -                            | (1,570)   | 297,520  | 295,950          | -                                    | 295,950                 |
| Total comprehensive income for the year                        | -                         | -                          | -                            | 600,188                      | (1,570)   | 297,520  | 896,138          | 33,217                               | 929,355                 |
| Transfer to statutory reserve                                  | -                         | -                          | 66,299                       | (66,299)                     | -   | -  | -                | -                                    | -                       |
| Dividends paid to shareholders (Note 8)                        | -                         | -                          | -                            | (166,348)                    | -   | -  | (166,348)        | -                                    | (166,348)               |
| Bonus shares (Note 8)  | 69,387                    | (81)                       | -                            | (69,306)                     | -   | -  | -                | -                                    | -                       |
| Disposal of a subsidiary (note 29.2)                           | -                         | -                          | -                            | -                            | -   | -  | -                | (12,212)                             | (12,212)                |
| Disposal of partial interest in a subsidiary (note 29.4)       | -                         | -                          | -                            | (1,125)                      | -   | -  | (1,125)          | 1,125                                | -                       |
| Capital contribution by a non-controlling interest (note 29.3) | -                         | -                          | -                            | -                            | -   | -  | -                | 5,509                                | 5,509                   |
| Dividend paid to non-controlling interests                     | -                         | -                          | -                            | -                            | -   | -  | -                | (48,625)                             | (48,625)                |
| <b>Balance at 31 December 2022</b>                             | <b>2,845,261</b>          | <b>(3,296)</b>             | <b>522,947</b>               | <b>2,757,257</b>             | <b>1,151</b>                                    | <b>351,490</b>   | <b>6,474,810</b> | <b>679,265</b>                       | <b>7,154,075</b>        |
| <b>Balance at 1 January 2023</b>                               | <b>2,845,261</b>          | <b>(3,296)</b>             | <b>522,947</b>               | <b>2,757,257</b>             | <b>1,151</b>                                    | <b>351,490</b>   | <b>6,474,810</b> | <b>679,265</b>                       | <b>7,154,075</b>        |
| Profit for the year  | -                         | -                          | -                            | 431,141                      | -   | -  | 431,141          | (4,582)                              | 426,559                 |
| Other comprehensive profit for the year                        | -                         | -                          | -                            | -                            | 781   | (205,389)  | (204,608)        | -                                    | (204,608)               |
| Total comprehensive income for the year                        | -                         | -                          | -                            | 431,141                      | 781   | (205,389)  | 226,533          | (4,582)                              | 221,951                 |
| Transfer to statutory reserve                                  | -                         | -                          | 42,656                       | (42,656)                     | -   | -  | -                | -                                    | -                       |
| Dividends paid to shareholders (Note 8)                        | -                         | -                          | -                            | (383,666)                    | -   | -  | (383,666)        | -                                    | (383,666)               |
| Dividend paid to non-controlling interests                     | -                         | -                          | -                            | -                            | -   | -  | -                | (48,966)                             | (48,966)                |
| Others   | -                         | -                          | (150)                        | -                            | -   | -  | (150)            | (2)                                  | (152)                   |
| <b>Balance at 31 December 2023</b>                             | <b>2,845,261</b>          | <b>(3,296)</b>             | <b>565,453</b>               | <b>2,762,076</b>             | <b>1,932</b>                                    | <b>146,101</b>   | <b>6,317,527</b> | <b>625,715</b>                       | <b>6,943,242</b>        |

## Consolidated statement of cash flows

### For the year ended 31 December 2023

|   | Notes  | Year ended 31 December |                  |
|---|--------|------------------------|------------------|
|   |        | 2023<br>AED '000       | 2022<br>AED '000 |
| <b>Operating activities</b>                                       |        |                        |                  |
| Profit before tax   |        | 785,354                | 633,405          |
| <b>Non-cash adjustments:</b>                                      |        |                        |                  |
| Depreciation of property, plant and equipment                     | 11     | 210,441                | 192,165          |
| Depreciation of right-of-use assets                               | 17     | 28,506                 | 23,856           |
| Amortisation of intangible assets                                 | 15     | 102,645                | 103,835          |
| Finance lease income  | 3      | (295,590)              | (227,236)        |
| Share of results of associates and joint ventures                 | 12, 13 | (34,923)               | (29,607)         |
| Provision for employees' end of service benefits                  | 27     | 8,062                  | 9,677            |
| Other gains and losses, net                                       | 6.4    | (148,770)              | (69,639)         |
| Provision for (Reversal of) provision for trade receivables       | 20     | 3,895                  | (8,830)          |
| Finance income  |        | (60,540)               | (21,705)         |
| Finance costs   | 5      | 264,623                | 289,444          |
| <b>Net operating cash flows before changes in working capital</b> |        | <b>863,703</b>         | <b>895,365</b>   |

## Consolidated statement of cash flows

### For the year ended 31 December 2023 (Continued)

|   | Notes       | Year ended 31 December |                  |
|---|-------------|------------------------|------------------|
|   |             | 2023<br>AED '000       | 2022<br>AED '000 |
| <b>Working capital changes:</b>                           |             |                        |                  |
| Inventories   |             | (9,664)                | (9,191)          |
| Trade and other receivables                               |             | 32,612                 | 47,514           |
| Trade and other payables                                  |             | 84,247                 | 92,296           |
| Lease rentals received                                    | 16          | 346,143                | 337,344          |
| Employees' end of service benefits paid                   | 27          | (5,510)                | (8,262)          |
| <b>Net cash flows generated from operating activities</b> |             | <b>1,311,531</b>       | <b>1,355,066</b> |
| <b>Investing activities</b>                               |             |                        |                  |
| Purchase of property, plant and equipment                 | 11          | (59,772)               | (14,008)         |
| Payments for capital work in progress                     |             | (120,602)              | (170,434)        |
| Capital contribution by a non-controlling interest        | 29.3        | -                      | 5,509            |
| Disposal of interest in subsidiary                        | 29.1 & 29.2 | 68,067                 | (10,596)         |
| Investment in associate                                   | 12          | -                      | (53,485)         |
| Dividends from associates                                 | 12          | 11,565                 | 9,514            |
| Disposal of property, plant and equipment                 | 11          | 1,458                  | -                |
| Investment in long term deposits                          | 18          | (14,309)               | -                |
| Finance income received                                   |             | 59,610                 | 19,007           |
| <b>Net cash flows used in investing activities</b>        |             | <b>(53,983)</b>        | <b>(214,493)</b> |

## Consolidated statement of cash flows

### For the year ended 31 December 2023 (Continued)

|   | Notes | Year ended 31 December |                  |
|---|-------|------------------------|------------------|
|   |       | 2023<br>AED '000       | 2022<br>AED '000 |
| <b>Financing activities</b>                                 |       |                        |                  |
| Interest bearing loans and borrowings repaid                |       | (358,566)              | (32,748)         |
| Sukuk repaid  | 26    | (121,193)              | -                |
| Islamic financing arrangement repaid                        | 25    | (312,371)              | (8,433)          |
| Principal elements of lease payments                        | 19    | (43,672)               | (36,829)         |
| Finance cost paid on lease liabilities                      | 19    | (12,845)               | (12,534)         |
| Finance cost paid   |       | (239,766)              | (259,028)        |
| Dividends paid to shareholders                              | 8     | (383,666)              | (166,348)        |
| Dividends paid to non-controlling interests                 |       | (48,966)               | (48,625)         |
| <b>Net cash flows used in financing activities</b>          |       | <b>(1,521,045)</b>     | <b>(564,545)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b> |       |                        |                  |
|   |       | (263,497)              | 576,028          |
| Cash and cash equivalents at 1 January                      |       | 1,773,301              | 1,197,273        |
| <b>Cash and cash equivalents at 31 December</b>             | 21    | <b>1,509,804</b>       | <b>1,773,301</b> |



## 1. General Information

National Central Cooling Company PJSC (“Tabreed” or the “Company” or the “parent”) is registered in the United Arab Emirates as a Public Joint Stock Company pursuant to the UAE Federal Law No. (32) of 2021 and is listed on the Dubai Financial Market. The Company was originally incorporated under the U.A.E Federal Law No. (8) of 1984, as amended. Subsequently, the U.A.E Federal Law No. (8) of 1984 was superseded by U.A.E. Federal Law No (32) of 2021.

The principal activities of the Company and its subsidiaries (the “Group”) are supply of chilled water, operation and maintenance of plants, construction of secondary networks, manufacturing of pre-insulated pipes and design and supervision consultancy. Activities of subsidiaries are described in note 9 to the consolidated financial statements.

The Group's non-convertible bonds and sukuk are listed in the London Stock Exchange (note 26).

The Company's registered office is located at P O Box 32444, Dubai, United Arab Emirates.

The Group has made social contributions of AED 0.55 million during the year.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 14 February 2024.

## 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by International Accounting Standards Board (“IASB”), IFRIC Interpretations and applicable requirements of the laws in the UAE.

The consolidated financial statements are prepared under the historical cost basis, except for derivative financial instruments which are measured at fair

value. The consolidated financial statements have been presented in United Arab Emirates Dirham (“AED”) which is the reporting currency of the Company. All values are rounded to the nearest thousand (AED ‘000) except when otherwise indicated.

## 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together the “Group”) as at 31 December 2023 over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

## 2.2 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses the control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



For changes in ownership interests the Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in retained earnings within equity attributable to owners.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in consolidated statement of profit or loss.

This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to consolidated statement of profit or loss.

## 2.3 Significant accounting policies

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

In business combination achieved in stages, the Group remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss. If the Group have previously recognized changes in the value of its equity interest in the acquiree in other comprehensive income, it will reclassify this to consolidated profit or loss on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in

accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in consolidated statement of profit or loss.



### 2.3.1 Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

### 2.3.2 Revenue recognition

The Group recognizes revenue from the following major sources:

- Supply of chilled water
- Rendering of services
- Interest income

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

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

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

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

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

**Step 5:** Recognize revenue when (or as) the entity satisfies a performance obligation: The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of allowances and rebates. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

#### **a) Supply of chilled water**

Revenue from supply of chilled water comprises the following principle services:

**Capacity revenue:** represents availability of the service and performance obligation is satisfied over time as the customers make use of the service and network. The billing is done monthly in arrears.

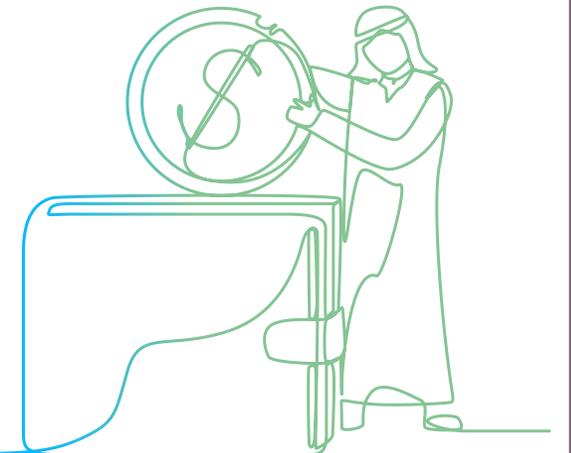
**Consumption revenue:** represents revenue from consumption of the output of assets used by the customers. Revenue is recognized over time. The billing is done monthly in arrears.

#### **b) Rendering of services (value chain business)**

This mainly represents supervision and design services provided to customers. Revenue from services is recognized as services are rendered. Revenue is recognized over time using the output method.

#### **c) Interest income**

Interest income including interest on finance lease receivable is recognized as the interest accrues using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset. For details on finance lease refer to note 16. Finance income on finance lease receivables is included in revenue due to its operating nature.



### 2.3.3. Foreign currencies

The consolidated financial statements are presented in AED, which is the parent Company's functional and presentation currency. The functional currency is the currency of the primary economic environment in which an entity operates. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented United Arab Emirates Dirham (AED), which is functional currency of the company and its material subsidiaries.

#### (b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to the consolidated statement of profit or loss with the exception of monetary items that provide an effective hedge of a net investment in a foreign operation. These are recognized in the consolidated statement of comprehensive income until the disposal of the net investment, at which time they are recognized in the consolidated statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

#### (c) Group companies

The assets and liabilities of foreign operations are translated into AED at the rate of exchange ruling at the reporting date and their statement of profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

### 2.3.4. Capital work in progress

Capital work in progress is recorded at cost incurred by the Group for the construction of the plants and distribution network. Allocated costs directly attributable to the construction of the assets are capitalised. The capital work in progress is transferred to the appropriate asset category and depreciated in accordance with the Group's policies when construction of the asset is completed, and it is available for use.

### 2.3.5. Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the term of the borrowings using the effective interest method. Borrowings are classified as non-current liabilities when the Group has an unconditional right to defer settlement of the liabilities for more than twelve months after the reporting date.

Borrowing costs (including finance costs on lease liabilities) that are directly attributable to the acquisition or construction of a qualifying asset are capitalised (net of interest income on temporary investment of borrowings) as part of the cost of the asset until the asset is commissioned for use. Borrowing costs in respect of completed and suspended projects or not attributable to qualifying assets are expensed in the period in which they are incurred. During the year ended 31 December 2023, no borrowing cost was capitalised (2022: nil).

### 2.3.6. Trade and other payables

Trade payables are obligations to pay for goods or service that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### 2.3.7. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition

criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

|                                  |               |
|----------------------------------|---------------|
| Plant and related assets         | 30 years      |
| Buildings                        | 50 years      |
| Distribution networks            | 50 years      |
| Furniture and fixtures           | 3 to 10 years |
| Office equipment and instruments | 3 to 15 years |
| Motor vehicles                   | 4 to 5 years  |

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation of these assets commences when the assets are ready for their intended use. Cessation of depreciation occurs on the disposal or retirement of the item of property, plant and equipment.

The Group performs regular major overhauls of equipment of its district cooling plants. When each major overhaul is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. The cost recognized is depreciated over the period till the next planned major overhaul.

### 2.3.7. Property, plant and equipment (Continued)

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit or loss in the year the asset is derecognized.

### 2.3.8. Leases

#### The Group as a lessee

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates are included in the lease payments and are remeasured using the prevailing index or rate at the measurement date.

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Right-of-use assets

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

### 2.3.8. Leases (Continued)

#### The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

#### Operating lease

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset to the customers are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned. Where the Group determines that the cooling service agreements to contain an operating lease, capacity payments are recognized as operating lease rentals on a systematic basis to the extent that capacity has been made available to the customers during the year. Rental income arising from operating leases on chilled water plants is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

#### Finance lease

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group reviews the contractual arrangements it enters into with its customers. In instances where the contract conveys the right to control the use of the identified asset for substantially all the economic benefits and the right to direct the use, such contracts are accounted for as a finance lease. The amounts due from the lessee are recorded in the statement of financial position as financial assets (finance lease receivables) and are carried at the amount of the net investment in the lease after making provision for impairment.

Lease payments are payments made by a lessee to a lessor relating to the right to use an underlying asset during the lease term, comprising the fixed payments (including in-substance fixed payments), less any lease incentives (for e.g. reimbursement of maintenance fee); variable lease payments that depend on an index or a rate; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate or payments that vary to reflect changes in market rental rates. The payments are included in the lease payments and are measured/remeasured using the prevailing index or rate at the measurement date (e.g. lease commencement date for initial measurement or at the time when new CPI rate is available).

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

### 2.3.9. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the investment and goodwill is neither amortised nor individually tested for impairment. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates and joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income.

In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.



The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit. The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to consolidated statement of profit or loss where appropriate.

### 2.3.10. Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other capital reserves.

### 2.3.11. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill is allocated. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

### 2.3.12 Financial instruments

#### Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments, cash and cash equivalents and trade receivables)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

The Group has the following financial assets:

##### Financial assets at amortized cost

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

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost include a certain portion of trade and other receivables, contract assets, finance lease receivables, due from related parties, and cash and bank balances etc.



## Financial assets (Continued)

### Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### Financial assets at fair value through OCI (debt instruments)

A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

### Financial assets designated at fair value through OCI (equity instruments)

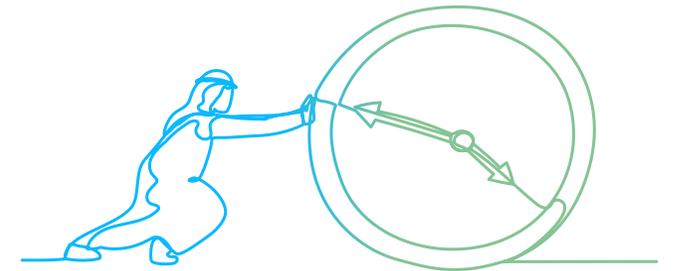
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes quoted and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognized under investment and other income in the consolidated statement of profit or loss when the right of payment has been established.



## Financial assets (Continued)

### Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

### Write-off

Receivables are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

### Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.



## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, due to related parties, lease liabilities and interest-bearing loans and borrowings, Islamic financing arrangements and non-convertible Bonds and Sukuks etc.

### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

### Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to a certain portion of trade and other payables, due to related parties, lease liabilities and borrowings.

### Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.



### Fair value measurement principles

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. The fair values of investments in mutual funds or similar investment vehicles are based on the last net asset value published by the fund manager. For other investments including treasury bills, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving such investments, current market value of instruments which are substantially the same or is based on the expected discounted cash flows.

The fair value of unquoted investments, forward exchange contracts, interest rate swaps and options (if any) is determined by reference to discounted cash flows, pricing models or over-the-counter quotes.

### Offsetting financial instruments

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

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

### Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group always recognizes lifetime ECL for trade receivables, contract assets and retention receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### Significant increase in credit risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

### 2.3.13 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.3.14 Provisions

#### a) General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is

recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Management reviews its contracts annually.

#### b) Decommissioning liability

The Group records a provision for decommissioning costs of removing an item of property, plant and equipment and restoring the site on which the item was located to its original condition. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability.

### b) Decommissioning liability (Continued)

The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

### c) Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less (when appropriate) cumulative amortization recognized in accordance with the requirements for revenue recognition.

### 2.3.15 Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to the relevant UAE Government pension scheme calculated as a percentage of the employees' salaries. The obligations under these schemes are limited to these contributions, which are expensed when due.

### 2.3.16 Derivative financial instruments

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps.

Derivative financial instruments are initially measured at fair value at trade date and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

The method of recognising fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognized in the consolidated statement of profit or loss under 'Net gain from dealing in foreign currencies and derivatives'.

#### Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

### 2.3.17. Hedge accounting

Derivatives designated as hedges are classified as either: (i) fair value hedges which hedge the exposure to changes in the fair value of a recognized asset or liability; (ii) cash flow hedges which hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction; or (iii) a hedge of net investment which are accounted similarly to a cash flow hedge. Hedge accounting is applied to derivatives designated as hedging instruments in a fair value or cash flow, provided the criteria are met.

At the inception of a hedging relationship, to qualify for hedge accounting, the Group documents the relationship between the hedging instruments and the hedged items as well as its risk management objective and its strategy for undertaking the hedge. The Group also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments, primarily derivatives, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

#### a) Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognized in OCI. The Group has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at FVTOCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortized cost or at FVTOCI) arising from the hedged risk is amortized to profit or loss commencing no later than the date when hedge accounting is discontinued.

#### b) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a separate component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Group no longer expects the transaction to occur that amount is immediately reclassified to profit or loss.

#### b) Cash flow hedges (Continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in profit or loss.

#### c) Hedge effectiveness testing

To qualify for hedge accounting, the Group requires that at the inception of the hedge and on an ongoing basis:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets all of the hedge effectiveness requirements, i.e.;
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

#### d) Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in consolidated statement of profit or loss.

#### 2.3.18. Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as asset held for sale, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 34.

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

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

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

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

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

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

### 2.3.18. Fair value measurement (Continued)

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

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

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

The management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement, such as asset held for sale. External valuers are involved for valuation of significant assets, such as land. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 34.



### 2.3.19. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

### 2.3.20. Cash dividend and non-cash distribution to equity holders of the parent

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized. As per the laws and regulation applicable in UAE, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Gain or loss on re-measurement is recognized in consolidated statement of profit or loss and then the revalued amount of the asset is recognized as debit in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

### 2.3.21. Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables include trade receivables for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value (approximately transaction price) and subsequently measured at amortized cost using the effective interest method, less loss provision. A provision for impairment of trade receivables is established based on the expected lifetime losses to be recognized from initial recognition of the receivables.

### 2.3.21 Trade receivables (Continued)

When a trade and contract receivables are uncollectible, it is written off against the provision for impairment account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

### 2.3.22 Intangible assets

#### 2.3.22 (i) Customer contracts

Customer contracts acquired in the business combination have been initially recognized at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, customer contracts are reported at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization of customer contracts is recognized in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Amortization is calculated on a straight-line basis over the life of the contracts in the range of 25 to 50 years.

#### 2.3.22 (ii) Other contracts

Other contracts mainly represent contractual rights, acquired in the business combination which have been initially recognized at their fair value at the acquisition date. The valuation technique adopted has been the multi-period excess earning method. Subsequent to initial recognition, these contracts are reported at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization of other contracts is recognized in the consolidated statement of profit or loss on a straight-line basis over their estimated useful lives of 25 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate

### 2.3.23 Assets classified as held for sale and discontinued operation

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

### 2.3.23 Assets classified as held for sale and discontinued operation (Continued)

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of Operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation is presented separately in the consolidated statement of profit or loss.

### 2.3.24 Value added tax (VAT)

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the consolidated statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

### 2.3.25 Segment reporting

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured

consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs, finance income and other income) are managed on a Group basis and are not allocated to operating segments.

### 2.3.26 Taxation

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 2.4 Application of new and revised international financial reporting standards (IFRS)

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates - 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
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12
- Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current

The following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current.
- Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements

The Group anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

## 2.5 Standards and Interpretations in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

## UAE Corporate Tax Law disclosures

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the consolidated statement of financial position for the financial year / period beginning 1 January 2024.

The Group considers that taxable temporary differences arise in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and relating to business combinations undertaken in UAE prior to 16 January 2023. The Group has recognized net deferred tax liabilities of AED 358.8 million (Note 14). No other potential deferred tax assets or liabilities have been identified as at the reporting date.

## 2.6 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management Note 33
- Financial instruments risk management and policies Note 33
- Sensitivity analysis disclosures Note 33

### 2.6.1 Judgments

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### (a) Determining lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Management determines whether an arrangement is, or contains, a lease based on the substance of the arrangement at inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Company enters into

#### (a) Determining lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Management determines whether an arrangement is, or contains, a lease based on the substance of the arrangement at inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Company enters into Customer Cooling Services Agreements (the "Agreements") with its customers. To the extent such agreements are determined to contain a lease whether the Company has retained or transferred the significant risks and rewards of ownership of the related assets.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

### (b) Lessor accounting policy

Under the new guidance provided by IFRS 16, the definition of lease payments has been changed to include the variable lease payments that are based on an index or a rate as part of the net lease investment.

### (c) Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and the useful lives of assets.

### (c) Business combinations (continued)

The Group primarily considers the following information and criteria when determining whether it has control over an entity:

- governance arrangements: voting rights and whether the Group is represented in the governing bodies, majority rules and veto rights etc;
- the nature of substantive or protective rights granted to shareholders, relating to the entity's relevant activities;
- rules for appointing key management personnel; and
- whether the Group is exposed, or has rights, to variable returns from its involvement with the entity etc.

## 2.6.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the consolidated financial statements when they occur.

### (a) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on financial assets measured at amortized cost. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognizes expected credit loss for trade receivables, finance lease receivable, due from related parties and cash and bank balances, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

At the reporting date, gross trade receivables and amounts due from related parties amounted to AED 443.6 million (2022: AED 534.8 million) with provision for impairment (expected credit losses) of AED 27.4 million (2022: AED 24.7 million). During the year, the Group recognised a provision for expected credit losses in the consolidated statement of profit or loss amounting to AED 3.9 million (2022: reversal of provision of AED 8.8 million).

At the reporting date, gross finance lease receivables were AED 2,892.7 million (2022: AED 2,939 million) and provision for impairment at 31 December 2023 was AED 36.7 million (2022: AED 36.7 million).

#### (b) Impairment of non-financial assets

Management determines at each reporting date whether there are any indicators of impairment relating to the Group's cash generating units. A broad range of internal and external factors is considered as part of the indicator review process, where necessary, an impairment assessment is performed. Impairment testing requires an estimation of the fair values less cost to sell and value in use of the cash generating units. The recoverable amounts require the Group to estimate the amount and timing of future cash flows, terminal value of the assets and choose a suitable discount rate in order to calculate the present value of the cash flows. The net carrying amounts of non-financial assets affected by the above estimations are mainly property, plant and equipment, goodwill, customer contract, and other contract assets. Goodwill is tested for impairment on an annual basis. Goodwill is allocated to respective cash generating units.



## 3. Revenues

|  | Year ended<br>31 December<br>2023<br>AED '000 | Year ended<br>31 December<br>2022<br>AED '000 |
|--|---|---|
| Supply of chilled water                      | 1,960,320                                     | 1,836,671                                     |
| Value chain business                         | 82,289  | 74,975  |
| <b>Revenue from contracts with customers</b> | <b>2,042,609</b>                              | <b>1,911,646</b>                              |
| Operating lease income                       | 77,276  | 77,274  |
| Finance lease income (Note 15)               | 295,590                                       | 227,236                                       |
| <b>Lease income</b>                          | <b>372,866</b>                                | <b>304,510</b>                                |
|  | <b>2,415,475</b>                              | <b>2,216,156</b>                              |

Revenue expected to be recognized in future related to performance obligation that are unsatisfied (or partially unsatisfied):

|                                       | Year ended<br>31 December<br>2023<br>AED '000 | Year ended<br>31 December<br>2022<br>AED '000 |
|---------------------------------------|---|---|
| Within one year                       | 783,776                                       | 733,214                                       |
| After one but no more than five years | 3,033,522                                     | 2,872,791                                     |
| More than five years                  | 12,556,057                                    | 12,599,957                                    |
|                                       | <b>16,373,355</b>                             | <b>16,205,962</b>                             |

The unsatisfied performance obligations that are part of value chain business revenue are expected to have a duration of one year or less. Hence revenue expected to be recognized in future related to there performance obligations is not disclosed.

|  | Year ended<br>31 December<br>2023<br>AED '000 | Year ended<br>31 December<br>2022<br>AED '000 |
|--|---|---|
| <b>Timing of transfer of goods and services:</b> |   |   |
| At a point in time                               | 45,074  | 36,436  |
| Over time  | 1,997,535                                     | 1,875,210                                     |
|  | <b>2,042,609</b>                              | <b>1,911,646</b>                              |

## 4. Operating segments

For management purposes, the Group is organised into business units based on their products and services. The two reportable operating segments are as follows:

- The 'Chilled water' segment constructs, owns, assembles, installs, operates and maintains cooling and conditioning systems. In addition, the segment distributes and sells chilled water for use in district cooling technologies (Note 9).
- The 'Value chain business' segment is involved in ancillary activities relating to the expansion of the Group's chilled water business (Note 9).

## 4. Operating segments (Continued)

|  | For the year ended 31 December 2023 |                      |              |             | For the year ended 31 December 2022 |                      |              |             |
|--|-------------------------------------|----------------------|--------------|-------------|-------------------------------------|----------------------|--------------|-------------|
|  | Chilled water                       | Value chain business | Eliminations | Total       | Chilled water                       | Value chain business | Eliminations | Total       |
|  | AED '000                            | AED '000             | AED '000     | AED '000    | AED '000                            | AED '000             | AED '000     | AED '000    |
| <b>Revenues</b>  |                                     |                      |              |             |                                     |                      |              |             |
| External revenue   | 2,333,188                           | 82,287               | -            | 2,415,475   | 2,141,182                           | 74,974               | -            | 2,216,156   |
| Inter-segment revenue                                    | -                                   | 60,841               | (60,841)     | -           | -                                   | 48,890               | (48,890)     | -           |
| <b>Total revenues</b>                                    | 2,333,188                           | 143,128              | (60,841)     | 2,415,475   | 2,141,182                           | 123,864              | (48,890)     | 2,216,156   |
| Direct costs   | (1,286,948)                         | (84,475)             | 38,033       | (1,333,390) | (1,140,955)                         | (65,011)             | 28,047       | (1,177,919) |
| <b>Gross profit</b>                                      | 1,046,240                           | 58,653               | (22,808)     | 1,082,085   | 1,000,227                           | 58,853               | (20,843)     | 1,038,237   |
| Reversal of (impairment provision) for trade receivables | (3,572)                             | (323)                | -            | (3,895)     | 8,930                               | (100)                | -            | 8,830       |
| Administrative and other expenses                        | (269,429)                           | (19,511)             | 16,494       | (272,446)   | (229,897)                           | (29,839)             | 14,567       | (245,169)   |
| <b>Operating profit</b>                                  | 773,239                             | 38,819               | (6,314)      | 805,744     | 779,260                             | 28,914               | (6,276)      | 801,898     |
| Finance costs  | (263,311)                           | (1,312)              | -            | (264,623)   | (288,297)                           | (1,147)              | -            | (289,444)   |
| Finance income   | 60,428                              | 112                  | -            | 60,540      | 21,646                              | 59                   | -            | 21,705      |
| Other gains and losses, net                              | 148,770                             | -                    | -            | 148,770     | 69,639                              | -                    | -            | 69,639      |
| Share of results of associates and joint ventures        | 34,923                              | -                    | -            | 34,923      | 29,607                              | -                    | -            | 29,607      |
| <b>Profit before tax</b>                                 | 754,049                             | 37,619               | (6,314)      | 785,354     | 611,855                             | 27,826               | (6,276)      | 633,405     |

## 4. Operating segments (Continued)

Inter-segment transactions are eliminated on consolidation.

Segment results include an amount of depreciation and amortisation allocated to the operating segments as follows:

|   | For the year ended 31 December 2023 |                                    |                  | For the year ended 31 December 2022 |                                    |                  |
|---|-------------------------------------|------------------------------------|------------------|-------------------------------------|------------------------------------|------------------|
|   | Chilled water<br>AED'000            | Value chain<br>business<br>AED'000 | Total<br>AED'000 | Chilled water<br>AED'000            | Value chain<br>business<br>AED'000 | Total<br>AED'000 |
| Depreciation on property, plant and equipment (Note 11) | 205,844                             | 4,597                              | 210,441          | 187,770                             | 4,395                              | 192,165          |
| Depreciation on Right-of-use asset (Note 16)            | 26,764                              | 1,742                              | 28,506           | 22,579                              | 1,277                              | 23,856           |
|   | 232,608                             | 6,339                              | 238,947          | 210,349                             | 5,672                              | 216,021          |

Segment assets and liabilities are as follows:

|                              | For the year ended 31 December 2023 |                                    |                  | For the year ended 31 December 2022 |                                    |                  |
|------------------------------|-------------------------------------|------------------------------------|------------------|-------------------------------------|------------------------------------|------------------|
|                              | Chilled water<br>AED'000            | Value chain<br>business<br>AED'000 | Total<br>AED'000 | Chilled water<br>AED'000            | Value chain<br>business<br>AED'000 | Total<br>AED'000 |
| Other segment assets         | 14,076,680                          | 114,620                            | 14,191,300       | 14,882,469                          | 111,160                            | 14,993,629       |
| Investments in associates    | 497,637                             | -                                  | 497,637          | 438,670                             | -                                  | 438,670          |
| Investment in joint ventures | 124,753                             | -                                  | 124,753          | 18,618                              | -                                  | 18,618           |
| <b>Total assets</b>          | 14,699,070                          | 114,620                            | 14,813,690       | 15,339,757                          | 111,160                            | 15,450,917       |
| Segment liabilities          | 7,759,816                           | 110,632                            | 7,870,448        | 8,197,787                           | 99,055                             | 8,296,842        |
| <b>Total liabilities</b>     | 7,759,816                           | 110,632                            | 7,870,448        | 8,197,787                           | 99,055                             | 8,296,842        |

## 4. Operating segments (Continued)

The table below illustrates the capital expenditures added during the year:

|                               | 2023                     |                                    |                  | 2022                     |                                    |                  |
|-------------------------------|--------------------------|------------------------------------|------------------|--------------------------|------------------------------------|------------------|
|                               | Chilled water<br>AED'000 | Value chain<br>business<br>AED'000 | Total<br>AED'000 | Chilled water<br>AED'000 | Value chain<br>business<br>AED'000 | Total<br>AED'000 |
| <b>Capital expenditure:</b>   |                          |                                    |                  |                          |                                    |                  |
| Property, plant and equipment | 55,265                   | 4,507                              | 59,772           | 10,832                   | 3,176                              | 14,008           |
| Capital work in progress      | 174,574                  | -                                  | 174,574          | 160,559                  | -                                  | 160,559          |

### Geographic information

The following table presents certain non-current assets and revenue information relating to the Group based on geographical location of the operating units:

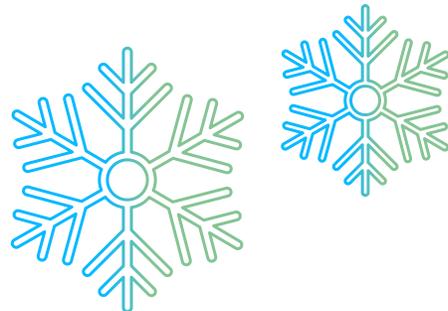
|                      | Revenue          |                  | Non-current assets |                  |
|----------------------|------------------|------------------|--------------------|------------------|
|                      | 2023<br>AED '000 | 2022<br>AED '000 | 2023<br>AED '000   | 2022<br>AED '000 |
| United Arab Emirates | 2,294,062        | 2,104,471        | 11,718,635         | 11,799,736       |
| Others               | 121,413          | 111,685          | 491,361            | 585,096          |
|                      | 2,415,475        | 2,216,156        | 12,209,996         | 12,384,832       |

## 4. Operating segments (Continued)

### Revenue from external customers

The following table provides information relating to the Group's major customers, which individually contribute more than 10% towards the Group's revenue for the year ended 31 December 2022 and 31 December 2021.

|                               | 2023<br>AED'000 | 2022<br>AED'000 |
|-------------------------------|-----------------|-----------------|
| <b>Chilled water segment:</b> |                 |                 |
| Customer 1                    | 341,736         | 340,614         |
| Customer 2                    | 375,425         | 315,950         |
| Customer 3                    | 296,620         | 217,851         |
|                               | 1,013,781       | 874,415         |



## 5. Finance costs

|  | Year ended<br>31 December 2023<br>AED '000 | Year ended<br>31 December 2022<br>AED '000 |
|--|--|--|
| Interest charged to consolidated statement of profit or loss during the year | 264,623                                    | 289,444                                    |
| Interest charged to consolidated statement of profit or loss comprises of:   |  |  |
| Interest on interest bearing loans and borrowings                            | 60,285                                     | 76,332                                     |
| Profit on Sukuk  | 101,005                                    | 100,979                                    |
| Interest on bonds  | 45,911                                     | 45,912                                     |
| Profit on Islamic financing arrangements                                     | 18,509                                     | 27,818                                     |
| Amortisation of transaction costs (Note 21)                                  | 20,225                                     | 20,925                                     |
| Finance cost related to lease liabilities (Note 19)                          | 12,845                                     | 12,534                                     |
| Other finance costs  | 5,843                                      | 4,944                                      |
|  | 264,623                                    | 289,444                                    |

## 6. Profit from operations

### 6.1 Direct costs

|  | 2023<br>AED '000 | 2022<br>AED '000 |
|--|------------------|------------------|
| Cost of inventories recognized as an expense (i)         | 64,008           | 54,621           |
| Depreciation of property, plant and equipment (Note 11)  | 202,992          | 183,411          |
| Depreciation of right-of-use assets (Note 17)            | 14,433           | 15,470           |
| Amortisation of intangible assets (Note 15)              | 102,645          | 103,835          |
| Utility costs  | 768,540          | 681,604          |
| Purchase of chilled water from a related party (Note 30) | 64,170           | 63,300           |
| Staff costs (Note 6.3)                                   | 96,539           | 72,236           |
| Others   | 20,063           | 3,442            |
|  | 1,333,390        | 1,177,919        |

(i) As at 31 December, the inventory balance represents stores and spares which are utilised for repairs and maintenance of the plants managed by the Group.

### 6.2 Administrative and other expenses

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| Staff costs (Note 6.3)                                  | 182,461          | 155,878          |
| Depreciation of property, plant and equipment (Note 11) | 7,449            | 8,754            |
| Depreciation of right-of-use assets (Note 17)           | 14,073           | 8,386            |
| Other expenses (i)                                      | 68,463           | 72,151           |
|   | 272,446          | 245,169          |

(i), Included in the other expenses is fees incurred by the Group towards the assurance services with the Group's auditors, as follows:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| Fees for Auditing the statutory Financial Statements of the parent and controlled entities                  | 1,076            | 1,032            |
| Fees for assurance services required by legislation or contractual arrangements, to be provided by auditors | 472              | 350              |
| Total fees to Ernst and Young   | 1,548            | 1,382            |

### 6.3 Staff costs

|  | 2023<br>AED '000 | 2022<br>AED '000 |
|--|------------------|------------------|
| Salaries, benefits and allowances            | 270,938          | 218,437          |
| Employees' end of service benefits (Note 27) | 8,062            | 9,677            |
|  | 279,000          | 228,114          |
| Staff costs are allocated as follows:        |                  |                  |
| Direct costs (Note 6.1)                      | 96,539           | 72,236           |
| Administrative and other expenses (Note 6.2) | 182,461          | 155,878          |
|  | 279,000          | 228,114          |

### 6.4 Other gains and losses, net

During 2023, the company realized gain on deemed disposal of stake in Saudi Tabreed (note 12), early settlement of debt of its subsidiary (note 24 & 25) and on 50% disposal of stake in a subsidiary (note 13), recognized in the consolidated statement of profit and loss for the year ended 31 December 2023.

## 7. Basic and diluted earnings per share attributable to ordinary equity holders of the parent

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

|   | For the year ended<br>31 December 2023<br>AED '000 | For the year ended<br>31 December 2022<br>AED '000 |
|---|--|--|
| Profit for the year attributable to ordinary equity holders of the parent for basic earnings (AED '000) | 431,141  | 600,188  |
| Weighted average number of shares (excluding treasury shares) outstanding during the year ('000)        | 2,841,965  | 2,841,965  |
| Total basic and diluted earnings per share (AED)  | 0.15   | 0.21   |

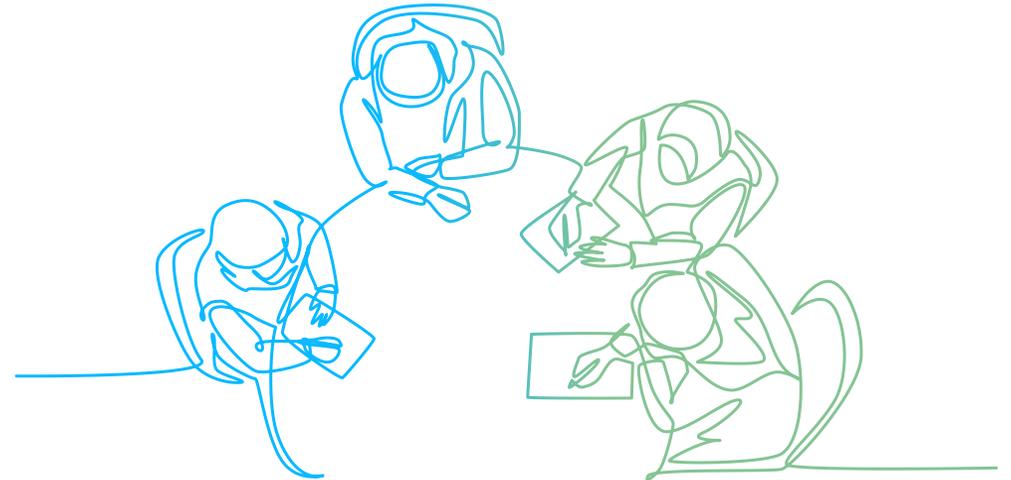
The Company does not have any instruments which would have a dilutive impact on earnings per share. Therefore, basic and diluted earnings per share are same for the years ended 31 December 2023 and 2022.

## 8. Dividends and board remuneration

In 2023, the Board of Directors proposed the distribution of cash dividends of 13.5 fils per share in respect of the fiscal year ended 31 December 2022. The shareholders at the Annual General Assembly Meeting held on 20 March 2023 approved the dividend. Accordingly, dividend amounting to AED 383.6 million was paid on 17 April 2023.

In 2022, the Board of Directors proposed the distribution of cash dividends of 6.0 fils per share and bonus shares of 2.5% to the shareholders in respect of the fiscal year ended 31 December 2021. The shareholders at the Annual General Assembly Meeting held on 21 March 2022 approved the dividend and the bonus shares. Accordingly, 69,386,375 bonus shares were issued on 31 March 2022 and dividend amounting to AED 166.3 million was paid on 4 April 2022.

Furthermore, Board of Directors' remuneration of AED 8.6 million for the year ended 31 December 2022 was also approved at the Annual General Meeting held on 20 March 2023. Board remuneration of AED 8.6 million for the year ended 31 December 2021 was approved at the previous Annual General Meeting held on 21 March 2022.



## 9. Subsidiaries

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

| Chilled water segment   | Country of incorporation | Percentage of holding |      | Principal activities  |
|---|--------------------------|-----------------------|------|-----------------------|
|   |                          | 2023                  | 2022 |                       |
| National Central Cooling Company Ras Al Khaimah LLC                           | UAE                      | 100                   | 100  | Sale of chilled water |
| Summit District Cooling Company   | UAE                      | 100                   | 100  | Sale of chilled water |
| Bahrain District Cooling Company  | Bahrain                  | 99.8                  | 99.8 | Sale of chilled water |
| Tabreed Oman SAOC   | Oman                     | 61                    | 61   | Sale of chilled water |
| Tabreed Parks Investment LLC (note 13)  | UAE                      | 50                    | 100  | Sale of chilled water |
| Prime District Cooling Company LLC  | UAE                      | 75                    | 75   | Sale of chilled water |
| S&T Cool District Cooling Company LLC   | UAE                      | 100                   | 100  | Sale of chilled water |
| Tabreed Amaravati District Cooling Private Limited (TADCPL) (ii)              | India                    | 75                    | 75   | Sale of chilled water |
| Tabreed Capital Med for Infrastructure and Central Cooling Services LLD (iii) | Egypt                    | 100                   | -100 | Sale of chilled water |
| Kattameya D5 Infrastructure and Central Cooling Services LLD (iii)            | Egypt                    | 60                    | -60  | Sale of chilled water |
| Tabreed Al Mouj SPC (iii)   | Oman                     | 61                    | -61  | Sale of chilled water |
| Downtown District Cooling LLC   | UAE                      | 80                    | 80   | Sale of chilled water |
| Tabreed Sustainable City Limited  | UAE                      | 100                   | 100  | Sale of chilled water |
| Saadiyat District Cooling LLC   | UAE                      | 100                   | 100  | Sale of chilled water |
| Saadiyat Cooling LLC  | UAE                      | 100                   | 100  | Sale of chilled water |
| Business District Cooling Investment LLC                                      | UAE                      | 100                   | 100  | Sale of chilled water |

## 9. Subsidiaries (Continued)

| Value chain business segment:                                  | Country of incorporation | Percentage of holding |      | Principal activities   |
|--|--------------------------|-----------------------|------|--|
| Gulf Energy Systems LLC  | UAE                      | 100                   | 100  | Construction of secondary networks                               |
| Tabreed Operation & Maintenance Zones Cooling Stations Company | UAE                      | 100                   | 100  | Operation and maintenance of plants                              |
| Emirates Preinsulated Pipes Industries LLC                     | UAE                      | 65.2                  | 65.2 | Manufacturing of pre-insulated pipes                             |
| Installation Integrity 2000 LLC                                | UAE                      | 100                   | 100  | Commissioning and engineering services                           |
| CoolTech Energy Water Treatment LLC                            | UAE                      | 100                   | 100  | Water treatment services and sale chilled water related products |
| Sahara Cooling and Air Conditioning LLC                        | UAE                      | 51                    | 51   | Supervision services   |
| Tasleem Metering and Payment LLC                               | UAE                      | 100                   | 100  | Billing and collection of chilled water charges                  |
| Cooltech Water Treatment LLC                                   | UAE                      | 100                   | 100  | Water treatment services and sale chilled water related          |
| Cooltech Water Service L.L.C.                                  | UAE                      | 100                   | 100  | Water treatment services and sale chilled water related          |
| Tabreed Energy Service L.L.C.                                  | UAE                      | 100                   | 100  | Building energy efficiency service                               |

## 9. Subsidiaries (Continued)

### Others – Unallocated:

|   | Country of incorporation | Percentage of holding |     | Principal activities     |
|---|--------------------------|-----------------------|-----|--------------------------|
| Tabreed Holdings WLL  | Bahrain                  | 100                   | 100 | Act as a holding company |
| Tabreed Al Maryah District Cooling Investment LLC               | UAE                      | 100                   | 100 | Act as a holding company |
| District Utilities Energy Investments L.L.C                     | UAE                      | 100                   | 100 | Act as a holding company |
| Tabreed Energy Investments Sole Proprietorship LLC              | UAE                      | 100                   | 100 | Act as a holding company |
| Tabreed Utilities & Metering Energy Investment LLC              | UAE                      | 100                   | 100 | Act as a holding company |
| Central Utilities & Metering Energy Investment LLC              | UAE                      | 100                   | 100 | Act as a holding company |
| Tabreed India Private Limited (ii)                              | India                    | 75                    | 75  | Act as a holding company |
| Tabreed Infopark Cooling Private Limited (ii)                   | India                    | 75                    | 75  | Act as a holding company |
| Tabreed Asia Central Cooling Company LTE PTE (ii)               | Singapore                | 75                    | -75 | Act as a holding company |
| Tabreed Company for Central Cooling Services LLC (Tabreed Misr) | Egypt                    | 100                   | 100 | Act as a holding company |

- i. During the period, the Group disposed 50% of its ownership interest in a subsidiary, Tabreed Park Investment LLC, resulting in loss of control. The remaining 50% ownership interest provides the Group joint control over the investee which is now accounted for as investment in a joint venture under the equity method of accounting.

## 9.1 Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

### Proportion of equity interest held by non-controlling interests:

| Name   | Country of incorporation and operation | 2023<br>Percentage | 2022<br>Percentage |
|--|--|--------------------|--------------------|
| Downtown District Cooling LLC                | UAE                                    | 20                 | 20                 |
| Prime District Cooling Company LLC           | UAE                                    | 25                 | 25                 |
| Emirates Preinsulated Pipes Industries LLC   | UAE                                    | 34.8               | 34.8               |
| Bahrain District Cooling Company             | Bahrain                                | 0.2                | 0.2                |
| Tabreed Oman SAOC                            | Oman                                   | 39.46              | 39.46              |
| Tabreed Asia Central Cooling Company LTE PTE | Singapore                              | 25                 | 25                 |

### Accumulated balances of material non-controlling interest:

| Name                          | 2023<br>AED '000 | 2022<br>AED '000 |
|-------------------------------|------------------|------------------|
| Downtown District Cooling LLC | 553,278          | 606,044          |
| Others                        | 72,437           | 73,221           |
| <b>Total</b>                  | <b>625,715</b>   | <b>679,265</b>   |

### Profit allocated to material non-controlling interest:

| Name                          | 2023<br>AED '000 | 2022<br>AED '000 |
|-------------------------------|------------------|------------------|
| Downtown District Cooling LLC | (5,885)          | 28,638           |
| Others                        | 1,303            | 4,579            |
| <b>Total</b>                  | <b>(4,582)</b>   | <b>33,217</b>    |

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

## 9.1 Partly-owned subsidiaries (Continued)

### Summarized statement of profit or loss for:

|   | Downtown District Cooling LLC<br>AED000 | Others<br>AED '000 | Total<br>AED '000 |
|---|---|--------------------|-------------------|
| <b>2023</b>                                 |   |                    |                   |
| Revenue from contracts with customers       | 428,909                                 | 174,059            | 602,968           |
| Cost of sales                               | (255,589)                               | (107,492)          | (363,081)         |
| Administrative expenses                     | (2,033)                                 | (23,581)           | (25,614)          |
| Finance costs                               | (2)                                     | (11,952)           | (11,954)          |
| Interest income                             | 4,133                                   | 1,095              | 5,228             |
| Other charges                               | -                                       | (12,580)           | (12,580)          |
| Other income                                | -                                       | 1,038              | 1,038             |
| <b>Total comprehensive income</b>           | <b>175,418</b>                          | <b>20,587</b>      | <b>196,005</b>    |
| Attributable to non-controlling interests   | (5,885)                                 | 1,303              | (4,582)           |
| Dividends paid to non-controlling interests | 46,880                                  | 2,086              | 48,966            |
| <b>2022</b>                                 |   |                    |                   |
| Revenue from contracts with customers       | 382,007                                 | 157,407            | 539,414           |
| Cost of sales                               | (235,321)                               | (105,509)          | (340,830)         |
| Administrative expenses                     | (5,174)                                 | (19,465)           | (24,639)          |
| Finance costs                               | (2)                                     | (12,117)           | (12,119)          |
| Interest income                             | 1,339                                   | 104                | 1,443             |
| Other income                                | 341                                     | 1,113              | 1,454             |
| <b>Total comprehensive income</b>           | <b>143,190</b>                          | <b>21,533</b>      | <b>164,723</b>    |
| Attributable to non-controlling interests   | 28,638                                  | 4,579              | 33,217            |
| Dividends paid to non-controlling interests | 48,000                                  | 625                | 48,625            |

## 9.1 Partly-owned subsidiaries (Continued)

### Summarized statement of financial position:

| as at 31 December 2023  | Downtown District Cooling LLC<br>AED000 | Others<br>AED '000 | Total<br>AED '000 |
|---|---|--------------------|-------------------|
| Inventories and cash and bank balances (current)                                | 201,256                                 | 85,752             | 287,008           |
| Property, plant and equipment and other non-current assets (non-current)        | 2,843,538                               | 702,364            | 3,545,902         |
| Trade payables and other liabilities  | (50,353)                                | (101,615)          | (151,968)         |
| Interest-bearing loans and borrowing and lease liabilities                      | -                                       | (166,484)          | (166,484)         |
| <b>Total equity</b>   | <b>2,994,441</b>                        | <b>520,017</b>     | <b>3,514,458</b>  |
| Attributable to:  |   |                    |                   |
| Equity holders of parent  | 2,441,163                               | 447,580            | 2,888,743         |
| Non-controlling interest  | 553,278                                 | 72,437             | 625,715           |
|   | 2,994,441                               | 520,017            | 3,514,458         |
| as at 31 December 2022  |   |                    |                   |
| Inventories and cash and bank balances (current)                                | 214,617                                 | 108,061            | 322,678           |
| Property, plant and equipment and other non-current assets (non-current)        | 2,900,508                               | 683,455            | 3,583,963         |
| Trade and other payables (current)  | (84,905)                                | (72,615)           | (157,520)         |
| Interest-bearing loans and borrowing and deferred tax liabilities (non-current) | -                                       | (198,558)          | (198,558)         |
| <b>Total equity</b>   | <b>3,030,220</b>                        | <b>520,343</b>     | <b>3,550,563</b>  |
| Attributable to:  |   |                    |                   |
| Equity holders of parent  | 2,424,176                               | 447,122            | 2,871,298         |
| Non-controlling interest  | 606,044                                 | 73,221             | 679,265           |
|   | 3,030,220                               | 520,343            | 3,550,563         |

## 10. Capital work in progress

The movement in capital work in progress during the year was as follows:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| At 1 January  | 235,545          | 128,016          |
| Additions during the year                           | 174,574          | 160,559          |
| Write off during the year                           | (36,426)         | -                |
| Transfer to property, plant and equipment (Note 11) | (128,825)        | (53,030)         |
|   | 244,868          | 235,545          |
| Advances  | 13,408           | 16,496           |
| At 31 December                                      | 258,276          | 252,041          |

i. Refer to note 11 for impairment indicators assessment of cash generating units.

## 11. Property, plant and equipment

|   | Land, plant and buildings<br>AED'000 | Distribution network<br>AED'000 | Furniture and fixtures<br>AED'000 | Office equipment and instruments<br>AED'000 | Motor vehicles<br>AED'000 | Total<br>AED'000 |
|---|--------------------------------------|---------------------------------|-----------------------------------|---|---------------------------|------------------|
| <b>2023 Cost:</b>   |                                      |                                 |                                   |   |                           |                  |
| At 1 January 2023   | 4,857,564                            | 2,700,410                       | 22,594                            | 95,219                                      | 1,377                     | 7,677,164        |
| Additions during the year   | 46,431                               | 5,678                           | 715                               | 6,948                                       | -                         | 59,772           |
| Transfer from capital work in progress (Note 10)                          | 100,879                              | 14,598                          | 4,994                             | 8,354                                       | -                         | 128,825          |
| Transfer to Finance Lease   | (4,412)                              | -                               | -                                 | -   | -                         | (4,412)          |
| Disposal of a subsidiary (note 29.1)                                      | (153,050)                            | (94,716)                        | -                                 | (14)  | -                         | (247,780)        |
| <b>At 31 December 2023</b>  | <b>4,847,412</b>                     | <b>2,625,970</b>                | <b>28,303</b>                     | <b>110,507</b>                              | <b>1,377</b>              | <b>7,613,569</b> |
| <b>Accumulated depreciation:</b>  |                                      |                                 |                                   |   |                           |                  |
| At 1 January 2023   | 1,271,023                            | 585,646                         | 12,387                            | 52,409                                      | 1,353                     | 1,922,818        |
| Charge for the year   | 138,619                              | 61,306                          | 4,670                             | 5,847                                       | (1)                       | 210,441          |
| Disposal of a subsidiary (note 27.1)                                      | (28,635)                             | (13,667)                        | -                                 | (92)  | -                         | (42,394)         |
| <b>At 31 December 2023</b>  | <b>1,381,007</b>                     | <b>633,285</b>                  | <b>17,057</b>                     | <b>58,164</b>                               | <b>1,352</b>              | <b>2,090,865</b> |
| Net carrying amount before accumulated impairment:<br>At 31 December 2023 | 3,466,405                            | 1,992,685                       | 11,246                            | 52,343                                      | 25                        | 5,522,704        |
| <b>Accumulated impairment:</b>  |                                      |                                 |                                   |   |                           |                  |
| At 1 January 2023 and at 31 December 2023                                 | 527,691                              | 473,982                         | -                                 | -   | -                         | 1,001,673        |
| <b>Net carrying amount after accumulated impairment:</b>                  |                                      |                                 |                                   |   |                           |                  |
| <b>At 31 December 2022</b>  | <b>2,938,714</b>                     | <b>1,518,703</b>                | <b>11,246</b>                     | <b>52,343</b>                               | <b>25</b>                 | <b>4,521,031</b> |

I. During the year, the Group acquired a district cooling plant from a real estate developer in Oman for a total consideration of AED 65.36 million.

## 11. Property, plant and equipment (Continued)

|  | Land, plant and buildings<br>AED'000 | Distribution network<br>AED'000 | Furniture and fixtures<br>AED'000 | Office equipment and instruments<br>AED'000 | Motor vehicles<br>AED'000 | Total<br>AED'000 |
|--|--------------------------------------|---------------------------------|-----------------------------------|---|---------------------------|------------------|
| <b>2022 Cost:</b>                                  |                                      |                                 |                                   |   |                           |                  |
| At 1 January 2022                                  | 4,799,859                            | 2,662,123                       | 24,642                            | 59,072                                      | 1,353                     | 7,547,049        |
| Additions during the year                          | 46,385                               | 27,922                          | 230                               | 4,807                                       | 24                        | 79,368           |
| Transfer from capital work in progress (Note 10)   | 11,320                               | 10,365                          |                                   | 31,345                                      | -                         | 53,030           |
| Disposal of a subsidiary (note 27.1)               | -                                    | -                               | (2,278)                           | (5)   |                           | (2,283)          |
| At 31 December 2022                                | 4,857,564                            | 2,700,410                       | 22,594                            | 95,219                                      | 1,377                     | 7,677,164        |
| <b>Accumulated depreciation:</b>                   |                                      |                                 |                                   |   |                           |                  |
| At 1 January 2022                                  | 1,144,886                            | 527,666                         | 11,244                            | 47,534                                      | 1,344                     | 1,732,674        |
| Charge for the year                                | 126,137                              | 57,980                          | 3,161                             | 4,878                                       | 9                         | 192,165          |
| Disposal of a subsidiary (note 27.1)               | -                                    | -                               | (2,018)                           | (3)   |                           | (2,021)          |
| At 31 December 2022                                | 1,271,023                            | 585,646                         | 12,387                            | 52,409                                      | 1,353                     | 1,922,818        |
| Net carrying amount before accumulated impairment: |                                      |                                 |                                   |   |                           |                  |
| At 31 December 2022                                | 3,586,541                            | 2,114,764                       | 10,207                            | 42,810                                      | 24                        | 5,754,346        |
| <b>Accumulated impairment:</b>                     |                                      |                                 |                                   |   |                           |                  |
| At 1 January 2022 and at 31 December 2022          | 527,691                              | 473,982                         | -                                 | -   | -                         | 1,001,673        |
| Net carrying amount after accumulated impairment:  |                                      |                                 |                                   |   |                           |                  |
| At 31 December 2022                                | 3,058,850                            | 1,640,782                       | 10,207                            | 42,810                                      | 24                        | 4,752,673        |

(i) During the year, the Group acquired a district cooling plant from a real estate developer in Oman for a total consideration of AED 65.36 million.

## 11. Property, plant and equipment (Continued)

The depreciation charge for the year has been allocated as follows:

|  | 2023<br>AED '000 | 2022<br>AED '000 |
|--|------------------|------------------|
| Included in direct costs (Note 6.1)                      | 202,992          | 183,411          |
| Included in administrative and other expenses (Note 6.2) | 7,449            | 8,754            |
|  | <b>210,441</b>   | <b>192,165</b>   |

Property, plant and equipment of AED 196.4 million (2022: AED 394.5 million) have been pledged as security against interest-bearing loans (Note 22).

Management undertakes an annual strategic review of all its projects with the view of assessing the impact of any internal or external factors on the recoverable amount of the Group's property, plant and equipment, customer and other contracts and capital work in progress. As a result of this assessment management has written off AED 36.4 million with respect to capital work in progress (Note 10).

During the year ended 31 December 2023, no borrowing cost is capitalized (2022: Nil).



## 12. Investments in associates

The Group has the following investments in associates:

|  | Country of incorporation | Principal activities  | Ownership |       | Carrying value |         |
|--|--------------------------|-----------------------|-----------|-------|----------------|---------|
|  |                          |                       | 2023      | 2022  | 2023           | 2022    |
| Industrial City Cooling Company          | United Arab Emirates     | Sale of chilled water | 20%       | 20%   | 1,809          | 937     |
| Tabreed District Cooling Company (Saudi) | Kingdom of Saudi Arabia  | Sale of chilled water | 21.8%     | 31.1% | 440,216        | 386,330 |
| Sahara Cooling Limited                   | United Arab Emirates     | Sale of chilled water | 40%       | 40%   | 55,613         | 51,403  |
|  |                          |                       |           |       | 497,638        | 438,670 |

The Group's interest in associates is accounted for using the equity method in the consolidated financial statements. Movement in investments in associates is as follows:

## 12. Investments in associates (Continued)

|  | For the year ended 31 December 2023<br>AED '000 | For the year ended 31 December 2022<br>AED '000 |
|--|---|---|
| At 1 January   | 438,670   | 354,098   |
| Share of results for the year from continuing operations     | 32,793  | 29,681  |
| Additions (i)  | 49,148  | 53,485  |
| Dividends received   | (11,565)  | (9,514)   |
| Share of changes in fair value of effective cash flow hedges | (4,833)   | 17,489  |
| Adjustments for inter group transactions                     | (6,575)   | (6,569)   |
| At 31 December   | 497,638   | 438,670   |

The associates are involved in the same business activity as Tabreed. The reporting dates for the associates are the same as for Tabreed. The investments are considered strategic to the Group.

- During the year 2023, an associate of the Group, Tabreed District Cooling Company (Saudi Tabreed), increased its share capital by issuing new shares to a new shareholder at a premium. As a result, the Group's ownership interest in Saudi Tabreed was diluted from 31.1% to 21.8% resulting in a gain of AED 49.1 million.
- During the year 2022, the Group purchased of 2.3% additional shares purchased from an existing shareholder of Tabreed District Cooling Company (Saudi), at a price of AED 53.5 million. The transaction resulted in an increase in the Group's shareholding in Tabreed District Cooling Company (Saudi) from 28% to 31.1% in 2022

## 12. Investments in associates (Continued)

The following illustrates summarized financial information of the Group's investments in associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

|                                 | Tabreed District<br>Cooling Company (Saudi)<br>AED '000 | Others<br>AED '000 | Total<br>AED '000 |
|---------------------------------|---|--------------------|-------------------|
| <b>2023</b>                     |   |                    |                   |
| Total current assets            | 1,184,733   | 99,564             | 1,284,297         |
| Total non-current assets        | 2,020,038   | 248,407            | 2,268,445         |
| Total current liabilities       | (130,520)   | (21,578)           | (152,098)         |
| Total non-current liabilities   | (1,276,816)   | (178,319)          | (1,455,135)       |
| Net assets                      | 1,797,435   | 148,074            | 1,945,509         |
| Tabreed's share of net assets   | 391,068   | 57,421             | 448,489           |
| Impact of additional investment | 49,148  | -                  | 49,148            |
| Tabreed's share of net assets   | 440,216   | 57,421             | 497,637           |
| <b>2022</b>                     |   |                    |                   |
| Total current assets            | 566,304   | 70,104             | 636,408           |
| Total non-current assets        | 2,022,091   | 296,963            | 2,319,054         |
| Total current liabilities       | (248,634)   | (17,522)           | (266,156)         |
| Total non-current liabilities   | (1,151,026)   | (216,353)          | (1,367,379)       |
| Net assets                      | 1,188,735   | 133,192            | 1,321,927         |
| Tabreed's share of net assets   | 332,845   | 52,340             | 385,185           |
| Impact of additional investment | 53,485  | -                  | 53,485            |
| Tabreed's share of net assets   | 386,330   | 52,340             | 438,670           |

## 12. Investments in associates (Continued)

### Reconciliation of carrying amounts

|                                 | Tabreed District<br>Cooling Company (Saudi)<br>AED '000 | Others<br>AED '000 | Total<br>AED '000 |
|---------------------------------|---|--------------------|-------------------|
| <b>2023</b>                     |   |                    |                   |
| Opening net assets              | 1,188,735   | 133,192            | 1,321,927         |
| Profit for the year             | 38,000  | 65,038             | 103,038           |
| Other comprehensive income      | (16,225)  | (3,257)            | (19,482)          |
| Dividends paid                  | -   | (28,913)           | (28,913)          |
| Other adjustments               | 586,925   | (17,985)           | 568,940           |
| Closing net assets              | 1,797,435   | 148,075            | 1,945,510         |
| Tabreed's share of net assets   | 391,068   | 57,421             | 448,489           |
| Impact of deemed disposal       | 49,148  | -                  | 49,148            |
| Tabreed's share of net assets   | 440,216   | 57,421             | 497,637           |
| <b>2022</b>                     |   |                    |                   |
| Opening net assets              | 1,119,901   | 101,316            | 1,221,217         |
| Profit for the year             | 29,105  | 57,692             | 86,797            |
| Other comprehensive income      | 39,729  | 15,914             | 55,643            |
| Dividends paid                  | -   | (23,785)           | (23,785)          |
| Other adjustments               | -   | (17,945)           | (17,945)          |
| Closing net assets              | 1,188,735   | 133,192            | 1,321,927         |
| Tabreed's share of net assets   | 332,845   | 52,340             | 385,185           |
| Impact of Additional Investment | 53,485  | -                  | 53,485            |
| Tabreed's share of net assets   | 386,330   | 52,340             | 438,670           |

## 12. Investments in associates (Continued)

### Reconciliation of carrying amounts (Continued)

|   | Tabreed District Cooling Company<br>(Saudi) AED 000' | Others<br>AED 000' | Total<br>AED 000' |
|---|--|--------------------|-------------------|
| <b>2023</b>                             |  |                    |                   |
| Revenue                                 | 329,601  | 118,521            | 448,122           |
| Cost of sales                           | (147,077)  | (44,992)           | (192,069)         |
| Administrative and other expenses       | (61,379)   | (4,230)            | (65,609)          |
| Other income                            | 6,360  | (268)              | 6,092             |
| Net finance cost                        | (89,505)   | (3,993)            | (93,498)          |
| Profit for the year                     | 38,000   | 65,038             | 103,038           |
| Tabreed's share of results for the year | 8,268  | 24,525             | 32,793            |
| <b>2022</b>                             |  |                    |                   |
| Revenue                                 | 330,049  | 119,311            | 449,360           |
| Cost of sales                           | (159,080)  | (51,099)           | (210,179)         |
| Administrative and other expenses       | (84,131)   | (3,903)            | (88,034)          |
| Other income                            | 4,346  | 170                | 4,516             |
| Net finance cost                        | (62,079)   | (6,787)            | (68,866)          |
| Profit for the year                     | 29,105   | 57,692             | 86,797            |
| Tabreed's share of results for the year | 8,149  | 21,532             | 29,681            |

- Net assets of associates include the Group's share of fair value of derivatives of associates amounting to AED 9.8 million (2022: AED 14.6 million). Summarised financial information of the Group's investments in associates is adjusted for intercompany transactions.
- Commitments and contingent liabilities in respect of the associates are disclosed in notes 31 and 32.

## 13. Investments in joint ventures

The Group has the following investment in joint ventures:

|                                      | Country of incorporation | Principal activities  | Ownership |      | Carrying value   |                  |
|--------------------------------------|--------------------------|-----------------------|-----------|------|------------------|------------------|
|                                      |                          |                       | 2023      | 2022 | 2023<br>AED 000' | 2022<br>AED 000' |
| SNC Lavalin Gulf Contractors LLC (i) | United Arab Emirates     | Construction business | 51%       | 51%  | 18,540           | 18,618           |
| Tabreed Parks Investment LLC(ii)     | United Arab Emirates     | Sale of Chilled Water | 50%       | 100% | 106,212          | -                |

- i. SNC Lavalin Gulf Contractors LLC (SLGC), a limited liability company is involved in engineering, procurement, construction and construction management in the field of District Cooling. The Group's interest in SLGC is accounted for using the equity method in the consolidated financial statements as both the shareholders jointly control and have equal rights to the net assets. On 28 December, 2023, the Group has entered into a share purchase agreement with SNC Lavalin International Inc. for disposal of its stake in the joint venture. Since the investment is insignificant to the consolidated financial statements as a whole, the classification has not been changed to held for sale on the consolidated statement of financial position and consolidated statement of comprehensive income.
- ii. During 2023, the Group disposed 50% of its ownership interest in a subsidiary, Tabreed Park Investment LLC, resulting in loss of control. The remaining 50% ownership interest provides the Group joint control over the investee which is now accounted for as investment in a joint venture under the equity method of accounting.

## 13. Investments in joint ventures (Continued)

The reporting date for the joint venture was the same as for Tabreed.

Movement in investments in joint ventures was as follows:

|   | For the year ended 31 December 2023<br>AED '000 | For the year ended 31 December 2022<br>AED '000 |
|---|---|---|
| At 1 January  | 18,618  | 18,692  |
| Share of results for the year                             | 2,130   | (74)  |
| Additional Investment                                     | 104,004   | -   |
| At 31 December  | 124,752   | 18,618  |
| <b>Share of the joint ventures' revenues and profits:</b> |   |   |
| Revenues  | 20,956  | 8,233   |
| (Loss) profit for the year                                | 2,130   | (74)  |

## 13. Investments in joint ventures (Continued)

The following illustrates summarized financial information of the Group's investments in joint ventures:

|   | For the year ended 31 December 2023<br>AED '000 | For the year ended 31 December 2022<br>AED '000 |
|---|---|---|
| Revenue                                 | 41,597  | 16,144  |
| Cost of sales                           | (30,874)  | (14,077)  |
| Administrative and other expenses       | (2,964)   | (2,127)   |
| Other income                            | (7)   | (5)   |
| Net finance cost                        | (3,488)   | (81)  |
| (Loss) profit for the year              | 4,264   | (146)   |
| Tabreed's share of results for the year | 2,130   | (74)  |
| Total current assets                    | 92,457  | 52,138  |
| Total non-current assets                | 206,970   | 1,123   |
| Total current liabilities               | (27,347)  | (16,525)  |
| Total non-current liabilities           | (119,754)                                       | (231)   |
| Net assets                              | 152,326   | 36,505  |
| Good will*                              | 48,225  | -   |
| Tabreed's share of net assets           | 124,752   | 18,618  |

- The investment in Tabreed Parks Investment LLC is accounted for based on provisional fair values / net asset values, which will be finalised within 12 months of the date of acquisition of the joint venture.

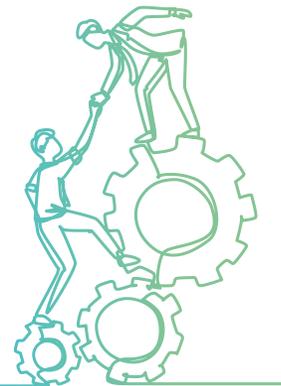
Summarized financial information of the Group's investments in joint ventures is adjusted for intercompany transactions.

Commitments and contingent liabilities in respect of the joint ventures are disclosed in Notes 31 and 32.

## 13. Investments in joint ventures (Continued)

### Reconciliation of carrying amounts:

|                               | For the year ended 31 December 2023<br>AED '000 | For the year ended 31 December 2022<br>AED '000 |
|-------------------------------|---|---|
| Opening net assets            | 36,505  | 36,651  |
| Profit (loss) for the year    | 4,264   | (146)   |
| Closing net assets            | 40,769  | 36,505  |
| Share of net assets           | 20,749  | 18,618  |
| Additions                     | 104,003   | -   |
| Tabreed's share of net assets | 124,752   | 18,618  |



## 14. Income tax

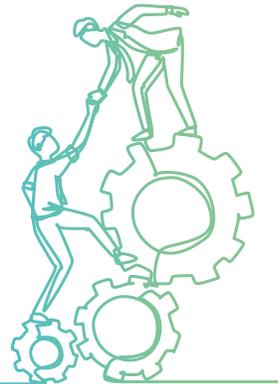
### Consolidated statement of financial position:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| Deferred tax assets relating to business combinations prior to the enactment of UAE CT Law      | (11,050)         | -                |
| Deferred tax liabilities relating to business combinations prior to the enactment of UAE CT Law | 369,845          | -                |
| Consolidated statement of profit or loss:   |                  |                  |
| Deferred tax liabilities – net*   | 358,795          | -                |

\* Since the Group has a legal right to settle the tax amounts on a net basis and the deferred tax amounts are levied by the same tax authorities, the Management has netted off DTL and DTA

### Consolidated statement of profit or loss:

|                                     |         |   |
|-------------------------------------|---------|---|
| Income tax expense (net) – deferred | 358,795 | - |
|-------------------------------------|---------|---|



### Consolidated Statement of financial position

### Consolidated statement of profit or loss

|   | 2023<br>AED '000 | 2022<br>AED '000 | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|------------------|------------------|
| Goodwill acquired through business combination – prior to enactment of UAE CT Law*          | 28,729           | -                | 28,729           | -                |
| Intangible assets acquired through business combination – prior to enactment of UAE CT Law* | 337,858          | -                | 337,858          | -                |
| Fair value of PP&E  | (7,792)          | -                | (7,792)          | -                |
| Deferred tax expense  | -                | -                | 358,795          | -                |
| Deferred tax liabilities  | 358,795          | -                | -                | -                |

## 15. Intangible assets

### Goodwill

|                                    | 2023<br>AED '000 | 2022<br>AED '000 |
|------------------------------------|------------------|------------------|
| At 1 January                       | <b>319,207</b>   | 347,734          |
| Disposal of a subsidiary (Note 27) | -                | (28,527)         |
| At 31 December                     | <b>319,207</b>   | 319,207          |

|  | 2023<br>AED '000 | 2022<br>AED '000 |
|--|------------------|------------------|
| Downtown District Cooling LLC            | <b>78,919</b>    | 78,919           |
| Business District Cooling Investment LLC | <b>240,288</b>   | 240,288          |
|  | <b>319,207</b>   | 319,207          |

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the goodwill for each cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the board covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth and inflation rates. These growth rates are consistent with forecasts from previous years and industry specific benchmarks in which each CGU operates.

The goodwill comprises of the fair value of expected synergies and future connections that may result through acquired district cooling plants and networks.

During the year ended 31 December 2022, management performed its annual impairment review of goodwill, using the discounted cashflow model and trading multiples of comparable companies' approach.

Following key assumptions were used in the discounted cashflow review:

- Consumer price index: 2.5%
- Discount rate: 7%

The recoverable amounts of the CGUs are most sensitive to the discount rate used for the value-in-use calculation. A change in discount rate by 1% would result in a reduction in the difference between the carrying value of the CGU (including allocated goodwill) and the recoverable amount by 54%, without resulting in an impairment loss.

Management has assessed that no impairment loss is required to be recognized against goodwill at the reporting date.

### Contracts

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| At 1 January                                | <b>3,832,883</b> | 3,936,718        |
| Amortisation charge for the year (Note 6.1) | <b>(102,645)</b> | (103,835)        |
| At 31 December                              | <b>3,730,238</b> | 3,832,883        |

The customer contracts and contractual rights were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition, and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

## 16. Finance lease receivables

Movement in the finance lease receivables during the year was as follows:

|  | 2023<br>AED '000 | 2022<br>AED '000 |
|--|------------------|------------------|
| At 1 January, net                                    | 2,902,170        | 3,012,278        |
| Finance lease income                                 | 218,110          | 220,896          |
| Variable lease payment CPI indexation                | 77,480           | 6,340            |
| Total finance lease income (Note 3)                  | 295,590          | 227,236          |
| Initial recognition of new finance lease receivables | 4,412            | -                |
| Lease rentals received                               | (346,143)        | (337,344)        |
| At 31 December, net                                  | 2,856,029        | 2,902,170        |

Finance lease receivable is allocated in the consolidated statement of financial position as follows:

|                    | 2023<br>AED '000 | 2022<br>AED '000 |
|--------------------|------------------|------------------|
| Current assets     | 333,157          | 324,279          |
| Non-current assets | 2,522,872        | 2,577,891        |
|                    | 2,856,029        | 2,902,170        |

## 16. Finance lease receivables (Continued)

Future minimum lease receivables under finance leases together with the present value of net minimum lease receivables are as follows:

|                                       | 2023                      |                                | 2022                      |                                |
|---------------------------------------|---------------------------|--------------------------------|---------------------------|--------------------------------|
|                                       | Minimum lease receivables | Present value of minimum lease | Minimum lease receivables | Present value of minimum lease |
|                                       | AED '000                  | AED '000                       | AED '000                  | AED '000                       |
| Within one year                       | 346,605                   | 333,157                        | 337,345                   | 324,279                        |
| After one but no more than five years | 1,386,421                 | 1,112,433                      | 1,349,379                 | 1,083,553                      |
| More than five years                  | 2,865,297                 | 1,410,439                      | 3,100,307                 | 1,494,338                      |
|                                       | 4,598,323                 | 2,856,029                      | 4,787,031                 | 2,902,170                      |
| Unearned finance income               | (1,742,294)               | -                              | (1,884,861)               | -                              |
|                                       | 2,856,029                 | 2,856,029                      | 2,902,170                 | 2,902,170                      |

Movement in unearned finance income was as follows:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| At 1 January                              | 1,884,861        | 2,099,746        |
| Finance income recognized during the year | (218,110)        | (220,896)        |
| Variable lease payment CPI indexation     | 53,946           | 6,011            |
| Relating to new finance leases            | 21,597           | -                |
| At 31 December                            | 1,742,294        | 1,884,861        |

No unguaranteed residual value to the benefit of the lessor is assumed for the purpose of the above calculation.

The Group leases represent district cooling plants. Contracts are usually made for fixed periods of 15 years to 30 years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

## 17. Right-of-use assets

Movement in right-of-use asset was summarised as follows:

|   | Land, plant and buildings<br>AED'000 | Distribution network<br>AED'000 | Motor Vehicles<br>AED'000 | Total<br>AED'000 |
|---|--------------------------------------|---------------------------------|---------------------------|------------------|
| <b>2023 Cost:</b>   |                                      |                                 |                           |                  |
| At 1 January 2023   | 255,847                              | 90,760                          | 23,397                    | 370,004          |
| Additions during the year                                 | 54,672                               | -                               | 2,658                     | 57,330           |
| At 31 December 2023                                       | 310,519                              | 90,760                          | 26,055                    | 427,334          |
| <b>Depreciation:</b>                                      |                                      |                                 |                           |                  |
| At 1 January 2023   | 72,895                               | 3,764                           | 12,243                    | 88,902           |
| Depreciation for the year                                 | 22,604                               | 1,905                           | 3,997                     | 28,506           |
| At 31 December 2023                                       | 95,499                               | 5,669                           | 16,240                    | 117,408          |
| <b>Net carrying amount before accumulated impairment:</b> |                                      |                                 |                           |                  |
| At 31 December 2023                                       | 215,020                              | 85,091                          | 9,815                     | 309,926          |
| <b>Impairment:</b>  |                                      |                                 |                           |                  |
| At 1 January 2022 and at 31 December 2023                 | 88,253                               | -                               | -                         | 88,253           |
| <b>Net carrying amount after accumulated impairment:</b>  |                                      |                                 |                           |                  |
| At 31 December 2023                                       | 126,767                              | 85,091                          | 9,815                     | 221,673          |

## 17. Right-of-use assets (Continued)

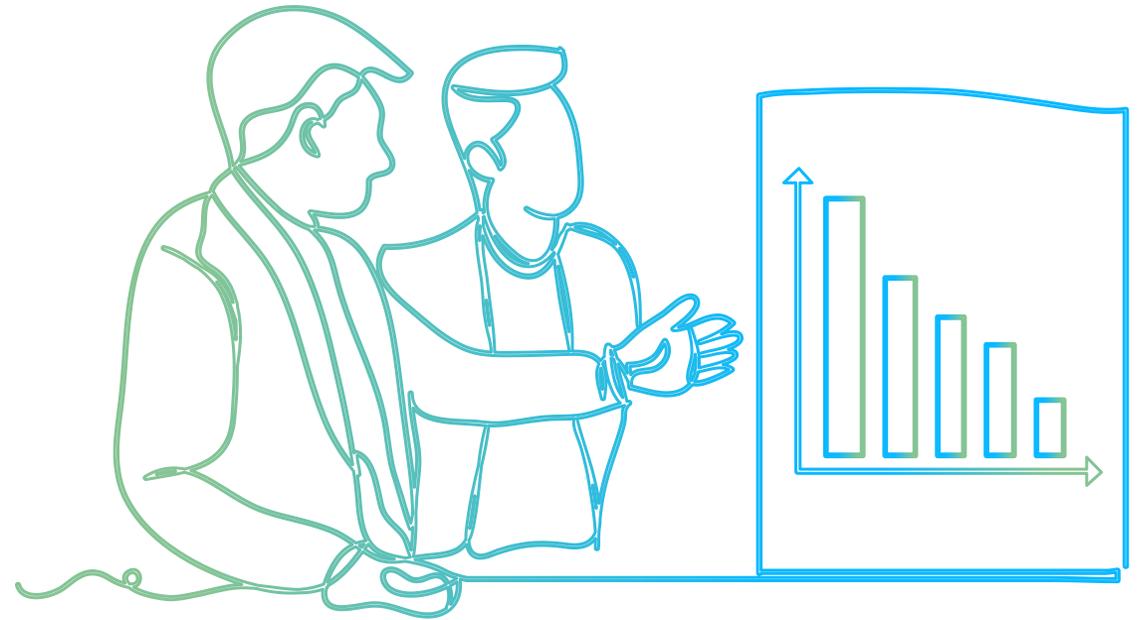
|   | Land, plant and buildings<br>AED'000 | Distribution network<br>AED'000 | Motor Vehicles<br>AED'000 | Total<br>AED'000 |
|---|--------------------------------------|---------------------------------|---------------------------|------------------|
| <b>2022 Cost:</b>   |                                      |                                 |                           |                  |
| At 1 January 2022   | 255,847                              | 90,760                          | 17,023                    | 363,630          |
| Additions during the year   | -                                    | -                               | 6,374                     | 6,374            |
| At 31 December 2022   | 255,847                              | 90,760                          | 23,397                    | 370,004          |
| <b>Depreciation:</b>  |                                      |                                 |                           |                  |
| At 1 January 2022   | 54,291                               | 1,859                           | 8,896                     | 65,046           |
| Depreciation for the year   | 18,604                               | 1,905                           | 3,347                     | 23,856           |
| At 31 December 2022   | 72,895                               | 3,764                           | 12,243                    | 88,902           |
| Net carrying amount before accumulated impairment:<br>At 31 December 2022 | 182,952                              | 86,996                          | 11,154                    | 281,102          |
| <b>Impairment:</b>  |                                      |                                 |                           |                  |
| At 1 January 2021 and at 31 December 2022                                 | 88,253                               | -                               | -                         | 88,253           |
| Net carrying amount after accumulated impairment:<br>At 31 December 2022  | 94,699                               | 86,996                          | 11,154                    | 192,849          |

The depreciation charge for the year has been allocated as follows:

|  | 2023<br>AED '000 | 2022<br>AED '000 |
|--|------------------|------------------|
| Included in direct costs (Note 6.1)                      | 14,433           | 15,470           |
| Included in administrative and other expenses (Note 6.2) | 14,073           | 8,386            |
|  | 28,506           | 23,856           |

## 18. Long term deposits

During the period, various deposits amounting to AED 14.3 million were placed by a subsidiary of the Group, for a tenure of 5 years, with commercial banks, at rates ranging from 4.5% to 4.9% per annum.



## 19. Lease liabilities

Movement in the lease liabilities during the year is as follows:

|                            | 2023<br>AED '000 | 2022<br>AED '000 |
|----------------------------|------------------|------------------|
| At 1 January 2023          | 216,809          | 247,264          |
| Addition                   | 56,912           | 6,374            |
| Accretion (Note 5)         | 12,845           | 12,534           |
| Repayment                  | (56,517)         | (49,363)         |
| <b>At 31 December 2023</b> | <b>230,049</b>   | <b>216,809</b>   |

Lease liabilities are allocated in the consolidated statement of financial position as follows:

|             | 2023<br>AED '000 | 2022<br>AED '000 |
|-------------|------------------|------------------|
| Current     | 53,050           | 46,322           |
| Non-current | 176,999          | 170,487          |
|             | 230,049          | 216,809          |

- Management has not considered the potential exposure of termination and extension clauses in determining lease liabilities.
- Amounts recognised in the consolidated statement of comprehensive income as follows:
- The statement of comprehensive income shows the following amounts relating to leases:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| Depreciation of right-of-use asset (Note 17)    | 28,506           | 23,856           |
| Finance cost on lease liabilities (Note 5 & 19) | 12,845           | 12,534           |
|   | 41,351           | 36,390           |

The statement of cash flows shows the following movement relating to leases:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| Principle elements of lease payments            | 43,672           | 36,829           |
| Finance cost on lease liabilities (Note 5 & 19) | 12,845           | 12,534           |
|   | 56,517           | 49,363           |

## 20. Trade and other receivables

|  | 31 December 2023<br>AED '000 | 31 December 2022<br>AED '000 |
|--|------------------------------|------------------------------|
| Trade receivables, net                     | 341,297                      | 442,251                      |
| Amounts due from related parties (Note 30) | 74,835                       | 67,809                       |
| Advances to suppliers and employees        | 19,205                       | 10,538                       |
| Deposits, accruals and other receivables   | 102,367                      | 108,907                      |
| Derivative financial instruments (i)       | 136,309                      | 263,789                      |
| Prepayments                                | 17,027                       | 15,182                       |
|  | <b>691,040</b>               | <b>908,476</b>               |

(i) The Group has entered into interest rate swaps (IRS) for the interest-bearing loans denominated in AED and USD which are designated as a hedging instrument (Note 34). During the year ended December 2023, the fair value movement of IRS amounting to AED 100.0 million was recorded in the consolidated statement of comprehensive income (2022: AED 280.0 million). Further, hedging instrument amounting to AED 27.5 million was settled prematurely due to early settlement of Term loan 2 (Note 24 (ii))

## 20. Trade and other receivables (Continued)

As at 31 December 2023, trade receivables with a nominal value of AED 27.4 million (2022: AED 24.7 million) were provided for as per the requirements of IFRS 9 expected credit loss model. Movement in the provision for impairment of trade receivables is as follows:

|   | 31 December 2022<br>AED '000 | 31 December 2021<br>AED '000 |
|---|------------------------------|------------------------------|
| At 1 January                                    | 24,702                       | 41,677                       |
| Additional (reversal of) provision for the year | 3,895                        | (8,830)                      |
| Amounts written off                             | (1,153)                      | (8,145)                      |
| At 31 December                                  | 27,444                       | 24,702                       |

The following table details the risk profile of trade receivables and amounts due from related parties based on the Group's provision matrix. Group's provision for loss allowance is based on past due status between the Group's different customer base for majority of the customers.

## 20. Trade and other receivables (Continued)

The following table details the risk profile of trade receivables and amounts due from related parties based on the Group's provision matrix. Group's provision for loss allowance is based on past due status between the Group's different customer base for majority of the customers.

As at 31 December, the ageing analysis of trade receivables and amounts due from related parties is as follows:

|                            | Total   | Current | Past due  |              |              |               |                |           |
|----------------------------|---------|---------|-----------|--------------|--------------|---------------|----------------|-----------|
|                            |         |         | < 30 days | 30 – 60 days | 60 – 90 days | 90 – 120 days | 120 – 365 days | >365 days |
| <b>2023</b>                |         |         |           |              |              |               |                |           |
| Gross receivable (AED'000) | 443,576 | 263,342 | 54,537    | 49,663       | 12,752       | 6,025         | 24,550         | 32,707    |
| Provision %                | 6.2%    | 0.7%    | 1.8%      | 1.4%         | 4.3%         | 7.5%          | 15.9%          | 58.2%     |
| Provision (AED'000)        | 27,444  | 1,797   | 987       | 706          | 546          | 454           | 3,910          | 19,044    |
| Net receivable (AED'000)   | 416,132 | 261,545 | 53,550    | 48,957       | 12,206       | 5,571         | 20,640         | 13,663    |
| <b>2022</b>                |         |         |           |              |              |               |                |           |
| Gross receivable (AED'000) | 534,762 | 262,036 | 104,844   | 54,762       | 14,504       | 14,217        | 32,383         | 52,016    |
| Provision %                | 4.6%    | 0.7%    | 1.1%      | 1.5%         | 3.4%         | 4.2%          | 10.1%          | 31.9%     |
| Provision (AED'000)        | 24,702  | 1,811   | 1,125     | 816          | 490          | 601           | 3,284          | 16,575    |
| Net receivable (AED'000)   | 510,060 | 260,225 | 103,719   | 53,946       | 14,014       | 13,616        | 29,099         | 35,441    |

Trade receivables are non-interest bearing and are generally on 30 – 60 days terms. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured. For terms and conditions relating to related party receivables, refer to Note 30.

## 21. Cash and bank balances

Bank balances and cash included in the consolidated statement of financial position and in the consolidated statement of cash flows are as follows:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| Bank balances and cash                      | 150,061          | 331,722          |
| Bank deposits                               | 1,359,743        | 1,441,579        |
| Cash and cash equivalents as at 31 December | 1,509,804        | 1,773,301        |

- Included in the bank balances is an amount of AED Nil (2022: AED 15.2 million) placed in debt service reserve accounts in relation to bank facilities and an amount of AED 1.8 million (2022: AED 1.9 million) held as cash margin against trade related bank guarantees and letters of credit.
- Bank deposits attract a fixed rate of interest ranging from 4.8% to 6% per annum (2022: 3.9% to 4.5% per annum).
- Geographical concentration of cash and bank balances is as follows:

|             | 2023<br>AED '000 | 2022<br>AED '000 |
|-------------|------------------|------------------|
| Within UAE  | 1,495,903        | 1,746,373        |
| Outside UAE | 13,901           | 26,928           |
|             | 1,509,804        | 1,773,301        |

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

|                                       | 2023<br>AED '000   | 2022<br>AED '000   |
|---------------------------------------|--------------------|--------------------|
| Cash and bank balances                | 1,509,804          | 1,773,301          |
| Interest bearing loans and borrowings | (2,037,952)        | (2,506,481)        |
| Islamic financing arrangements        | (638,135)          | (937,391)          |
| Non-convertible bonds and Sukuk       | (3,532,495)        | (3,648,295)        |
| Lease liabilities                     | (230,049)          | (216,809)          |
| <b>Net debt</b>                       | <b>(4,928,827)</b> | <b>(5,535,675)</b> |



## 21. Cash and bank balances (Continued)

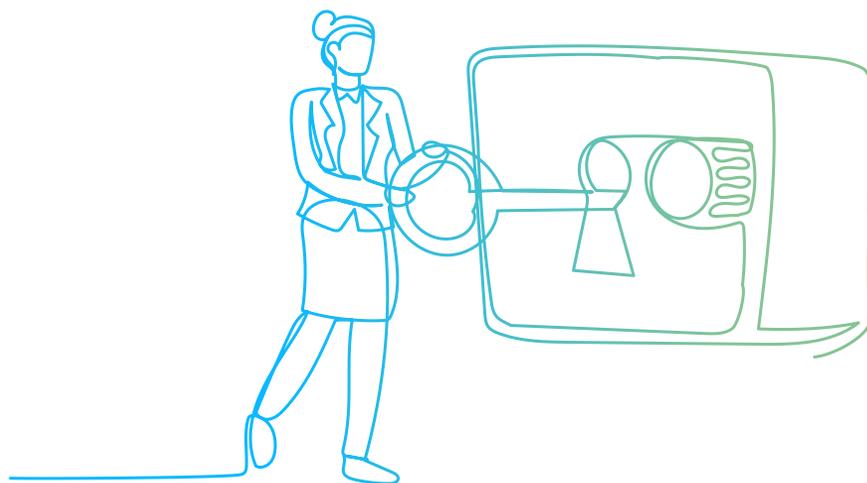
|  | Cash and bank<br>balances<br>AED'000 | Interest bearing<br>loans and<br>borrowings<br>AED'000 | Islamic<br>financing<br>arrange-ments<br>AED'000 | Non- converti-<br>ble Bonds and<br>Sukuk<br>AED'000 | Lease liabilities<br>AED'000 | Total<br>AED'000   |
|--|--------------------------------------|--|--|---|------------------------------|--------------------|
| <b>Net debt</b>                              |                                      |  |  |   |                              |                    |
| <b>Balance at 1 January 2023</b>             | 1,773,301                            | (2,506,481)  | (937,391)  | (3,648,295)   | (216,809)                    | (5,535,675)        |
| Cash flows                                   | (263,497)                            | 491,045  | 312,371  | 121,193   | 56,517                       | 717,629            |
| Non-cash transaction:                        |                                      |  |  |   |                              |                    |
| Amortization of transaction cost<br>(Note 5) | -                                    | (22,517)   | (13,115)   | (5,393)   | -                            | (41,025)           |
| Addition (Note 19)                           | -                                    | -  | -  | -   | (56,912)                     | (56,912)           |
| Accretion (Note 5)                           | -                                    | -  | -  | -   | (12,845)                     | (12,845)           |
| <b>Balance at 31 December 2023</b>           | <b>1,509,804</b>                     | <b>(2,037,953)</b>                                     | <b>(638,135)</b>                                 | <b>(3,532,495)</b>                                  | <b>(230,049)</b>             | <b>(4,928,828)</b> |
| <b>Net debt</b>                              |                                      |  |  |   |                              |                    |
| <b>Balance at 1 January 2022</b>             | 1,197,273                            | (2,530,048)  | (941,412)  | (3,643,080)   | (247,264)                    | (6,164,531)        |
| Cash flows                                   | 576,028                              | 32,748   | 8,433  | -   | 49,363                       | 666,572            |
| Non-cash transaction:                        |                                      |  |  |   |                              |                    |
| Amortisation of transaction cost<br>(Note 5) | -                                    | (11,298)   | (4,412)  | (5,215)   | -                            | (20,925)           |
| Non cash adjustment                          | -                                    | 2,117  | -  | -   | -                            | 2,117              |
| Addition (Note 17, 22 and 23)                | -                                    | -  | -  | -   | (6,374)                      | (6,374)            |
| Accretion (Note 5)                           | -                                    | -  | -  | -   | (12,534)                     | (12,534)           |
| <b>Balance at 31 December 2022</b>           | <b>1,773,301</b>                     | <b>(2,506,481)</b>                                     | <b>(937,391)</b>                                 | <b>(3,648,295)</b>                                  | <b>(216,809)</b>             | <b>(5,535,675)</b> |

- Transaction cost of AED 20.8 million pertaining to a subsidiary was written off as a result of settlement and charged to P&L under 'other gains and losses'.

## 22. Issued capital

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| <b>Authorised, issued and fully paid up share capital</b>                         |                  |                  |
| Shares 2,845,260,590 (2022: 2,845,260,590) ordinary shares of AED 1 each (Note 8) | 2,845,261        | 2,775,874        |

Total of 69,386,375 of bonus shares were issued on 31 March 2022 (Note 8).



## 23. Statutory reserve

As required by the UAE Federal Law No. (32) of 2021, and the articles of association of companies registered in UAE, 10% of the profit of the parent and relevant subsidiaries for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals 50% of the issued capital. The reserve is not available for distribution.

## 24. Interest bearing loans and borrowings

|                   | Effective interest rate % | 2023<br>AED '000 | 2022<br>AED '000 |
|-------------------|---------------------------|------------------|------------------|
| Term loan 1(i)    | SOFR / LIBOR + margin     | 1,887,623        | 1,882,306        |
| Term loan 2(ii)   | LIBOR + margin            | -                | 327,121          |
| Term loan 3 (iii) | EIBOR + margin            | -                | 134,673          |
| Term loan 4(iv)   | 4.75% / 5.75%             | 50,578           | 54,470           |
| Term loan 5(v)    | 4.75% / 5.75%             | 46,759           | 51,065           |
| Term loan 6(vi)   | EIBOR + margin            | 52,992           | 56,846           |
| Term loan 7(vii)  | EIBOR + Margin            | -                | -                |
|                   |                           | <b>2,037,952</b> | 2,506,481        |

Interest bearing loans and borrowings are allocated in the consolidated statement of financial position as follows:

|                     | 2023<br>AED '000 | 2022<br>AED '000 |
|---------------------|------------------|------------------|
| Current portion     | 61,037           | 37,626           |
| Non-current portion | 1,976,915        | 2,468,855        |
|                     | <b>2,037,952</b> | 2,506,481        |

### (i) Term loan 1

- During the year 2020, the Group secured a facility of AED 1,900.4 million (US\$ 517.4 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carried interest rate of LIBOR plus margin. Effective 30 June, USD LIBOR rates have been discontinued and replaced by Secured Overnight Financing Rate (SOFR). The Company has successfully transitioned the loan and the associated derivatives from LIBOR to SOFR with no impact on the profit or loss or equity of the Group. It is an un-secured facility, ranks pari passu with all other unsecured and unsubordinated liabilities of the Group.
- The interest is payable in cash on a flexible basis as agreed with the bank at every interest reset period. The facility is repayable with a 100% bullet payment in March 2025.
- It is an un-secured facility, ranks pari passu with all other unsecured and unsubordinated liabilities of the Group.

### (ii) Term loan 2

- During the year, as permitted by the financing agreement, the Group early settled Term Loan 2 along with the associated hedging instrument as part of its liability management. This resulted in a reclassification of the cumulative fair value of derivatives in cash flow hedges amounting to AED 100.6 million, from other comprehensive income to profit or loss under 'other gains and losses'.
- In addition, unamortized transaction cost of AED 10.5 million was written off as a result of the settlement. The write off is recorded under 'other gains and losses' in the consolidated statement of profit or loss.

## 24. Interest bearing loans and borrowings (Continued)

### (iii) Term loan 3

- Effective 14 August 2023, the Group disposed 50% of its ownership interest in a subsidiary, Tabreed Parks Investment LLC, resulting in loss of control and deconsolidation of loan associated with the subsidiary (note 29.1)

### (iv) Term loan 4

- Term loan 4 relates to a subsidiary and represents borrowing with a local commercial bank. The facility was refinanced during 2023 to avail better interest rates. The new facility is also secured against and commercial charge over property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in September 2033 (December 2022: June 2029) and carries fixed interest of 4.75% per annum (December 2022: 5.75% per annum). During the year total repayments of AED 5.6 million were made (2022: AED 6.7 million).

### (v) Term loan 5

- During 2021, the Group acquired a new facility through a subsidiary which represents borrowing with a local commercial bank. The facility was refinanced during 2023 to avail better interest rates. The new facility is secured against the receivables and commercial charge over land, property, plant and equipment (plant & machinery). The loan is repayable in quarterly instalments and maturing in September 2033 (December 2022: December 2033) and carries fixed interest of 4.75% per annum (2022: 5.75%). During the year total repayments of AED 4.3 million were made (2022: AED 1.2 million).

### vi) Term loan 6

- Term loan 6 relates to a subsidiary and represents borrowing with a local commercial bank. The facility amounting to AED 77.9 million was obtained to finance the acquisition of a plant. The facility carries interest rate of EIBOR plus a margin, payable in cash on a quarterly basis and is secured against the plant for which facility was obtained. The facility is repayable in 60 quarterly instalments with the last instalment due on 31 December 2031. During the year, total repayments of AED 4.0 million were made against this facility (2022: AED 3.7 million).

### (vii) Term loan 7

- A green revolving credit facility of AED 600 million is also obtained by the Group during 2023 (2022: AED 590 million expired in 2023) which is to be utilised in the form of drawing cash advances. The revolving facility carries interest at EIBOR plus margin and is repayable on 31 December 2028. As of 31 December 2023, the company has not utilised the balance from the revolving credit facility (2022: Nil)
- Included in the interest-bearing loans and borrowings is an amount of AED 15.1 million of unamortised transaction cost (2022: AED 33.0 million).
- The Group has complied with all the applicable financial covenants at the reporting date.

## 25. Islamic financing arrangement

|                                   | Effective interest rate % | 2023<br>AED '000 | 2022<br>AED '000 |
|-----------------------------------|---------------------------|------------------|------------------|
| Islamic financing arrangement (1) | SOFR/ LIBOR + margin      | 638,135          | 635,604          |
| Islamic financing arrangement (2) | LIBOR + margin            | -                | 301,787          |
|                                   |                           | 638,135          | 937,391          |

Islamic financing arrangement are allocated in the consolidated statement of financial position as follows:

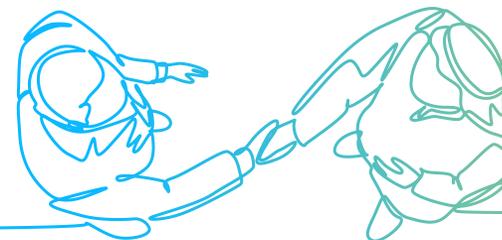
|                     | 2023<br>AED '000 | 2021<br>AED '000 |
|---------------------|------------------|------------------|
| Current portion     | -                | 8,073            |
| Non-current portion | 638,135          | 929,318          |
|                     | 638,135          | 937,391          |

### Islamic financing arrangement (1)

During the year 2020, the Group secured a new Islamic facility of AED 641.3 million (US\$ 174.6 million) from a syndicate of banks to finance the acquisition of a subsidiary. The facility carries profit rate of LIBOR plus margin. Effective 30 June 2023, USD LIBOR rates have been discontinued and replaced by Secured Overnight Financing Rate (SOFR). The Company has successfully transitioned the loan and the associated derivatives from LIBOR to SOFR with no impact on the profit or loss or equity of the Group. The profit is payable in cash on a flexible basis as agreed with the Bank at every profit reset period. The facility is repayable with a 100% bullet payment in March 2025.

### Islamic financing arrangement (2)

- During 2023, as permitted by the financing agreement, the Group early settled Islamic financing arrangement - II as part of its liability management resulting in unamortized transaction cost of AED 10.3 million being written off. The write off is recorded under 'other gains and losses' in the consolidated statement of profit or loss.
- Included in the Islamic financing arrangement is an amount of AED 3.2 million of unamortised transaction cost (2022:AED 16.0 million).



## 26. Non-convertible Bonds and Sukuk

### Non-convertible Sukuk

| 2023<br>AED '000 | 2022<br>AED '000 |
|------------------|------------------|
| 1,712,598        | 1,832,453        |

- In 2018, the Group issued a 7 year investment grade Islamic Bond (Sukuk) of US\$ 500 million which is listed on the London Stock Exchange. The bond carries profit rate of 5.5% payable semi-annually. The bonds are repayable on 31 October 2025. The proceeds of the bonds were utilised to repay the portion of previous term loans and Islamic financing arrangements.
- The Sukuk is stated net of discount and transaction costs incurred in connection with the Sukuk arrangements, amounting to AED 2.7 million (2022: AED 4.0 million), which are amortized to the consolidated statement of profit or loss over the repayment period of Sukuk using effective interest rate method.
- During 2023, Sukuk amounting to US\$ 33.0m were purchased from the open market as part of its liability management. The Management intends to hold these instruments without cancellation.

### Non-convertible Bonds

| 2023<br>AED '000 | 2022<br>AED '000 |
|------------------|------------------|
| 1,819,897        | 1,815,842        |

- During the year 2020, the Group issued 7-year investment grade bonds of US\$ 500 million which is listed on the London Stock Exchange. The bonds carry coupon rate of 2.5% payable semi-annually. The bonds are repayable on 31 October 2027. The proceeds of the bonds were utilised to repay the previous term Loans and to fund the future growth.
- The bonds are stated net of discount and transaction costs incurred in connection with the bonds issuance, amounting to AED 16.6 million (2022: AED 20.7 million), which are amortised to the consolidated statement of profit or loss over the repayment period of the Bonds using effective interest rate method.
- There are no covenants applied on non-convertible bonds and Sukuk, as long as the Group maintains investment grade credit rating status.



## 27. Employees' end of service benefits

The Group provides for employees' end of service benefits in respect of its non-UAE employees in accordance with the employees' contracts of employment. The movement in the provision recognized in the consolidated statement of financial position is as follows:

|                                | 2023<br>AED '000 | 2022<br>AED '000 |
|--------------------------------|------------------|------------------|
| At 1 January                   | 42,706           | 41,291           |
| Charge for the year (Note 6.3) | 8,062            | 9,677            |
| Payments made during the year  | (5,510)          | (8,262)          |
| At 31 December                 | 45,258           | 42,706           |



## 28. Trade and other payables

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| <b>Non-current liabilities</b>          |                  |                  |
| <b>Relating to capital expenditure:</b> |                  |                  |
| Contractor payable and retentions       | 13,557           | 10,569           |
| <b>Others:</b>                          |                  |                  |
| Contract liabilities                    | 255,109          | 207,990          |
|   | 268,666          | 218,559          |
| <b>Current liabilities</b>              |                  |                  |
| <b>Relating to capital expenditure:</b> |                  |                  |
| Contractor payable and retentions       | 4,357            | 7,754            |
| Accrued expenses                        | 48,388           | 98,752           |
|   | 52,745           | 106,506          |
| <b>Others:</b>                          |                  |                  |
| Trade payables                          | 80,717           | 61,117           |
| Due to related parties (Note 30)        | 28,505           | 28,092           |
| Accrued expenses                        | 320,561          | 255,045          |
| Contract liabilities                    | 54,088           | 79,813           |
| Deferred income                         | 27,083           | 23,861           |
| Dividend payable                        | -                | 3,057            |
| VAT payable                             | 814              | 2,126            |
| Deposits                                | 100,111          | 100,397          |
| Other payables                          | 94,474           | 66,587           |
|   | 706,353          | 620,095          |
|   | 759,098          | 726,601          |

## 28. Trade and other payables (Continued)

Terms and conditions of the financial liabilities:

- Trade payables and other financial liabilities are non-interest bearing and are normally settled on 60-90 days terms.
- Retentions payable are non-interest bearing and are normally settled in accordance with the terms of the contracts.
- For terms and conditions relating to related parties, refer to note 30.

Movement in contract liabilities is as follows:

|                      | 2023     | 2022     |
|----------------------|----------|----------|
|                      | AED '000 | AED '000 |
| Contract liabilities | 309,197  | 287,803  |

- Contract liabilities represent un-satisfied performance obligation related to connection fees.
- During the year ended 31 December 2023, total addition of AED 48.7 million (2022: AED 17.5million). The revenue recognized during the year is AED 15.7 million (2022: AED 13.7 million).

## 29. Business combination

### 29.1 Disposal of a subsidiary

Effective 14 August 2023, the Group disposed 50% of its ownership interest in a subsidiary, Tabreed Parks Investment LLC, resulting in loss of control. The carrying value of the identifiable assets and liabilities disposed, on the date of disposal, are as follows:

|  | 2023<br>AED '000 |
|--|------------------|
| Current assets                           | 45,213           |
| Non-current assets                       | 203,928          |
| <b>Total assets</b>                      | <b>249,141</b>   |
| Current liabilities                      | 9,446            |
| Non-current liabilities (i)              | 127,507          |
| <b>Total assets</b>                      | <b>136,953</b>   |
| <b>Net assets</b>                        | <b>112,188</b>   |
| Consideration received in cash, net (ii) | 91,745           |
| Fair value of remaining 50% shares       | 104,678          |
| Less: Net assets disposed                | (112,188)        |
| <b>Gain on disposal</b>                  | <b>84,235</b>    |

- Includes interest bearing loans and borrowings, net of transaction costs, amounting to AED 127 million.
- Net of cost of disposal amounting to AED 8 million.
- Gain is recorded under 'other gains and losses' in the consolidated statement of profit or loss

## 29.1 Disposal of a subsidiary (Continued)

The results of Tabreed Parks Investment LLC for the period until the date of disposal are presented below:

|  | Period ended<br>14 August 2023 |                  |
|--|--------------------------------|------------------|
|  | 2023<br>AED '000               | 2022<br>AED '000 |
| Revenue  | 30,214                         | 48,067           |
| Expenses   | (14,946)                       | (30,363)         |
| <b>Gross profit</b>  | <b>15,268</b>                  | <b>17,704</b>    |
| Other administrative expenses                                | (210)                          | (2,730)          |
| Net finance cost   | (5,867)                        | (7,756)          |
| Other income   | -                              | 12,631           |
| <b>Profit for the period from discontinued operation (i)</b> | <b>9,191</b>                   | <b>19,849</b>    |

The net cash outflows generated from the sale are as follows:

|  | 14 August 2023<br>AED '000 |
|--|----------------------------|
| Consideration received less cost to sale | 91,745                     |
| Cash disposed as part of the sale        | (23,678)                   |
| <b>Net cash inflow on disposal</b>       | <b>68,067</b>              |

(i) The results of the operations of Tabreed Parks Investment LLC, for the period ended 14 August 2023 i.e. the date of disposal, are not presented separately in the consolidated statement of profit or loss, as the amounts are not material.

Effective 20 May 2022, the Group disposed of its entire 70% shareholding in Ian Banham and Associates LLC to its existing non-controlling interest holder for a consideration of AED 5 million. The carrying value of the identifiable assets and liabilities disposed on the date of disposal are as follows:

|   | 2022<br>AED '000 |
|---|------------------|
| <b>Current assets</b>                                   | 25,368           |
| <b>Non-current assets</b>                               | 28,527           |
| <b>Total assets</b>                                     | 53,895           |
| <b>Current liabilities</b>                              | 31,664           |
| <b>Non-current liabilities</b>                          | 3,003            |
| <b>Total assets</b>                                     | 34,667           |
| <b>Net assets</b>                                       | 19,228           |
| Less: non-controlling interest                          | (12,212)         |
| Net assets attributable to equity holders of the parent | 7,016            |
| Less: consideration received on disposal                | (5,000)          |
| <b>Loss on disposal</b>                                 | <b>2,016</b>     |

The results of Ian Banham and Associates LLC for the period are presented below:

|  |            |
|--|------------|
| Revenue  | 1,670      |
| Expenses   | (1,382)    |
| <b>Gross profit</b>  | <b>288</b> |
| Other administrative expenses                                | -          |
| <b>Profit for the period from discontinued operation (i)</b> | <b>288</b> |

## 29.2 Disposal of a subsidiary (Continued)

The net cash outflows generated from the sale are as follows:

|   | 2022<br>AED '000 |
|---|------------------|
| Cash received from sale                     | 5,000            |
| Cash sold as part of the sale               | (15,596)         |
| <b>Net cash outflow on date of disposal</b> | <b>(10,596)</b>  |

(i) The results of the operations of Ian Banham and Associates LLC were not segregated on the face of the consolidated profit or loss, as the amounts are not material.

## 29.3 Incorporation of a subsidiary

During the year 2022, Tabreed Asia Central Cooling Company Pte. Ltd ("Tabreed Asia") was incorporated by the Group with a share capital of AED 22,035 thousand. The Group held 75% ownership interest in Tabreed Asia while the remaining 25% of the share capital amounting to AED 5,509 thousand was injected by a non-controlling interest.

## 29.4 Partial disposal of shareholding in a subsidiary due to reorganization

During the year 2022, the Group's shareholding in Tabreed India decreased as a result of transfer of its entire ownership to Tabreed Asia. Following is a summary of the reduction in shareholding, with corresponding increase in non-controlling interests:

|  | Tabreed India<br>AED '000 |
|--|---------------------------|
| Carrying value of the shareholding disposed-off            | 1,125                     |
| Less: consideration  | -                         |
| <b>Difference recognized directly in retained earnings</b> | <b>1,125</b>              |

## 30. Related party transactions and balances

Related parties represent associated companies, joint ventures, directors and key management personnel of the Group, management entities engaged by the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related party includes purchase and sale of chilled water and provision of management services. Significant transactions with related parties included in the consolidated statement of profit or loss are as follows:

|                          | 2023                |                          | 2022                |                          |
|--------------------------|---------------------|--------------------------|---------------------|--------------------------|
|                          | Revenue<br>AED '000 | Direct costs<br>AED '000 | Revenue<br>AED '000 | Direct costs<br>AED '000 |
| Associated companies     | 11,406              | 64,170                   | 11,375              | 63,300                   |
| Non-controlling interest | 392,789             | -                        | 333,314             | -                        |

Balances with related parties included in the consolidated statement of financial position are as follows:

|                          | 2023                          |  | 2022                          |  |
|--------------------------|-------------------------------|--|-------------------------------|--|
|                          | Trade receivables<br>AED '000 | Trade payables<br>and advances<br>AED '000 | Trade receivables<br>AED '000 | Trade payables<br>and advances<br>AED '000 |
| Associated companies     | 8,210                         | 28,505                                     | 9,530                         | 28,092                                     |
| Non-controlling interest | 66,625                        | -  | 58,279                        | -  |
|                          | 74,835                        | 28,505                                     | 67,809                        | 28,092                                     |

## 30. Related party transactions and balances (Continued)

### Terms and conditions of transactions with related parties

Transactions with related parties are made at agreed terms and conditions approved by management and are analyzed as follows:

| Terms and conditions        |                                   | 2023<br>AED '000 | 2022<br>AED '000 |
|-----------------------------|-----------------------------------|------------------|------------------|
| Trade receivables           | Settled over agreed credit terms  | 74,835           | 67,809           |
| Trade payables and advances | Settled over normal credit period | 28,505           | 28,092           |

### Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

|                                    | 2023<br>AED '000 | 2022<br>AED '000 |
|------------------------------------|------------------|------------------|
| Short-term benefits                | 12,062           | 12,555           |
| Employees' end of service benefits | 157              | 152              |
|                                    | 12,219           | 12,707           |
| Number of key management personnel | 6                | 6                |



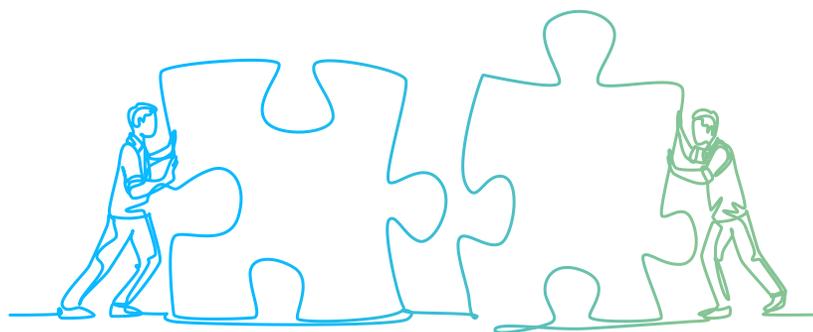
## 31. Contingent liabilities

### Bank guarantees

The banks have issued guarantees on behalf of the Group as follows:

|                            | 2023<br>AED '000 | 2022<br>AED '000 |
|----------------------------|------------------|------------------|
| Performance guarantees     | 95,453           | 110,351          |
| Advance payment guarantees | 2,253            | 1,353            |
| Financial guarantees       | 8,519            | 53               |
|                            | 106,225          | 111,757          |

The Group's share of contingencies of associates and joint ventures as of 31 December 2023 amounted to AED 73.5 million (2022: AED 45.3 million) and AED Nil (2022: AED Nil), respectively. The Group expects no outflow of economic resources and accordingly no provision has been made in the consolidated financial statements.



## 32. Commitments

### Contractual commitments

The authorized contractual commitments as at 31 December 2023, contracted but not provided for amounted to AED 591 million (2022: AED 339.7 million). The Group's share of authorized future capital expenditure of associates at 31 December 2023 amounted to AED 28.35 million (2022: AED 13.9 million) and the Group's share of authorized future capital expenditure for joint ventures amounted to Nil (2022: Nil).

### Operating lease commitments - lessor

The Group enters into cooling service agreements with its customers for the provision of chilled water. Some of these agreements qualify to be classified as a lease and have been accounted for as an operating lease as the Group does not transfer substantially all the risks and rewards of ownership of the asset to the customer.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| Within one year                             | 80,499           | 77,274           |
| After one year but not more than five years | 309,034          | 307,630          |
| More than five years                        | 720,108          | 758,072          |
|   | 1,109,641        | 1,142,976        |

## 33. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans and borrowings, Islamic financing, lease liabilities, non-convertible bonds and Sukuk, trade payables and due to related parties. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as finance lease receivables, trade receivables, due from related parties and cash and bank balances, which arise directly from its operations.

The Group enters into derivative transactions to manage the interest rate risk arising from the Group's sources of finance. It is, and has been throughout 2023 and 2022 the Group's policy that no trading in derivatives shall be undertaken.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

### (a) Market risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise the following types of risk: interest rate risk and currency risk.

Financial instruments affected by market risk include loans and borrowings, Islamic financing arrangements, deposits, finance lease receivables, lease liabilities and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 December 2023 and 2022.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2023 and 2022.

The following assumptions have been made in calculating the sensitivity analyses:

- The consolidated statement of financial position sensitivity relates to derivatives instruments.
- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2023 and 2022 including the effect of hedge accounting

### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's cash flow exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations and deposits with floating interest rates.

To manage the cash flow risk relating to its variable interest borrowings, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2023, after taking into account the effect of interest rate swaps, 100% of the Group's borrowings are at a fixed rate of interest (2022: 99%).

### 33. Financial risk management objectives and policies (Continued)

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit for one year (through the impact on unhedged portion of loans and borrowings).

|                           | Effect on profit (AED '000) |
|---------------------------|-----------------------------|
| 2023                      |                             |
| +100 basis point increase | -                           |
| +100 basis point decrease | -                           |
| 2022                      |                             |
| +100 basis point increase | (451)                       |
| +100 basis point decrease | 451                         |

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The majority of the transactions and balances are in either UAE Dirham or US Dollar or currencies that are pegged to US Dollar. As the UAE Dirham is pegged to the US Dollar, balances in US Dollar are not considered to represent significant foreign currency risk.

#### (d) Credit risk

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure relating to trade receivables, contract assets and finance lease receivables is the carrying amount as disclosed in notes 20 and 16 respectively. The Group's 3 largest customers accounted for 57% of outstanding trade and related party receivable balances at 31 December 2023 (2022: 3 customers, including a related party, account for approximately 55%). Amounts due in respect of finance lease receivables are from nine customers (2022: eight customers).

The Group applies IFRS 9 simplified approach to measure expected credit losses which uses a expected loss allowance for all trade receivables, contract assets and finance lease receivables.

To measure the expected credit losses, trade receivables, contract assets and finance lease receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales 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 to settle the receivables.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and bank balances and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, maximum is equal to the carrying amount of these instruments. The Group seeks to limit its credit risk to banks by only dealing with reputable banks, and independently rated parties with a minimum of investment grade ratings are accepted.

For finance lease receivables, the Group uses simplified approach, requiring lifetime ECL recognition at all times. ECL provision is based on the Group's historical information adjusted for future expectations using macro-economic indicators. The finance lease receivables are concentrated with a few parties which are owned by Government of UAE and thus carries very low credit risk leading towards immaterial provision allowance.

### 33. Financial risk management objectives and policies (Continued)

#### (e) Liquidity risk

The Group monitors its risk to a shortage of funds using a cash flow model. This tool considers the maturity of its financial assets (trade receivables, finance lease receivables and other financial assets) and projected cash outflows from operations and capital projects.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of term loans.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2023 and 2022 based on undiscounted payments and current market interest rates.

|   | On demand<br>AED '000 | Less than<br>3 months<br>AED '000 | 3 to 12<br>months<br>AED '000 | 1 to 5<br>years<br>AED '000 | >5 years<br>AED '000 | Total<br>AED '000 | Carrying<br>value<br>AED '000 |
|---|-----------------------|-----------------------------------|-------------------------------|-----------------------------|----------------------|-------------------|-------------------------------|
| <b>Interest bearing loans and borrowings</b>  | -                     | 11,720                            | 35,167                        | 1,982,399                   | 91,269               | 2,120,555         | 2,037,952                     |
| <b>Islamic financing arrangements</b>   | -                     | 2,950                             | 8,437                         | 646,312                     | -                    | 657,699           | 638,135                       |
| <b>Non-convertible bonds and Sukuk</b>  | -                     | -                                 | 146,920                       | 3,911,745                   | -                    | 4,058,665         | 3,532,495                     |
| <b>Lease liabilities</b>  | -                     | 13,864                            | 41,746                        | 145,250                     | 109,583              | 310,443           | 230,049                       |
| <b>Trade and retention payables, due to related parties and other financial liabilities</b> | -                     | 195,450                           | 420,966                       | 13,556                      | -                    | 629,972           | 629,972                       |
| <b>At 31 December 2023</b>  | -                     | 223,984                           | 653,236                       | 6,699,262                   | 200,852              | 7,777,334         | 7,068,603                     |
| <b>Interest bearing loans and borrowings</b>  | -                     | 33,708                            | 68,065                        | 2,264,295                   | 435,822              | 2,801,890         | 2,506,481                     |
| <b>Islamic financing arrangements</b>   | -                     | 13,294                            | 21,451                        | 777,338                     | 271,728              | 1,083,811         | 937,391                       |
| <b>Non-convertible bonds and Sukuk</b>  | -                     | -                                 | 146,920                       | 4,058,665                   | -                    | 4,205,585         | 3,648,295                     |
| <b>Lease liabilities</b>  | -                     | 12,704                            | 35,698                        | 178,543                     | 28,344               | 255,289           | 216,809                       |
| <b>Trade and retention payables, due to related parties and other financial liabilities</b> | -                     | 173,669                           | 356,191                       | 10,569                      | -                    | 540,429           | 546,429                       |
| <b>At 31 December 2022</b>  | -                     | 233,375                           | 628,325                       | 7,289,410                   | 735,894              | 8,887,004         | 7,855,405                     |

### 33. Financial risk management objectives and policies (Continued)

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

|                                       | 2023<br>AED '000 | 2022<br>AED '000 |
|---------------------------------------|------------------|------------------|
| Expiring beyond one year (bank loans) | 600,000          | 590,000          |

#### (e) Capital management

The primary objective of the Group's capital management is to achieve strong credit metrics and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it, in the light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, Islamic financing arrangement, nonconvertible bonds and Sukuk and lease liabilities less cash and bank balances. Capital includes total equity excluding non-controlling interests less cumulative changes in fair value of derivatives.

|  | 2023<br>AED '000 | 2022<br>AED '000 |
|--|------------------|------------------|
| <b>Interest bearing loans and borrowings</b>                           | 2,037,952        | 2,506,481        |
| <b>Islamic financing arrangement</b>                                   | 638,135          | 937,391          |
| <b>Non-convertible Bonds and Sukuk</b>                                 | 3,532,495        | 3,648,295        |
| <b>Lease liabilities</b>   | 230,049          | 216,809          |
|  | 6,438,631        | 7,308,976        |
| <b>Less: cash and bank balances</b>                                    | (1,509,804)      | (1,773,301)      |
| <b>Net debt</b>  | 4,928,827        | 5,535,675        |
| <b>Equity attributable to equity holders of the parent</b>             | 6,317,527        | 6,474,810        |
| <b>Adjustment for cumulative changes in fair values of derivatives</b> | (146,101)        | (351,490)        |
| <b>Total capital</b>   | 6,171,426        | 6,123,320        |
| <b>Capital and net debt</b>  | 11,100,253       | 11,658,995       |
| <b>Gearing ratio</b>   | 44%              | 47%              |

## 34. Financial instruments and fair value measurement

### 34.1 Financial instruments

The accounting policies for financial instruments have been applied to the line items below:

|   | 2023<br>AED '000 | 2022<br>AED '000 |
|---|------------------|------------------|
| <b>Derivative financial instruments</b>                 | <b>136,309</b>   | <b>263,789</b>   |
| Trade and other receivables                             | 416,132          | 510,060          |
| Finance lease receivables                               | 2,856,029        | 2,902,170        |
| Cash and bank balances                                  | 1,509,804        | 1,772,784        |
| <b>Financial assets measured at amortised cost</b>      | <b>4,781,965</b> | <b>5,185,014</b> |
| Trade and other payables                                | 137,119          | 118,253          |
| Interest bearing loans and borrowings                   | 2,037,952        | 2,506,481        |
| Islamic financing arrangement                           | 638,135          | 937,391          |
| Non-convertible Bonds and Sukuk                         | 3,532,495        | 3,648,295        |
| Lease liabilities                                       | 230,049          | 216,809          |
| <b>Financial liabilities measured at amortised cost</b> | <b>6,575,750</b> | <b>7,427,229</b> |

For the purpose of the financial instrument's disclosure, non-financial assets and non-financial liabilities have been excluded from 'trade and other receivables' and 'trade and other payables', respectively.

#### Fair values of financial instruments

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values at the reporting date except for finance lease receivables, interest bearing loans and borrowings, Islamic financing arrangement, non-convertible bonds and Sukuk and lease liabilities. Set out below is a comparison of carrying amounts and fair values of such instruments:

|   | Carrying Amount  |                  | Fair Value       |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2023<br>AED '000 | 2022<br>AED '000 | 2023<br>AED '000 | 2022<br>AED '000 |
| <b>Asset (liabilities) measured at fair value</b>             |                  |                  |                  |                  |
| Interest rate swaps   | 136,309          | 263,789          | 136,309          | 263,789          |
| <b>Assets (liabilities) for which fair value is disclosed</b> |                  |                  |                  |                  |
| <b>Financial assets</b>                                       |                  |                  |                  |                  |
| Finance lease receivables                                     | 2,856,029        | 2,902,170        | 3,126,916        | 3,291,232        |
| <b>Financial liabilities</b>                                  |                  |                  |                  |                  |
| Interest bearing loans and borrowings                         | 2,037,952        | 2,506,481        | 2,067,006        | 2,603,773        |
| Islamic financing arrangement                                 | 638,135          | 937,391          | 647,310          | 983,205          |
| Non-convertible bonds and Sukuk                               | 3,532,495        | 3,648,295        | 3,489,350        | 3,489,350        |
| Lease liabilities   | 230,049          | 216,809          | 256,541          | 215,078          |

## 34.2 Fair value hierarchy

As at 31 December 2023 and 2022, the fair value measurement hierarchy of the Group's assets and liabilities is as follows:

|  | 2023             |           |         |           | 2022             |           |         |           |
|--|------------------|-----------|---------|-----------|------------------|-----------|---------|-----------|
|  | 31 December 2023 | Level 1   | Level 2 | Level 3   | 31 December 2022 | Level 1   | Level 2 | Level 3   |
|  | AED'000          | AED'000   | AED'000 | AED'000   | AED'000          | AED'000   | AED'000 | AED'000   |
| <b>Assets / (Liabilities) measured at fair value</b>   |                  |           |         |           |                  |           |         |           |
| Interest rate swaps                                    | 136,309          | -         | 136,309 | -         | 263,789          | -         | 263,789 | -         |
| <b>Assets for which fair values are disclosed</b>      |                  |           |         |           |                  |           |         |           |
| Finance lease receivables                              | 3,126,916        | -         | -       | 3,126,916 | 3,291,232        | -         | -       | 3,291,232 |
| <b>Liabilities for which fair values are disclosed</b> |                  |           |         |           |                  |           |         |           |
| Interest bearing loans and borrowings                  | 2,067,006        | -         | -       | 2,067,006 | 2,603,773        | -         | -       | 2,603,773 |
| Islamic financing arrangement                          | 647,310          | -         | -       | 647,310   | 983,205          | -         | -       | 983,205   |
| Non-convertible bonds and Sukuk                        | 3,489,350        | 3,489,350 | -       | -         | 3,489,350        | 3,489,350 | -       | -         |
| Lease liabilities                                      | 256,541          | -         | -       | 256,541   | 215,078          | -         | -       | 215,078   |
|  | 6,460,207        | 3,489,350 | -       | 2,970,857 | 7,291,406        | 3,489,350 | -       | 3,802,056 |

During the reporting years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



## 34.2 Fair value hierarchy (Continued)

The following methods and assumptions were used to estimate the fair values for assets and liabilities measured at fair value:

### Derivative financial instruments

The Group enters into derivative financial instruments with various banks and financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are interest rate swaps. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying commodity.

### Other financial assets (liabilities)

Fair values of other financial assets and liabilities are estimated by discounting future cash flows using prevailing current market rates.

## 34.3 Hedging activities

### Cash flow hedges

In order to hedge its exposure to variable interest rate fluctuations on its interest bearing loans the Group has entered into interest rate swaps with counter-party banks designated as cash flow hedges for notional amounts that mirror the drawdown and repayment schedule of the respective loans. The cashflow hedges are assessed as fully effective based on management qualitative assessment of the critical terms of the hedging arrangements. The notional amount of the interest rate swaps was AED 2,600 million as at 31 December 2023 (2022: AED 3,343 million).

Upon derecognition, the cumulative fair value change recognized in OCI is recycled to consolidated profit and loss account. During the year fair value of hedge amounting to AED 100.6 million was recycled to profit and loss upon termination (note 24).

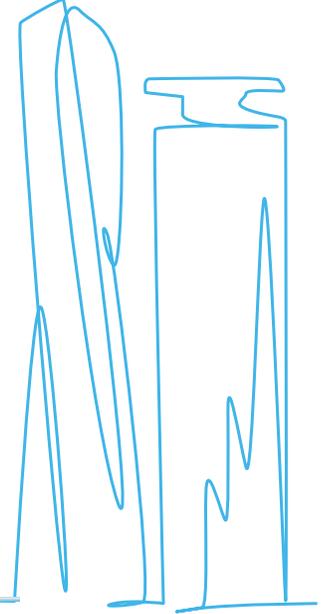
The schedule indicating the maturity profile of the derivative related assets and liabilities as at 31 December is as follows:

|                             | Within<br>1 year | More than<br>1 Year | Total     |
|-----------------------------|------------------|---------------------|-----------|
|                             | AED '000         | AED '000            | AED '000  |
| <b>2023</b>                 |                  |                     |           |
| Cash inflows (assets)       | 140,788          | 52,265              | 193,053   |
| Cash outflows (liabilities) | (13,352)         | (8,118)             | (21,470)  |
| Net cash outflows           | 127,436          | 44,147              | 171,583   |
| <b>2022</b>                 |                  |                     |           |
| Cash inflows (assets)       | 166,907          | 295,091             | 461,998   |
| Cash outflows (liabilities) | (32,895)         | (148,401)           | (181,296) |
| Net cash outflows           | 134,012          | 146,690             | 280,702   |

All derivative contracts are with counterparty banks in UAE.

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### This Corporate Governance Report is Approved by:

Khaled Abdulla  
Al Qubaisi  
Chairman of the Board

Khalid Al Marzooqi  
Chief Executive Officer

Dr. Bakheet Al Katheeri  
Chairman of Finance  
Committee and Nomination  
and Remuneration  
Committee

Geert Bunkens  
Chairman of the Audit Risk and  
Compliance Committee

Mousa Sajwani  
VP, Internal Audit

## 1. Preface

Corporate governance is the system of rules, practices and processes used to direct and manage a company.

The following report is governed by the Securities and Commodities Authority (“SCA”) Chairman’s Board of Directors’ Decision No. 3 of 2020 as amended from time to time on the Joint Stock Companies Governance Guide (“**Decision 3/2020**”) and the format of this report is prescribed by the SCA. This report outlines the compliance of National Central Cooling Company PJSC (the “**Company**” or “**Tabreed**”) with Decision 3/2020, and the Company’s overall integral governance structure in the period from 1 January 2023 to 31 December 2023.

In addition to the above, to ensure compliance with the external rules, Tabreed has adopted, updated and implemented, to list a few without limitation, a number of internal policies and procedures to emphasize the enforcement and application of the corporate governance by the Board and Tabreed’s employees:

- Code of Conduct
- Anti-Bribery and Corruption Policy
- Internal Audit, Risk and Compliance Charter
- Delegation of Authority
- Related Party Transaction Policy
- Tabreed Market Conduct and Securities Trading Policy
- Internal Audit Charter;
- Human Rights Policy
- Ethical Framework
- Diversity, Equity & Inclusion Policy
- Business Consultants Policy

Incorporated in 1998, Tabreed has 26 years of industry leading experience in the district cooling sector, with offices across the GCC, Egypt and India, with the aim of exploring entry into other countries. Throughout its journey Tabreed has enhanced its commitment to implementing the highest standards of corporate governance within the Company to enhance value for its shareholders and stakeholders.

## 2. Compliance with regulations

Tabreed's corporate governance system is well developed, adopts local and international best practice and meets all relevant requirements of UAE legislation on corporate governance, including the Federal Decree by Law concerning Commercial Companies No. 32 of 2021 (as amended) and Decision 3/2020. Decision 3/2020 applies to Tabreed's listing on the Dubai Financial Market ("DFM"). The SCA supervises, controls and verifies Tabreed's compliance with Decision 3/2020.



### 3. Corporate governance structure

The General Assembly Meeting is the highest decision-making body in the Company and is the forum in which shareholders exercise their right to decide on the Company's direction. The Annual General Assembly Meeting ("AGA") is convened once a year to carry out tasks such as adopting the Board of Directors' report and the annual and consolidated accounts, discharging the members of the Board of Directors and the auditors from liability and deciding how the profit of the past financial year is to be allocated.

The shareholders are the ultimate decision-makers in respect of the direction of the Company as the shareholders are responsible for appointing the Board of Directors at the AGA of the Company, each such appointment being for a term of three years. The shareholders present at the AGA also elect the auditors who in turn report on their scrutiny to the AGA.

The following sections summarize how the Company has applied the principles of Decision 3/2020 and its compliance with these principles.



### 3.1. Board of Directors

(Art. 6, Decision 3/2020)

The appointment, roles and responsibilities of the Board of Directors of Tabreed (the "Board" or "Board of Directors") are outlined in Tabreed's Articles of Association ("AoA").

Upon implementation of the membership balance criteria set down by Decision 3/2020 in relation to executive, non-executive and independent members of the Board, we confirm that compliance was maintained by Tabreed in relation to all criteria including those requirements for the independence of the Board members save that the Chairman is no longer considered under Decision 3/2020 as independent by virtue of being re-elected on more than four occasions by the shareholders of Tabreed. In addition, to the Chairman, the current Board of Tabreed comprises eight independent directors out of the total of nine Board members. The Board has at all times maintained an appropriate level of skills, experience and capabilities across the membership.

### 3.2. Chairman of the Board

(Art. 7 and 15, Decision 3/2020)

In 2023, Khaled Abdulla Al Qubaisi presided as the Chairman of the Board (the "Chairman"). The Chairman of Tabreed's Board is a non-executive director with extensive and prominent experience in the finance and energy sectors both regionally and internationally. Throughout the year, the Chairman ensured that the Board participated effectively at Board meetings and that each member of the Board acted in the best interests of Tabreed and its shareholders. The Chairman developed the structure of, and agenda for, meetings of the Board, overseeing communication between Board members and shareholders, and encouraged constructive relations between the Board members.

### 3.3. Members of the Board

(Art. 9, 10, 13 - 19, Decision 3/2020)

The members of the Board have a diverse set of skills and experience. Each member's duty is to act in the best interests of Tabreed and its shareholders. Each member of the Board ensures that Tabreed's management maintains systems and processes to ensure adherence to laws, regulations and Tabreed's operational requirements.

The Board ensures that Tabreed's management provides them with sufficient information, in a timely manner, to make informed decisions that affect the direction of the Company. The Board members participate in Board meetings, giving independent opinions on strategic issues, policy, accounting, resources and principles of required behaviour. The Board tracks the Company's performance against strategic objectives.

Each year, all Board members disclose to Tabreed an assessment of their independence, potential conflicts of interest, confirmation of confidentiality, details of any share trading and details of their significant positions in public companies or other institutions.

### 3.4. Remuneration of the Chairman and the Board Members

(Art. 29, Decision 3/2020)

The Chairman and the Board members are entitled to be remunerated by a percentage of up to a maximum of 10% of the net profits of the Company in respect of each fiscal year, subject to approval by the shareholders at the Company's AGA and subject to setting aside a statutory reserve of 10% of the net profits of the Company.

### 3.5. Board Committees (Art. 6, Decision 3/2020)

The Board is empowered to establish Board committees and to delegate powers to such committees as necessary or appropriate. The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities.

Board committees are an effective way to distribute work between Board members and allow for more detailed consideration of specific matters. All the Board committees are functioning on behalf of the Board and the Board will be responsible for constituting, assigning, co-opting and fixing terms of service for Board committee members.

Tabreed's Board has constituted four committees and implemented charters that define the obligations, duration and authority of each committee and these committees are regularly monitored by the Board regarding their performance and commitment. These committees are:

- Audit, Risk and Compliance Committee;
- Nomination and Remuneration Committee;
- Finance Committee; and
- Projects Committee

The Audit, Risk and Compliance Committee ("ARC Committee") and the Nomination and Remuneration Committee ("NRC") are mandated by Decision 3/2020. The Finance Committee and the Projects Committee have been established by the Board of Directors as additional committees to facilitate the business requirements of the Company.

### 3.6 Audit, Risk and Compliance Committee (Art. 60, 61 and 62, Decision 3/2020) (Art. 60, 61 and 62, Decision 3/2020)

The Board maintains an ARC Committee that monitors financial statements, reviews and recommends changes to Tabreed's financial and control systems, and appoints and maintains an appropriate relationship with the Company's external auditors, it also oversees risk and compliance functions. The Audit Committee also oversees the Internal Audit function and is responsible for approving recommendations for internal audit improvements (see Section 6 for further detail on the Audit, Risk and Compliance Committee).



### 3.7. Nomination and Remuneration Committee

(Art. 59, Decision 3/2020)

The NRC assists the Board in discharging its responsibilities in relation to qualifications, compensation, appointment and succession of the Company's directors and key management personnel. The Committee oversees the Company's nomination process for the Board of Directors and continuously monitors the independence of the independent members of the Board (see Section 7 for further detail on the Nomination and Remuneration Committee).

### 3.8 Finance Committee

The role of the Finance Committee is to assist the Board in monitoring and reviewing: a) the economics and financial returns of investments and commitments, b) debt and equity financing transactions; and c) financial risk management programs of the Company (see Section 9.1. for further detail on the Finance Committee).

### 3.9 Projects Committee

The role of the Projects Committee is to assist the Board and management in the successful tendering and execution of projects, management of project related contracts, procurement processes, health/safety and the environment, or any other matter that may be critical for the efficient, safe and reliable operation of the Company's projects and existing assets (see Section 9.2. for further detail on the Projects Committee).

### 3.10. Internal Audit

(Art. 66 and 67, Decision 3/2020)

Tabreed's Internal Audit function is maintained by the Board with certain responsibilities delegated to the ARC Committee. The Board provides independent, objective and authoritative advice as well as assurance over the Internal Audit environment to the Board, ARC Committee and management, to assist them in discharging their functions and duties conferred and imposed on them.

The Board ensures that the internal audit is effective by reviewing the work of the ARC Committee, effectively dealing with risk and control issues at Board meetings and requiring that risk and internal audit issues are discussed at each Board meeting. The Board also ensures that an internal audit review is conducted by the Internal Audit function each year (See Section 10 for further detail on the Internal Audit function).

### 3.11. External Auditor

(Art. 70, Decision 3/2020)

On the recommendation of the ARC Committee, the Board appointed Ernst & Young ("EY") as Tabreed's external auditor at the 2023 AGA held on 20 March 2023. The Board ensures that the external auditor remains independent from the Company. The external auditor has broad powers to provide reports to the General Assembly Meeting and to regulatory bodies (see Section 5 for further detail on the External Auditor).

### 3.12. Delegation to Management

(Art.14, Decision 3/2020)

The Board provides guidance and direction to Tabreed's management towards achieving the strategic objectives of Tabreed.

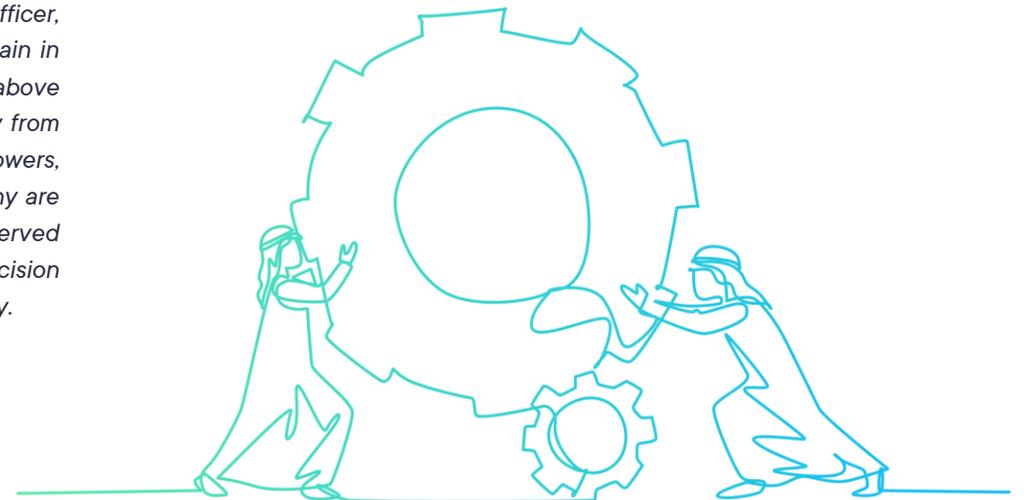
The Board is responsible for the direction and oversight of the Company on behalf of the shareholders. The day to day activities of Tabreed are delegated to management through the Board approved Delegation of Authority as amended and approved by the Board on 14 November 2023. The Delegation of Authority will be reviewed at least every 2 years. The Delegation of Authority delegates authority from the Board to executive management to execute certain:

- Contractual or other commitments;
- Expenditure, purchases; and
- Investments,

in each case below a specified maximum limit amount (in AED), beyond which approval of the Board is required. To give effect to the Delegation of Authority, the Board has granted a general Power of Attorney to the Chief Executive Officer, subject to the abovementioned maximum limit amount and which shall remain in force for the same duration at the Delegation of Authority. Other than the above Delegation of Authority there are no other standing delegations of authority from the Board of Directors to the management of the Company. All other powers, authorities and responsibilities in respect of the management of the Company are vested in the Board in accordance with the AoA, subject to those matters reserved under such AoA and/or applicable laws and regulations for the exclusive decision by the shareholders of the Company at the General Assembly of the Company.

The Board also provides guidance and direction to management through the following mandates that are regularly reviewed by the Board:

- The five-year business plan;
- Tabreed's policies;
- Key performance indicators; and
- Regular reporting against performance targets.



### 3.13 Shareholders' Rights

(Art. 48, 49, 50 and 51, Decision 3/2020)

The Board is committed to maintaining the highest standards in relation to recognition of shareholders' rights. This commitment is outlined in the Charter of the Board of Directors. To that end, Tabreed maintains an appropriately resourced shareholder communications function and has engaged the DFM and First Abu Dhabi Bank ("FAB") to assist with engagement of shareholders.

The purpose of each of the investor relations and shareholder communications functions as well as FAB's and the DFM's role is to ensure that shareholders receive all required financial reports and relevant information, that shareholders are notified of and attend General Assembly meetings, and that dividend payments, when approved, are provided to each shareholder on a timely basis.

The AoA sets out the shareholders' rights to information, voting, participation at meetings and information on candidates for Board positions.

### 3.14 Code of Conduct

(Art. 52, Decision 3/2020)

The manner in which the Company expects the Board, its employees, the auditors and the persons to whom specific duties are assigned to behave with respect to each other, the law, customers, suppliers, stakeholders and the community is articulated in the Tabreed Code of Conduct.



## 4. Board member transactions

The Company's Market Conduct and Trading Policy has rules governing the dealings by the Board members and their close family in Tabreed's securities. A fundamental restriction in place is that no Board member or Tabreed employee is allowed to trade in Tabreed securities during a blackout period. Blackouts occur over the periods when sensitive information is being developed or considered. The table below outlines the Board members' (and their immediate relatives') shareholdings and share transactions during 2023:

| Name                                | Position      | Total shares held as of 31/12/2023 | Total shares bought | Total shares sold |
|-------------------------------------|---------------|------------------------------------|---------------------|-------------------|
| <b>Khaled Abdulla Al Qubaisi</b>    | Chairman      | 0                                  | 0                   | 0                 |
| <b>Mohammed Abdulla Al Qubaisi</b>  | Family Member | 566                                | 0                   | 0                 |
| <b>Ahmed Abdulla Al Qubaisi</b>     | Family Member | 1,238                              | 0                   | 0                 |
| <b>Saeed Ali Khalfan Al Dhaheri</b> | Board Member  | 5,812,830                          | 0                   | 0                 |
| <b>Ali Khalfan Al Dhaheri</b>       | Family Member | 20,391,240                         | 0                   | 0                 |
| <b>Paulo Almirante</b>              | Vice-Chairman | 0                                  | 0                   | 0                 |
| <b>Musabbeh Al Kaabi</b>            | Board Member  | 0                                  | 0                   | 0                 |
| <b>Dr. Bakheet Al Katheeri</b>      | Board Member  | 0                                  | 0                   | 0                 |
| <b>Pierre Cheyron</b>               | Board Member  | 0                                  | 0                   | 0                 |
| <b>Geert Bunkens</b>                | Board Member  | 0                                  | 0                   | 0                 |
| <b>Claire Béchaux</b>               | Board Member  | 0                                  | 0                   | 0                 |
| <b>Dr. Alyazia Al Kuwaiti</b>       | Board Member  | 0                                  | 0                   | 0                 |

## 5. Formation of the Board

### 5.1. Board Composition

The following table outlines details of each Board member holding office during 2023 in terms of independence, executive position and term of office.

| Name                             | Position      | Year of Appointment      | Executive | Independent |
|----------------------------------|---------------|--------------------------|-----------|-------------|
| <b>Khaled Abdulla Al Qubaisi</b> | Chairman      | 2009                     | X         | X           |
| Paulo Almirante                  | Vice Chairman | 2017                     | X         | ✓           |
| H.E. Dr Ahmad Belhoul Al Falasi  | Member        | From 2017 to March 2023  | X         | ✓           |
| Dr. Alyazia Ali Al Kuwaiti       | Member        | From March 2023          | X         | ✓           |
| Dr. Bakheet Al Katheeri          | Member        | 2022                     | X         | ✓           |
| Musabbeh Al Kaabi                | Member        | 2021                     | X         | ✓           |
| Pierre Cheyron                   | Member        | 2021                     | X         | ✓           |
| Frédéric Claux                   | Member        | From 2017 till July 2023 | X         | ✓           |
| Geert Bunkens                    | Member        | From September 2023      | X         | ✓           |
| Claire Béchaux                   | Member        | 2022                     | X         | ✓           |
| Saeed Ali Khalfan Al Dhaheri     | Member        | 2017                     | X         | ✓           |

During 2023, the Tabreed Board of Directors had two female members duly appointed by the shareholders, Claire Béchaux and Dr. Alyazia Ali Al Kuwaiti.

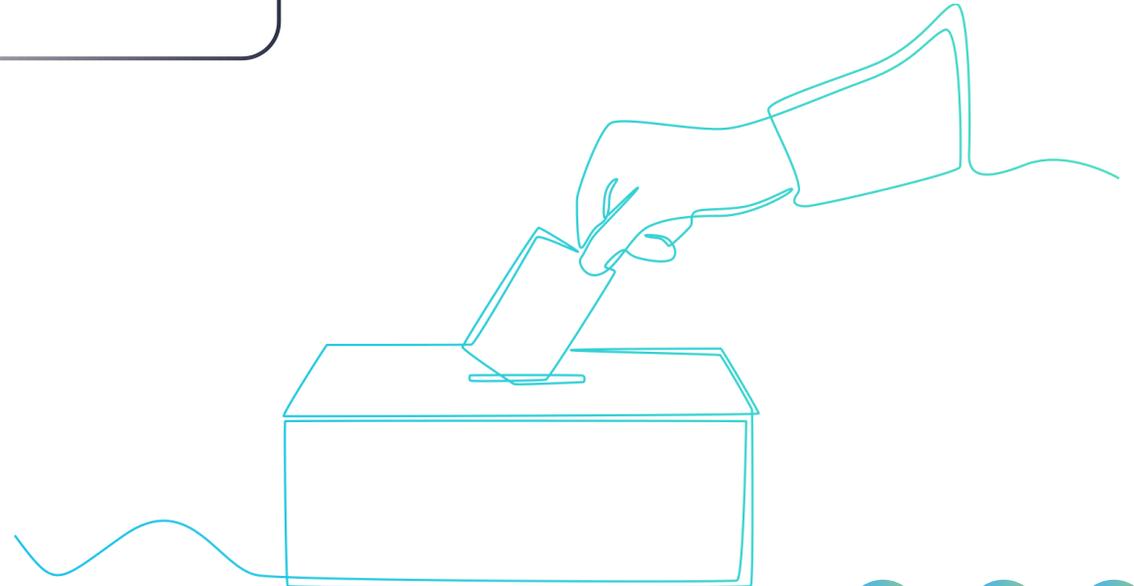
## 5.2. Elections and terms of office

The General Assembly has the competence to elect and remove the members of the Board. In accordance with the AoA, the term of each Board member is three years. The Board members are elected by secret ballot. The Board of Directors elects the members of each of the Board committees and designates its Chairman.

On 27 July 2023, Frédéric Claux resigned from the Board and subsequently was replaced by Geert Bunkens from September 2023 to complete the term of his predecessor

As per the Commercial Companies Law and Decision 3/2020 when a Board member resigns from his/her position, the Board of Directors appoints a member for the vacant position and such appointment shall be presented to the next General Assembly to approve such appointment or appoint another person. Accordingly, the appointment of Dr. Geert Bunkens will be formally ratified at the next General Assembly to be held in March 2024.

The next Board Election is scheduled for 2026, where shareholders will appoint a new Board.



### 5.3. Board Remuneration

The AGA may after setting aside 10% for the statutory reserve from the net profit of the Company, and the shareholder dividend of a maximum of 10% of the capital, approve a percentage of up to 10% of the net profits to remunerate the Board of Directors.

Remuneration paid to the Board members, in aggregate, in 2023 and recommended to be paid in 2024, are as follows:

| Sitting Fees and Remuneration   | AED       |
|---|-----------|
| Remuneration for 2022 paid in 2023 after approval at last AGA                   | 8,550,000 |
| Board and Committees sitting fees for 2023 recommended for payment in 2024      | 0         |
| Remuneration recommended for 2023 to be paid in 2024 after approval at next AGA | 8,550,000 |

Other than the remuneration recommended for 2023 and referred to above, no other allowances, salaries or additional fees are to be paid to any Board member by Tabreed for 2023.

### 5.4. Board Meetings in 2023

The Board held 4 meetings in 2023 on the dates set out below:

- 14 February;
- 11 May;
- 27 July; and
- 14 November.

The following table shows the attendance of each member, or proxy, for the period in which they were elected to the Board:

| Meeting Number | Number of Attendees out of 9 | Meeting Date | Absence or proxy attendance  |
|----------------|------------------------------|--------------|--|
| 1              | 8                            | 14 February  | Proxy from H. E Dr Belhoul to the Chairman   |
| 2              | 8                            | 11 May       | Apology from Paulo Almirante   |
| 3              | 8                            | 27 July      | Proxy from Dr. Bakheet Al Katheeri to the Chairman<br>Apology from Paulo Almirante |
| 4              | 8                            | 14 November  | Proxy from Dr. Alyazia Al Kuwaiti to Dr. Bakheet                                   |

Each absence and proxy referred to above was acknowledged and the reasons for absence were accepted by the Chairman and the Board at the relevant meetings.

The Tabreed Board held one meeting through circular resolutions during 2023 on 22 September 2023 appointing Geert Bunkens as a new member of the Board in replacement of Frédéric Claux who resigned on 27 July 2023.

In December 2023 the Board of Directors completed a board self-assessment questionnaire conducted by the Chairman with the support of the Company Secretary, with results presented back to the Board in the first quarter of 2024.

The Board also attended a Board briefing session delivered by Hawkamah in line with regulatory requirements to refresh knowledge and gain additional insights on best practices and recent developments as they relate to Board activity and their duties to act in the best interests of the company and its stakeholders.

## 5.5. Board Terms of Reference

In line with good practice and governance, the Board provides strategic direction to the management team. The Board provides this direction by working with management to establish:

1. The appointment of the Chief Executive Officer and key executives;
2. Board approved Delegation of Authority setting out the levels of approvals required by the Board;
3. Board approved strategic plans – with the growth, revenue and profit targets required by the Board and a reporting mechanism to feedback results;
4. A strong risk management and internal audit environment;
5. The integrity of financial reporting;
6. Proper disclosure and communication with shareholders; and
7. A highly qualified and experienced senior management team.

Each element noted above **contributes** towards a balanced and effective internal audit mechanism over Tabreed's activities which are, in turn, capable of being effectively monitored by the Board.

## 5.6. Executive Management

The Tabreed Corporate Governance Procedures Manual and the Board approved Delegation of Authority clearly outline the role that the Board requires from Tabreed's management. Management's primary responsibilities cover the oversight of the day-to-day operations of Tabreed's business, strategic planning, budgeting, financial reporting and risk management.

Executive management consists of six Chief Officers. These positions together with other management positions, the incumbents, dates of appointment and remuneration received (or accrued) in 2023 (in AED) are outlined below, followed by an Organization Chart in section 5.8.

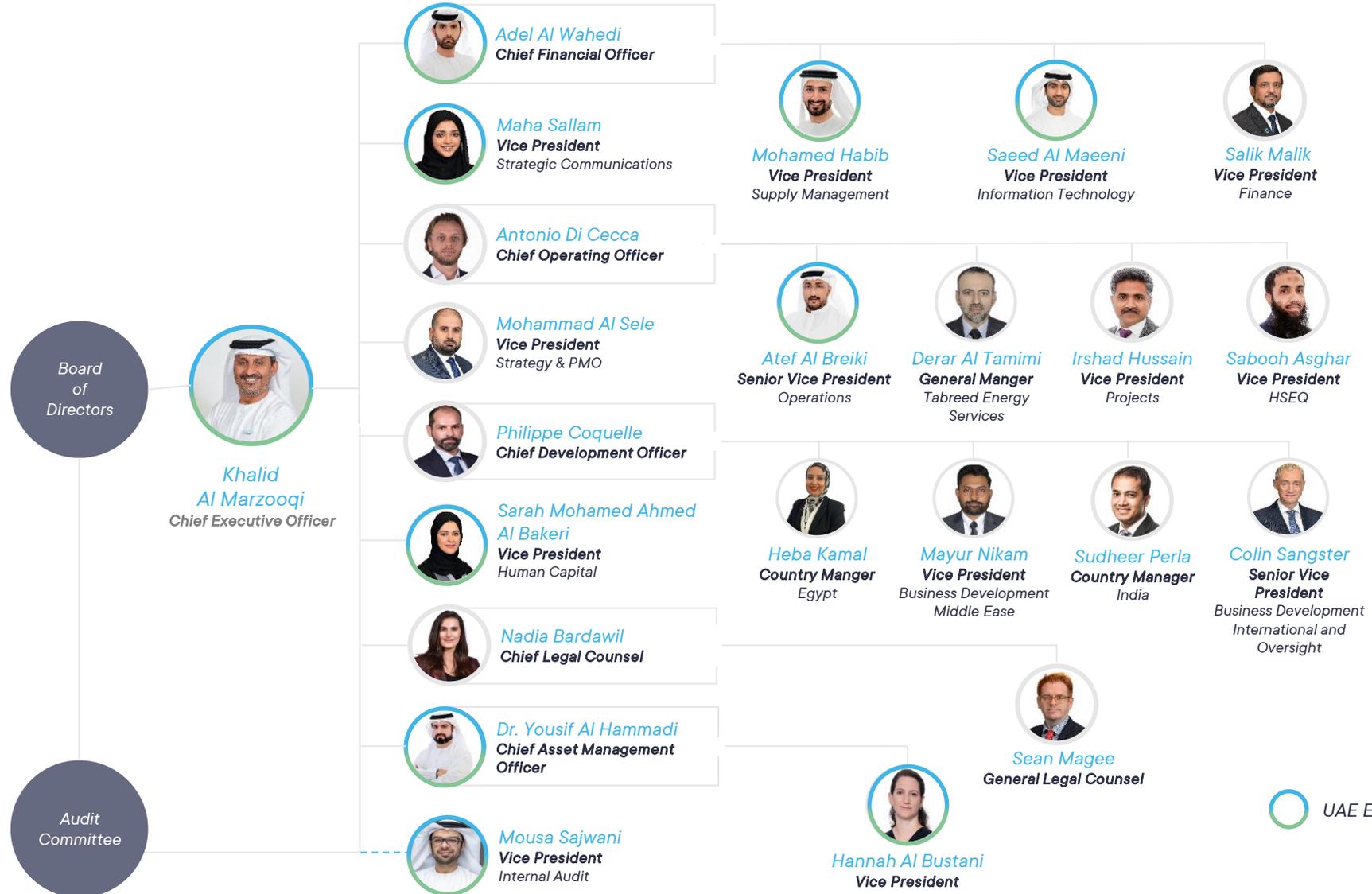
| Position                                  | Fulfilled By                  | Appointment      | Salary & Allowances (AED) | Bonus (AED) |
|---|-------------------------------|------------------|---------------------------|-------------|
| Chief Executive Officer                   | Khalid Al Marzooqi            | 2021             | 3,263,088                 | 2,020,789   |
| Chief Financial Officer                   | Adel Salem Al Wahedi          | 2020             | 2,647,176                 | 942,366     |
| Chief Legal Counsel                       | Nadia Bardawil                | May 2023         | 927,288                   | -           |
| Chief Operating Officer                   | Antonio Di Cecca              | 2022             | 1,333,119                 | 693,779     |
| Chief Development Officer                 | François-Xavier Boul          | 2017 to May 2023 | 252,206                   | 756,572     |
| Chief Development Officer                 | Philippe Coquelle             | May 2023         | 854,000                   | -           |
| Chief Asset Management Officer            | Dr. Yousif Al Hammadi         | 2022             | 2,377,066                 | 701,634     |
| Vice President - Human Capital            | Sarah Mohamed Ahmed Al Bakeri | 2020             | 1,347,923                 | 399,000     |
| Vice President - Internal Audit           | Mousa Sajwani                 | 2020             | 1,445,625                 | 281,852     |
| Vice President - Strategic Communications | Maha Sallam                   | 2022             | 1,139,479                 | 89,373      |
| Vice President - Strategy and PMO         | Mohammed AlSele               | 2021             | 951,903                   | 217,135     |

## 5.7. Related party transactions

Tabreed was not a party to any related party transactions during 2023 based on the definition of "Related Parties" set out in Decision 3/2020.

Tabreed did not enter into any transactions in 2023 which exceeded the value of 5% of the capital of the Company.

# 5.8 Organizational Chart



 UAE Employee

## 6. External Auditor

Ernst & Young ("EY") were appointed as External Auditors for Tabreed at the Annual General Assembly on 20 March 2023 for a one-year term. Tabreed selected EY as the successful applicant pursuant to a competitive tender process issued by Tabreed in 2021 in respect of the auditing services mandate. Three major audit firms participated in the competitive process.

The E&Y Abu Dhabi office was opened in 1966 and has over 280 professionals, including six resident partners. E&Y are a leading practice offering a wide range of services, including Audit, Business Advisory Services, Business Community Training, International Taxation, Business Risk Services/Internal Audit and Technology & Security Risk Services to a client base including conventional and Islamic banks and financial institutions, oil and gas majors, utilities and manufacturing firms from both the government and private sector.

The scope of the audit for the 2023 financial year, as outlined in their engagement plan, was to:

- Provide an audit opinion on the annual consolidated financial statements in accordance with International Financial Reporting Standards;
- Provide an audit opinion on the financial statements of all subsidiaries and associates of Tabreed in accordance with International Financial Reporting Standards; and
- Provide a review of quarterly interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34.

The following table outlines the audit annual and quarterly related fees for Tabreed group companies for 2023:

| External Auditor  | EY   |
|---|--|
| Number of Years as External Auditor   | 2  |
| Total audit fees for 2023   | AED 1,076,100                              |
| Number of years the Partner of the External Auditor audited the Company                       | 2  |
| Fees for additional work in 2023  | AED 471,500                                |
| Nature of additional work   | Regulatory compliance                      |
| Audit fees for additional work done in 2023 by auditors other than those appointed by Tabreed | Nil  |
| Name of partner auditor   | Raed Ahmed (registered auditor number 811) |

Tabreed's external auditors did not make any qualified opinion for the interim and annual financial statements for 2023 .

## 7. Audit, Risk And Compliance Committee

The role of the Audit Committee is outlined in the Board approved Charter of the Audit Committee and includes:

- Providing advice to the Board on the contracting of an External Auditor and ensuring that the External Auditor fulfils its contractual and professional obligations
- Reviewing and endorsing the quarterly and annual accounts after consideration of accounting policies and standards, assumptions and judgements, compliance with laws and any significant or unusual matters;
- Continually assessing the systems for internal audit and risk management;
- Considering the findings of the external Auditor and making recommendations on those findings;
- Developing procedures which allow employees to raise matters of concern regarding internal audit or financial reports; and
- Reporting to the Board on activities of the ARC Committee.

The ARC Committee also oversees the company's risk and compliance aspects as follows:

### Risk:

- Ensure that the enterprise risk management framework is consistent with the nature and volume of the Company's activities and that it is reviewed and updated by the management, Company's internal and external changing factors; and
- Provide guidance to management, as needed, to assist them in improving their risk management practices and / or mitigating certain risks and ensuring availability of qualified management personnel, adequate resources and systems to carry out risk management activities effectively;

### Compliance:

- Review the effectiveness of the system for monitoring compliance with applicable laws, regulation and agreements and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance; and
- Ensure the compliance of the Company with listing and disclosure rules and other legal requirements related to financial reporting;

The following table outlines the membership of the ARC Committee during 2023:

| Member                        | 2023 Term                | Role                        | Status                     |
|-------------------------------|--------------------------|-----------------------------|----------------------------|
| Dr. Bakheet Al Katheeri       | From Jan to May          | Chairman till May           | Independent, Non-Executive |
| Pierre Cheyron                | From May to October      | Chairman from May – October | Independent, Non-Executive |
| Geert Bunkens                 | From October to December | Chairman from October       | Independent, Non-Executive |
| Frédéric Claux                | From Jan to May          | Member                      | Independent, Non-Executive |
| Dr. Alyazia Al Kuwaiti        | From May to Dec          | Member                      | Independent, Non-Executive |
| Saeed Ali Khalfan Al Dhaheeri | From Jan to Dec          | Member                      | Independent, Non-Executive |

Dr. Bakheet Al Katheeri succeeded by Pierre Cheyron who in turn was succeeded by Geert Bunkens each in their capacity as Chairmen of the ARC Committee during 2023, acknowledged their responsibility for the ARC Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The ARC Committee met 4 times, on the following dates, during 2023:

- 10 February;
- 10 May;
- 27 July; and
- 13 November.

The following table shows the attendance of each member for 2023:

| Member                        | Meetings invited to attend in 2023 | Attendance in person | Proxy attendance                           |
|-------------------------------|------------------------------------|----------------------|--|
| Pierre Cheyron                | 2                                  | 2                    | -  |
| Geert Bunkens                 | 1                                  | 1                    | -  |
| Dr. Bakheet Al Katheeri       | 1                                  | 1                    | -  |
| Dr. Alyazia Al Kuwaiti        | 3                                  | 1                    | Proxy to Saeed Al Dhaheeri and Dr. Bakheet |
| Frédéric Claux                | 1                                  | 1                    | -  |
| Saeed Ali Khalfan Al Dhaheeri | 4                                  | 4                    | -  |

## 8. Nomination And Remuneration Committee

The role of the NRC is to assist the Board in the efficient management of compensation and general human capital management. The key responsibilities of the NRC are outlined in the Board-approved Charter of the NRC and include:

- Verifying the ongoing independence of the independent members of the Board;
- Regulating and overseeing nomination to the membership of the Board;
- Setting and reviewing Tabreed's human capitals policies and procedures;
- Formulating and reviewing, on an annual basis, the framework and broad policy for granting remuneration, terms of employment and any changes, benefits, bonuses, pensions, allowances, gratuities, early retirement and redundancy made to or given to Tabreed's employees, senior management, as well as compensation for Tabreed's Chairman and Board of Directors;
- Ensuring that suitable succession plans are in place at senior executive levels; and
- Reviewing and approving the hiring and termination of senior management staff.

The following table outlines the membership of the NRC during 2023:

| Member   | 2023 Term         | Role     | Status                     |
|--|-------------------|----------|----------------------------|
| <b>H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi</b> | From Jan to March | Chairman | Independent, Non-Executive |
| <b>Dr. Bakheet Al Khatheeri</b>                            | From March to Dec | Chairman | Independent, Non-Executive |
| <b>Dr. Bakheet Al Khatheeri</b>                            | From Jan to March | Member   | Independent, Non-Executive |
| <b>Dr. Alyazia Al Kuwaiti</b>                              | From Mar to Dec   | Member   | Independent, Non-Executive |
| <b>Pierre Cheyron</b>                                      | From Jan to Dec   | Member   | Independent, Non-Executive |

H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi succeeded by Dr. Bakheet Al Khatheeri, each in their capacity as Chairmen of the NRC Committee, acknowledged their responsibility for the NRC Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

- 08 February;
- 13 March;
- 20 September; and
- 10 November.

The following table shows the attendance of each member for the period in which they were elected to the NRC:

| Member   | Meetings invited to attend in 2023 | Attendance in person | Proxy attendance |
|--|------------------------------------|----------------------|------------------|
| <b>H.E. Dr Ahmad bin Abdullah Humaid Belhoul Al Falasi</b> | 2                                  | 2                    | -                |
| <b>Dr. Bakheet Khatheeri</b>                               | 4                                  | 3                    | 1                |
| <b>Dr. Alyazia Al Kuwaiti</b>                              | 2                                  | 2                    | -                |
| <b>Pierre Cheyron</b>                                      | 4                                  | 4                    | -                |

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members

## 9. Other Committees Approved By the Board

### 9.1 Finance Committee

The duties of the Finance Committee are outlined below:

- review and endorse the Company's five year business plans, annual budgets and capital plans, including providing input into performance targets for management;
- review and endorse all investments and commitments in excess of the authority delegated to the Chief Executive Officer;
- track and monitor company financial performance and financial health including providing input into performance reviews for the Company;
- review the financial funding plan of the Company to ensure its adequacy and soundness in providing for the Company's operational and capital requirements, and recommend to the Board, changes in capital structure as need be, including review of the Company's debt and equity structure;
- review and make recommendations concerning the Company's dividend policy;
- review proposed major financing activities;
- review the investment strategies for the Company's cash balances; and
- review, monitor and recommend action on financial risk management including hedging of currency, commodity price and interest rate risk.

The following table outlines the membership of the Finance Committee during 2023:

| Member                         | 2023 Term               | Role     | Status                     |
|--------------------------------|-------------------------|----------|----------------------------|
| <b>Dr. Bakheet Al Katheeri</b> | From Jan to Dec         | Chairman | Independent, Non-Executive |
| Frédéric Claux                 | From Jan till July 2023 | Member   | Independent, Non-Executive |
| Pierre Cheyron                 | From July till Dec 2023 | Member   | Independent, Non-Executive |
| Saeed Ali Khalfan Al Dhaheeri  | From Jan to Dec         | Member   | Independent, Non-Executive |

Dr. Bakheet Al Katheeri in his capacity as Chairman of the Finance Committee, acknowledged his responsibility for the Finance Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The Finance Committee met 4 times, on the following dates, during 2023:

- 9 February;
- 5 May;
- 24 July; and
- 9 November

The following table shows the attendance of each member for the period in which they were elected to the Finance Committee:

| Member                         | Meetings invited to attend in 2023 | Attendance in person | Proxy attendance |
|--------------------------------|------------------------------------|----------------------|------------------|
| <b>Dr. Bakheet Al Katheeri</b> | 4                                  | 3                    | 1                |
| Frédéric Claux                 | 3                                  | 3                    | -                |
| Pierre Cheyron                 | 1                                  | 1                    | -                |
| Saeed Ali Khalfan Al Dhaheeri  | 4                                  | 4                    | -                |

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

## 9.2 The Projects Committee:

The duties of the Projects Committee are outlined below:

- review Tabreed's HSE performance and make recommendations as appropriate;
- review policies and procedures related to projects and procurement;
- review project ideas and conceptual studies;
- review new cooling technologies and related feasibility studies scope, conclusion and recommendations; and
- review the major delivery aspects of all new projects, including scope of work, execution strategies, selection of bidders, key project management items, material contractual activities, changes in regulations or new regulations, policies, guidelines and other developments legal framework which could have a material impact on the Company's performance.

The following table outlines the membership of the Projects Committee during 2023:

| Member                           | 2023 Term            | Role     | Status                     |
|----------------------------------|----------------------|----------|----------------------------|
| <b>Pierre Cheyron</b>            | From 1 Jan to 31 Dec | Chairman | Independent, Non-Executive |
| Dr. Bakheet Al Katheeri          | From 1 Jan to 31 Dec | Member   | Independent, Non-Executive |
| Christophe Dedet                 | From 1 Jan to 31 Dec | Member   | Independent, Non-Executive |
| Dr. Alyazia Ali Saleh Al Kuwaiti | From March to Dec    | Member   | Independent, Non-Executive |

Pierre Cheyron in his capacity as Chairman of the Projects Committee, acknowledged his responsibility for the Projects Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The Projects Committee met 4 times on the following dates, during 2023:

- 23 March;
- 15 June;
- 14 September; and
- 8 December.

The following table shows the attendance of each member for the period in which they were elected to the Finance Committee:

| Member                  | Meetings invited to attend in 2023 | Attendance in person | Proxy attendance |
|-------------------------|------------------------------------|----------------------|------------------|
| <b>Pierre Cheyron</b>   | 4                                  | 4                    | -                |
| Dr. Bakheet Al Katheeri | 4                                  | 2                    | 2                |
| Christophe Dedet        | 4                                  | 4                    | -                |
| Dr. Alyazia Al Kuwaiti  | 3                                  | 3                    | -                |

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

## 10. Insider Information and Dealings Committee

Pursuant to the requirements laid down in Decision 3/2020, Tabreed formed the Insider Information and Dealings Committee that regulates transactions and holdings of Tabreed shares by Board members and employees of Tabreed. The Insider Information and Dealings Policy was approved by the Board on 22 February 2017. Following approval by the Board of the policy, the Insider Information and Dealings Committee operated in accordance with the approved policy.

The following table shows the Committee members during 2023:

| Member        | Date of appointment | Role     |
|---------------|---------------------|----------|
| Sean Magee    | May 2022            | Chairman |
| Mousa Sajwani | February 2020       | Member   |
| Salik Malik   | April 2022          | Member   |

During 2023 the committee maintained insider lists for various price sensitive matters and operated in accordance with the Market Conduct and Securities Trading Policy and the Insider Information and Dealings Policy.

Sean Magee in his capacity as Chairman of the Insider Information and Dealings Committee acknowledged his responsibility for the Insider Information and Dealings Committee system in Tabreed, review of its working mechanisms and ensuring its effectiveness for the year 2023.

Note: Committee members did not receive any fees for attending the meetings that serve the committee of which they are members.

## 11. Internal Audit System

Pursuant to Article 50 of Decision 3/2020, Tabreed's Internal Audit function has been established by the Board to provide independent, objective and authoritative advice as well as assurance over the internal audit environment to the Board, ARC Committee and management, to assist them in discharging their functions and duties. The Board of Directors acknowledges responsibility for regularly reviewing the effectiveness of the Internal Audit function of the Company.

The Internal Audit function reports to the Board and operates under the stewardship of the ARC Committee. This enables the Internal Audit function to operate in an independent and objective manner. The role of the Internal Audit function is to assist management in meeting their responsibility to:

- Adopt a good practice governance model;
- Develop a strong internal audit environment;
- Recognise and manage risks; and
- Comply with laws, regulations and policies.

The designated Internal Audit Officer for 2023 was Mousa Sajwani who was appointed on 23 February 2020. Mousa has over 14 years of experience starting with Ernst & Young in which organizational skills and ethical standards were gained to ensure that audits are performed with the highest level of compliance and confidentiality. Mousa's industry journey also spans across multiple industries such as Oil & Gas, Regulatory and Utilities with experience in all parts of the Finance division in addition to Asset Management experience. The Internal Audit Officer reports directly to the ARC Committee.

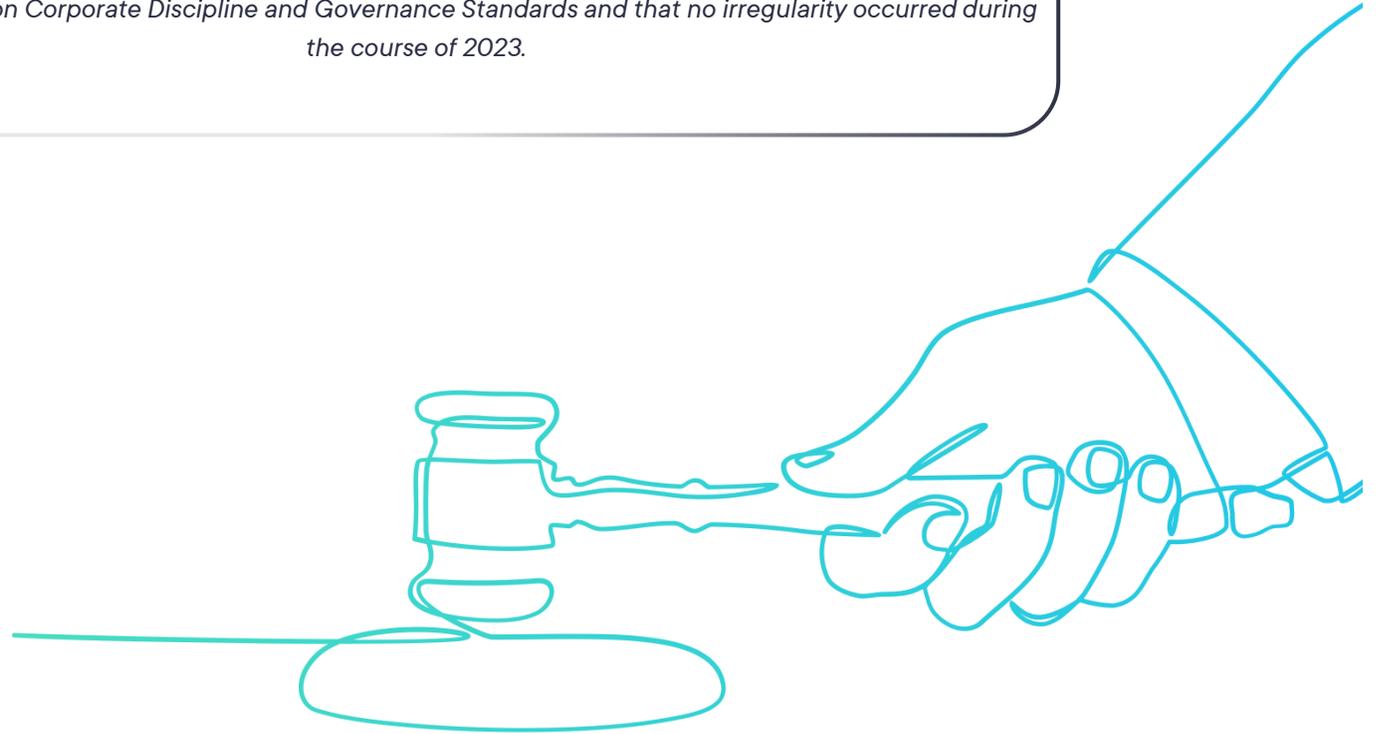
Nadia Bardawil is the duly appointed Compliance Officer of the Company effective May 2023 and acknowledges her responsibility for the Internal Audit function systems in Tabreed, review of its working mechanisms and ensuring its effectiveness.

The annual review of Internal Audit, as is required under Article 50 of Decision 3/2020, was completed by the Internal Audit function and reported to the ARC Committee and to the Board for 2023. In addition, the Internal Audit function issued 10 reports to the Board covering Tabreed Asia (Governance audit), Tabreed Egypt (Governance and Project Management audit) audit, Inventory Management, CoolTech, Strategy & PMO, Operations UAE, Project Management, Tabreed Bahrain Operations and Maintenance, Dubai District Cooling Company (DDCP) and an annual internal audit review for 2023 for Tabreed UAE. The department also conducted Quality Assurance and Improvement Program through UAE Internal Auditors Association (IAA) and presented the final report to the ARC Committee.

The Board met its internal audit responsibilities in 2023 by reviewing presentations on risk management, discussing control issues at Board meetings and reviewing the detailed reports from Board Committees, and found that the internal audit environment was satisfactory for 2023. During 2023, the Company did not face any major issue requiring disclosure in any report or to the market.

## 12. Irregularities in 2023

*Except as otherwise specifically stated elsewhere in this report, Tabreed confirms that it is compliant with Decision 3/2020 on Corporate Discipline and Governance Standards and that no irregularity occurred during the course of 2023.*



## 13. Corporate Social Responsibility: Code of Conduct and Local Community Development

Tabreed's approach to corporate social responsibility involves adopting business practices that, in addition to being compliant with applicable legal and regulatory requirements, are based on ethical values and respect for the immediate community and stakeholders of the Company (being employees, customers, partners, investors, suppliers, vendors, government and the environment).

Tabreed is also conscious about its overall social impact and understands the increasing expectations of its stakeholders in relation to how Tabreed conducts its business. Consequently, Tabreed chooses to be socially responsible and to contribute as a sustainable business to positively impact the wider community.

In light of the above, Tabreed has developed a Code of Conduct which sets out internal rules and requirements for: Improper payments;

- Improper payments;
- Market misconduct;
- Prevention of fraud, and money laundering;
- Entertainment and gifts;
- Working with stakeholders, suppliers and government;
- Serving the community; and
- Sustainability and corporate social responsibility.

Tabreed's Code of Conduct sets out the framework, values, principles and standards by which we expect all our employees to abide when dealing with vendors, customers, contractors and other external stakeholders, as well as when dealing with colleagues, affiliates, subsidiaries and internal departments. In addition the Company developed and the Board approved a Sponsorship and CSR Policy which sets out (i) the criteria and decision-making process for accepting any Sponsorship by a third party of Company Group activities; (ii) the criteria and decision-making process for events and trade shows that the Company Group may wish to take part in; (iii) key CSR initiatives that the Company Group can pursue; and (iv) the criteria and decision-making process for third party activities, pilot programs (etc.) that Company Group may wish to sponsor to further its CSR goals.

In 2023, all Tabreed employees and Board members were required to complete an annual declaration confirming compliance with the Code of Conduct, disclosing any matters of potential non-compliance to the Tabreed compliance team for its review and consideration. This is a practice undertaken annually in addition to quarterly updates requested from Board members through the year and requests for ongoing reporting from employees to be made throughout the year.

Tabreed maintained in 2023 a dedicated, anonymous whistleblowing hotline which is available to Tabreed staff to make declarations on possible breaches of code of conduct or other unacceptable behaviour within the company. Communications to staff have emphasised that the hotline is run by an independent operator and disclosures can be made anonymously and disclosures will be passed to the Compliance team for its review.

The Tabreed Compliance team maintains on an annual and regular basis the online training for all Tabreed corporate staff on the subjects of Anti Bribery and Corruption. Participation of 100% of corporate staff was recorded via the online Navex Global delivery platform.

### 13.1. WIZe Initiative

In line with Tabreed drive for excellence, Ideas@Tabreed initiative was Tabreed recently launched WIZe, the cost-optimization initiative designed to promote a culture of mindful decision-making and commitment to sustainable growth and financial resilience.

Through WIZe, Tabreed marks the beginning of an exciting journey and embarks on a more resilient and agile future, where thoughtful decision-making and cost efficiency become integral components of our daily operations.

This initiative empowered every employee to actively contribute not only to cost savings but to enhance the financial prudence by identifying and capitalizing on opportunities to streamline processes, eliminate unnecessary expenditures, and fortify the overall operational efficiency.

By embracing this initiative, Tabreed reinforced its position as a forward-thinking company that values the paramount importance of strategic decision-making and the implementation of cost-effective measures and business excellence.

### 13.2. Tabreed Cares

The "Tabreed Cares" campaign was introduced in 2020 as a continuous, long-term CSR campaign, broadcasting the Company's efforts across its operations. The "Tabreed Cares" slogan is intended to be used in our online broadcasting of the initiatives undertaken by the Company, to showcase Tabreed's role as a socially conscious and active company.

The current initiatives being undertaken revolve around the impact of the Covid-19 pandemic, and these include:

A partnership with the SAAED association, the Emirates Red Crescent, and the Ministry of Interior in an initiative titled "Your families are ours" which sees Tabreed offer a substantial donation to provide support for families across the UAE that have been impacted by the Covid-19 pandemic.

- A partnership with the SAAED association, the Emirates Red Crescent, and the Ministry of Interior in an initiative titled "Your families are ours" which sees Tabreed offer a substantial donation to provide support for families across the UAE that have been impacted by the Covid-19 pandemic.
- A partnership with Opal (Oman Society for Petroleum Services), a non-profit member association in the Sultanate of Oman, in addition to the Oman Ministry of Health, to support in funding the testing of Covid-19 in the country.
- A strategic collaboration with Bahrain's Royal Humanitarian Foundation (RHF) and taking part in the national "Feena Khair" initiative by providing financial support in Bahrain to help combat the effects of the coronavirus pandemic.

### 13.3. Student Internships

Tabreed's Internship Program (TIP) is a comprehensive opportunity, welcoming applicants of all nationalities, including individuals who have graduated. This program is crafted to offer valuable career-related experiences, extending beyond the traditional confines of student internships. Tabreed recognizes the significance of internships in shaping the professional journey and believes in providing a platform for individuals, irrespective of their academic status, to gain practical insights and enhance their career development.

### 13.4. Plant visits

New Joiner Employees are invited to tour our plants amongst their joining. Plant visits will give insights on the operations of district cooling plants.

### 13.5. Al Reyadah Program

Tabreed has implemented a development programme to further develop the skills of UAE national employees to accelerate their contribution to Tabreed's performance-driven culture by creating alignment between the company goals and employee performance, which includes a development program with specific and measurable milestones to monitor professional development to ensure employees are being effectively developed and trained to take on increasingly senior roles within the organization.

### 13.6. Sponsorship

Tabreed invests in the aspiring youth of the Country as a service to the local community and part of its Corporate Social Responsibility mandate. Through Tabreed's Sponsorship Program, talent pools will be identified as the potential future workforce of the Company.

The Company attracts UAE national Students to work with Tabreed by providing a sponsorship with one of the granted local (UAE) based Accredited Universities and Technical Colleges.

### 13.7. Succession Planning

Tabreed has established a succession plan framework to provide continuity in leadership and avoid extended and costly vacancies in key positions. Succession planning is a process for identifying and developing internal people with the potential to fill key business leadership positions in the Company. Succession planning in senior roles is considered an essential job requirement. Critical Role Job incumbents are accountable for identifying and developing their potential successors to provide with a continuous flow of talented people to meet the Company's needs

# 14. Sustainability, Occupational Health & Safety, and Quality

## 14.1 Sustainability

### 14.1.1 Environmental Management

The Company complies with all applicable UAE environmental laws and regulations and has received specific permits from the UAE Environment Agencies in each applicable Emirate. In relation to effluent water release:

- Obtaining permits for plant effluent water release from Environmental Agency Abu Dhabi (EAD) after undertaking to control certain parameter requirements such as acidity, turbidity and conductivity of the effluent.
- In relation to emissions into the air:
- Air quality is monitored at all plants on regular basis, including for the presence of formaldehyde.
- In relation to hazardous substances:
- Chemicals, plastic containers, and operational processes have been assessed for the absence of carcinogenic elements, such as PFAS/PFOA.

### 14.1.2 Go Green Initiative

Go Green is an initiative to support Tabreed's efforts on sustainability with a keen focus on the reduction of its environmental impact. A core element of this initiative is reduction in the amounts of resources consumed which will consequently reduce waste generated by the Company. In the primary phase, this initiative focused on Tabreed Head Office with requirements, such as energy efficiency and reduction in generated waste (e.g., reducing paper and plastic usage). The following are a few accomplishments:

- Secure printing initiative: decrease in the number of printers (group and standalones) with the implementation of secure card operated printers for increased security and usage efficiency.
- Digital signature initiative: adopted paper-free, fast and secure processes to send, sign, and approve documents.

- Paperless project site initiative: Tabreed's Projects department identifies sites for paperless transactions; an action plan is set and achieved to reduce paper usage by a certain percentage at these sites.
- Plastic bottles initiative: usage of plastic water bottles has been stopped, dispensers along with biodegradable paper cups placed, and refillable, sanitized metal water bottles were provided.

### 14.1.3 Waste Management

Tabreed continued to comply with relevant UAE federal / local authorities by enforcing its Waste Management Reduction Plan that applies to all its plants, project sites and offices, with the key objectives to protect the environment and minimize / reduce waste materials through prudent waste management program..

### 14.1.4 United Nations Sustainable Development

In addition, we are working to align our business strategy with the United Nations (UN) Sustainable Development Goals ("SDGs"). As a member of the "Cool Coalition" steering committee - a United Nations initiative - we have supported the UN SDGs since their inception. So far, we have set aggressive goals that align to the objectives and targets of several SDGs.

Sustainability is at the core of Tabreed's operations. It reflects the company's commitment to energy efficiency and to the environment, to its customers and to the sustainable socio-economic development of the region. They guide our day-to-day work, environmental and governance practices as well as our social

## 14.2 Focus on Occupational Health and Safety

Health, safety, and environment or HSE is the cornerstone of our operations and an integral part of business planning and strategic goal setting

### 14.2.1 Leadership & Commitment:

- Top management is fully committed to HSE with direct reporting line to the COO
- HSE performance reporting is done to the Board of Directors on monthly basis
- HSE steering committee comprises HSEQ, Operations, Projects, and Supply Management departments
- Multiple plant and site visits performed each year by Chiefs, VPs, and senior management
- Management Review is done on regular basis to ensure continual improvement
- Compliance to regulatory authorities (DOE/OSHAD, NCEMA, DM, HAAD, TADWEER, and EAD etc.)

### 14.2.2 IMS Policy:

Key aspects of the IMS policy are as follows:

- Integrate Quality, Energy Management and Business Continuity with OH&S and Environment
- Conduct business in socially responsible manner
- HSEQ is a key consideration in business planning and decisions
- Comply with all regulations and industry best practices
- Ensure all employees are trained and motivated to adopt and develop HSE culture
- Seek continuous improvement in HSE and quality performance

### 14.2.3 Certifications and Awards:

Recipient of the latest revisions of the ISO certifications:

- ISO9001:2015 for Quality Management Systems
- ISO14001:2015 for Environment Management Systems
- ISO45001 2018 for Occupational Health and Safety Management Systems
- ISO50001:2018 for Energy Management Systems – the first DC company in the region to have done so

Also, the first DC company in the region to have received:

- Clean Energy Management (CEM)'s Energy Insight Award
- Big Project ME Awards for excellence in HSE
- SKEA Award

### 14.2.4 Implementation and Performance:

- HSE aspects integrated at project conceptual / design stages
- Development of Tabreed's HSEQ and Energy Management manual
- Regular HSE trainings and awareness programs to enhance HSE readiness
- Robust Permit to Work (PTW) system
- Frequent Regular internal and external HSEQ audits to ensure compliance to ISO standards, UAE regulations (OSHAD, DM, etc.) and international standards
- Action tracking system for effective monitoring of HSE performance, objectives and KPIs

#### 14.2.4 Implementation and Performance:

- Action tracking system for effective monitoring of HSE performance, objectives and KPIs
- 19.2 million man-hours without any major injuries, until the end of Q3, 2023
- Robust behavioural-based safety (BBS) program to ensure compliance with HSE culture
- Innovative ideas to strengthen HSE culture, such as HSE Walls, Electronic Display Screens, and Black-White Points System to enhance contractor management

#### 14.2.5 Automation and AI to ensure HSE Compliance:

Key endeavours include:

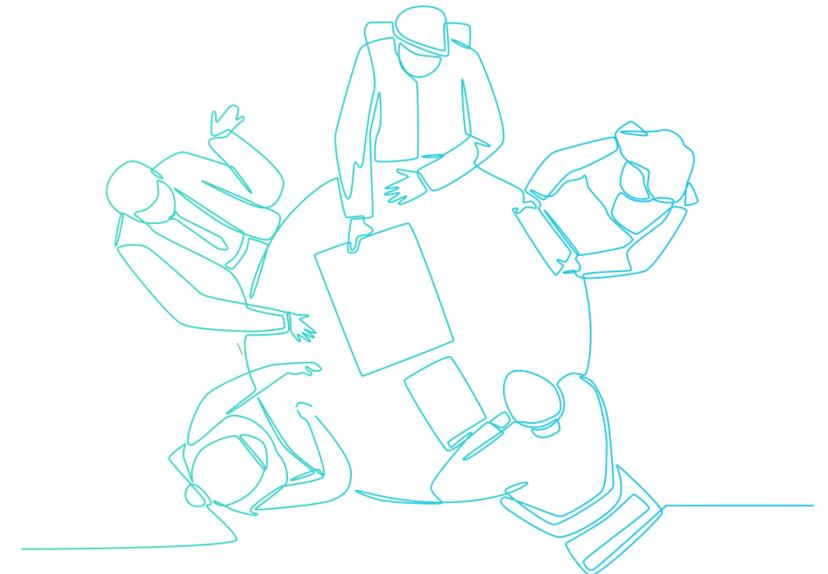
- Integrating AI with CCTV at the plants
- Lone worker application to monitor safety and wellbeing of those working in remote areas or alone at a plant
- Digitalization of Tabreed PTW and LOTO processes
- Headcount system for the head office

### 14.3 Enterprise Quality Management (EQM):

Tabreed is certified under ISO9001:2015 and integrates its quality management system with other management systems, such as ISO45001 (OH&S), making it ever more essential to ensure sound integration while documenting and implementing the quality management program across the organization.

To ascertain sustained Business Excellence Tabreed has endeavoured on EQM, an organization-wide Total Quality Management program with the following core objectives:

- Providing insight on quality management functions by Tabreed HSEQ and other departments and mapping them against the essential clauses from ISO9001, 9004 and the SKEA (Sheikh Khalifa Excellence Award) model.
- Finding discrepancies in existing quality management efforts.
- Continue to improve to overcome such discrepancies.
- Integration on a unified platform all the quality efforts.



## 15. General Information

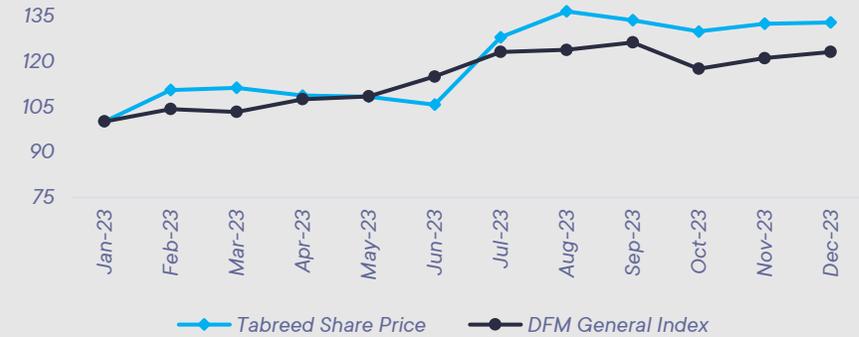
### 15.1 Share Price

The following table presents the highest and lowest share price for each month during 2023 showing the market index and sector index as of 31 December 2023:

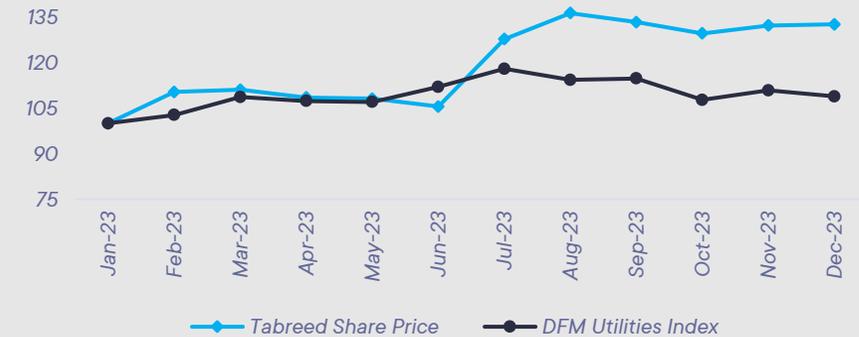
|           | Share Price (AED) |        | Market Index | Sector Index | Closing Price | Share Performance |           |
|-----------|-------------------|--------|--------------|--------------|---------------|-------------------|-----------|
|           | Highest           | Lowest |              |              |               | VS Market         | VS sector |
| January   | 3.05              | 2.70   | 3303.27      | 866.03       | 2.70          | -7.8%             | -9.9%     |
| February  | 3.06              | 2.70   | 3437.76      | 890.23       | 2.98          | 6.3%              | 7.6%      |
| March     | 3.03              | 2.77   | 3406.72      | 941.28       | 3.00          | 1.6%              | -5.1%     |
| April     | 3.02              | 2.75   | 3544.79      | 930.13       | 2.93          | -6.4%             | -1.1%     |
| May       | 3.07              | 2.84   | 3576.63      | 927.44       | 2.92          | -1.2%             | -0.1%     |
| June      | 2.96              | 2.81   | 3791.99      | 970.01       | 2.85          | -8.4%             | -7.0%     |
| July      | 3.50              | 2.85   | 4059.27      | 1021.83      | 3.45          | 14.0%             | 15.7%     |
| August    | 3.93              | 3.15   | 4082.87      | 990.27       | 3.68          | 6.1%              | 9.8%      |
| September | 3.70              | 3.43   | 4163.58      | 994.07       | 3.60          | -4.2%             | -2.6%     |
| October   | 3.65              | 3.43   | 3877.08      | 933.13       | 3.50          | 4.1%              | 3.4%      |
| November  | 3.80              | 3.45   | 3992.36      | 960.10       | 3.57          | -1.0%             | -0.9%     |
| December  | 3.75              | 3.28   | 4059.80      | 943.23       | 3.58          | -1.4%             | 2.0%      |

Source: Dubai Financial Market

Tabreed Share Price versus Market  
(Rebased to 100)



Tabreed Share Price versus Sector  
(Rebased to 100)



## 15.2 Shareholder Ownership

Shareholder Ownership (%) as at 31 December 2023 is as follows:

|        | % Ownership | Individuals | Companies | Government | Institution | Banks  |
|--------|-------------|-------------|-----------|------------|-------------|--------|
| Arab   | 0.3695      | 0.3568      | 0.0119    | 0          | 0           | 0.0008 |
| GCC    | 1.7606      | 0.2581      | 1.502     | 0          | 0           | 0      |
| UAE    | 52.8349     | 5.0943      | 47.5039   | 0.0004     | 0.0068      | 0.2295 |
| Others | 45.0263     | 0.3394      | 44.4282   | 0.2587     | 0           | 0      |

Source: Dubai Financial Market

## 15.3 Ownership - 5% or More

Shareholders who own 5% or more of the share capital as at 31 December 2023 are:

| Name                    | % Ownership |
|-------------------------|-------------|
| GDF International       | 40.00       |
| General Investments FZE | 38.2114     |

Source: Dubai Financial Market

## 15.4 Shareholders Ownership Distribution

| Shares owned                         | No. of Shareholders | No. of shares held   | % of the shares owned |
|--------------------------------------|---------------------|----------------------|-----------------------|
| 1 Less than 50,000                   | 17,085              | 31,534,808           | 1.108                 |
| 2 From 50,000 to less than 500,000   | 288                 | 47,615,147           | 1.674                 |
| 3 From 500,00 to less than 5,000,000 | 88                  | 134,027,407          | 4.711                 |
| 4 More than 5,000,000                | 18                  | 2,632,093,708        | 92.508                |
| <b>Total</b>                         | <b>17,479</b>       | <b>2,845,271,070</b> | <b>100.00</b>         |

Source: Dubai Financial Market

## 15.5 Investor Relations

For the purposes of Article 35 of Decision 3/2020, the officer in charge of investors' relations and shareholder communications for the Company is Yugesh Suneja, available at:

- Email address: [IR@tabreed.ae](mailto:IR@tabreed.ae);
- Telephone: +971 2 2020479
- Mobile: +971 50 904 8724

Further information in relation to investor relations is available in the "Investor Relations" section of Tabreed's website: [www.tabreed.ae](http://www.tabreed.ae).

## 15.6 General Assemblies; Special Resolutions

Tabreed conducted one general assembly in 2023, namely its Annual General Assembly on 20 March 2023, where the following special resolutions were passed to during the Assembly:

### 15.6.1) 20 March 2022 AGA Special Resolutions:

- Authorise the Board of Directors of the Company, for a period of 12 months, to issue non-convertible (into shares) bonds and/or sukuk (whether directly or through a special purpose vehicle) in accordance with this special resolution, in one or more tranches, to be offered to qualified investors, with a total value of up to USD 1 billion (or equivalent) in aggregate and at a profit rate not exceeding the prevailing market rate available to companies with the same credit rating as the Company, in each case as the Board of Directors of the Company sees fit.

## 15.7 Board Secretary

Sean James Magee is the Company Secretary of Tabreed and was appointed on 11 May 2022. Sean James Magee is an experienced UK qualified lawyer with experience across infrastructure projects and operations, corporate and commercial matters, with experience in the UK and the UAE. The primary responsibilities of the Company Secretary are to promote corporate governance excellence within the Boardroom and to ensure that a healthy relationship exists between the Board and the management of the Company. The Company Secretary ensures compliance with applicable corporate governance requirements and regulations at all times. The Company Secretary also coordinates meetings of the Board of Directors, circulates the agenda and supporting information in advance of the meetings and then prepares and finalizes the minutes of those meetings. Currently the Company Secretary acts independently from management and reports directly to the Board in his capacity as the Company Secretary, however Sean Magee is an employee of the Company, in a separate capacity as the General Counsel. Sean re-qualified as a DFM approved Company Secretary in May 2022.

## 15.8 Significant Events – 2023

| Date        | Events  |
|-------------|---|
| 15 February | Tabreed released its consolidated financial results for 2022, reporting an EBITDA of AED 1.23 billion – a 19% increase over 2021 and a net profit of AED 600.2 million, representing an increase of 3%.   |
| 8 March     | In line with its own commitment to achieving Net-Zero, the UAE's original district cooling company, Tabreed, announces it has signed the UAE Ministry of Climate Change and Environment's (MOCCA) Climate-Responsible Companies Pledge.   |
| 21 March    | <p>Tabreed shareholders approved a cash dividend payment of 13.5 fils per share for 2022. This represents the highest dividend payment to Tabreed shareholders in the company's 25-year history and marks an increase of 1.5 fils per share on the 12 fils per share equivalent paid to shareholders in 2022.</p> <p>Tabreed shareholders elected its board of directors in accordance with the three-year requirement set out in SCA regulations. Eight of the existing board members have been re-elected and shareholders confirmed the appointment of one new board member, Dr Alyazia Ali Al Kuwaiti, to the Board of Directors.</p> |
| 2 May       | Tabreed Board of Directors has appointed Nadia Bardawil as the company's new Chief Legal Counsel and Philippe Coquelle as Chief Development Officer.  |
| 12 May      | Tabreed released its consolidated financial results for the first quarter of 2023, reporting a net profit of AED 236.4 million, compared to AED 88.2 million during the same period in 2022. In the three months ended on 31 March 2023, Tabreed's revenue increased by 10% YoY to AED 464 million, from AED 420 million in Q1 2022. This was mainly driven by increases in new connections during the past 12 months and higher consumption volumes.   |

## 15.8 Significant Events – 2023 (Cont.)

| Date        | Events  |
|-------------|---|
| 30 May      | Tabreed achieved its first district cooling transaction in India through a strategic alliance with TATA Realty and Infrastructure Limited (TRIL). The deal includes an investment of INR100 Cr (AED 44.34 million) in TATA Realty's Intellion Park special economic zone (SEZ) development in Gurugram, northern India.   |
| 28 July     | Tabreed released its consolidated financial results for the first six months of 2023, reporting a net profit of AED 386.4 million, compared to AED 240.4 million during the same period in 2022. In the first half of the year, Tabreed's revenue increased by 9.4% YoY to AED 1,067 million, from AED 976 million in H1 2022. Further new customers and projects were added during H1 2023, including commissioning of 1 new plant in UAE and 2 new plants in KSA, with an addition of 33,483 Refrigeration Tons (RT) in the UAE, Bahrain, Oman and Saudi Arabia increasing Tabreed's total connected capacity to 1.30 million RT.                     |
| 9 November  | Tabreed announced a boost in its roadmap to Net-Zero, following impressive results from World-first District Cooling Nanofluid Pilot study that has concluded what is believed to be the world's first pilot project of its kind, demonstrating results that provide real hope for significant gains in energy efficiency.  |
| 15 November | Tabreed reported its financial results for the nine-month period ending 30 September 2023. During the first nine months of the year, Tabreed sustained positive momentum, recording a robust top line of AED 1.8 billion, a 10% increase year-on-year, compared to AED 1.7 billion in the same period last year. Attributed to this success is the steady growth Tabreed achieved in its consumption volumes (9% year-on-year) driven by new connections and higher demand from existing customers.   |
| 14 December | Tabreed reported a signing ceremony at the end of its hugely successful participation in COP28, Tabreed, announced closure of its inaugural AED 600 million Green Revolving Credit Facility (RCF) in partnership with First Abu Dhabi Bank (FAB) as the Green Coordinator, alongside Abu Dhabi Commercial Bank PJSC (ADCB), and Emirates NBD. This groundbreaking financing agreement, spanning five years, aligns seamlessly with Tabreed's overarching sustainability strategy. The facility is designed to introduce highly efficient cooling solutions into the GCC market, meeting the growing demand for sustainable and innovative technologies. |
| 21 December | Tabreed Celebrated 25 Years of Sustainable Progress as the World's Leading District Cooling Company Tabreed's, its Chairman, Khaled Al Qubaisi, declared it was a true landmark in the company's history, with 2023 being another record year that offers a tantalising glimpse into its future, with sustainability and energy efficiency being the key drivers of Tabreed's next chapter.   |

## 15.9 Emiratization Percentage

In respect of the total headcount of Tabreed's corporate operations, Tabreed held the following Emiratization levels in respect of the periods stated below:

|      |                   |
|------|-------------------|
| 2023 | 40% Emiratization |
| 2022 | 42% Emiratization |
| 2021 | 43% Emiratization |
| 2020 | 41% Emiratization |
| 2019 | 41% Emiratization |
| 2018 | 39% Emiratization |
| 2017 | 38% Emiratization |

## 15.10 Innovative Projects

During 2023, Tabreed further enhanced its drive to create a culture of innovation within the organization. An Innovation Committee was established under the leadership of the COO to oversee the innovation process and to have a long-term strategy to adapt futuristic technologies into Tabreed's business. An end-to-end process from idea generation, exploration, piloting & technology adaptation is now developed. Tabreed signed NDAs with multiple technology providers and companies to explore & test emerging technologies that might impact its district cooling business.

The innovation road map focuses on multiple technological areas, with a prime focus on technologies that will contribute to increasing energy efficiency, contribute to reduce green-house emissions etc.

Planned projects include:

|                                |   |
|--------------------------------|---|
| Application of Nano Technology | <ul style="list-style-type: none"> <li>Aims at drastically improving plant life and efficiency using advances in nanotechnology.</li> <li>Tabreed partnered with HT Material Science (HTMS) for implementation of a pilot project to use nano particles in a chilled water circuit. The purpose of the Pilot is to certify the increased thermal capacity and/or energy efficiency. The results shows 9% improvement in overall plant efficiency ie is broadly equivalent to avoided energy costs and the consequent reduced carbon footprint for the facility. .</li> <li>A partnership with ENGIE Lab, the research and development centre of ENGIE, has also been signed to explore 2 key areas, nano-refrigerants and sky-cooling. Desktop studies have been completed a Sky cooling is based on spontaneous radiative emission of thermal energy as infrared radiations The pilot project is kicked of in one plant in Abu Dhabi. Target to complete by Q1/2024</li> </ul> |
| Geothermal Energy Utilisation  | <ul style="list-style-type: none"> <li>Tabreed has signed an MOU with ADNOC to explore the utilisation of geothermal energy primarily for cooling application. The partnership aims at combining ADNOC's experience in deep well drilling and operations and Tabreed's expertise in cooling and to explore utilisation of the energy from the geothermal wells which Tabreed owns at Masdar City.</li> <li>The project was successfully commissioned ahead of COP28. The load is being served to existing Masdar City district cooling network.</li> </ul>  |
| Water as Refrigerant           | <ul style="list-style-type: none"> <li>This innovative project being studied in partnership with ENGIE Lab aims at using water as an alternative refrigerant. Currently the project is in the data gathering stage . Pilot is being tested at Engie Lab Paris. Awaiting results to go forward</li> </ul>  |
| Wet Bulb Forecasting           | <ul style="list-style-type: none"> <li>Demand Side Management, through wet bulb forecasting, intends to operate Tabreed plants more efficiently by optimizing the operation strategy &amp; also to predict load demands for new plants. Thanks to this forecast model, Tabreed operation will run its equipment by matching the anticipated demand and thus adapting the production with the accurate buildings load. We are assessing data models and correlations that can be used to predict cooling load demand.</li> </ul>   |

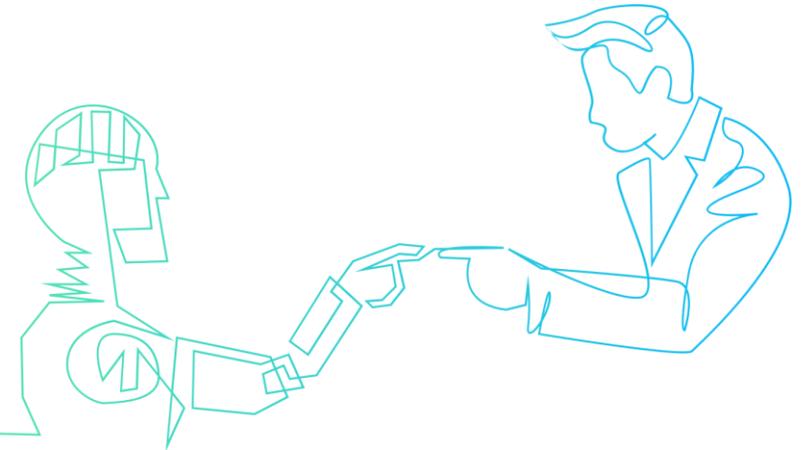
Previous projects implemented for electrical efficiency improvements have delivered significant savings in electrical consumption and thereby a reduction in CO2 emissions. Tabreed continues to focus on using historical data for its plants to enhance its operational efficiency and develop energy models for predicting energy efficiency of future plants. Tabreed continues to develop models to provide more process insights and enhancements to the design and operation of its assets.

Tabreed developed an ambitious plan to reduce water consumption by increasing the use of treated sewage effluent ("TSE") in cooling towers. Tabreed already utilizes TSE as a cooling tower make-up source in a few plants in Dubai. Consultation is in progress with various regulatory agencies and utility providers to explore implementation of similar projects in other plants as well, in particular in Abu Dhabi.

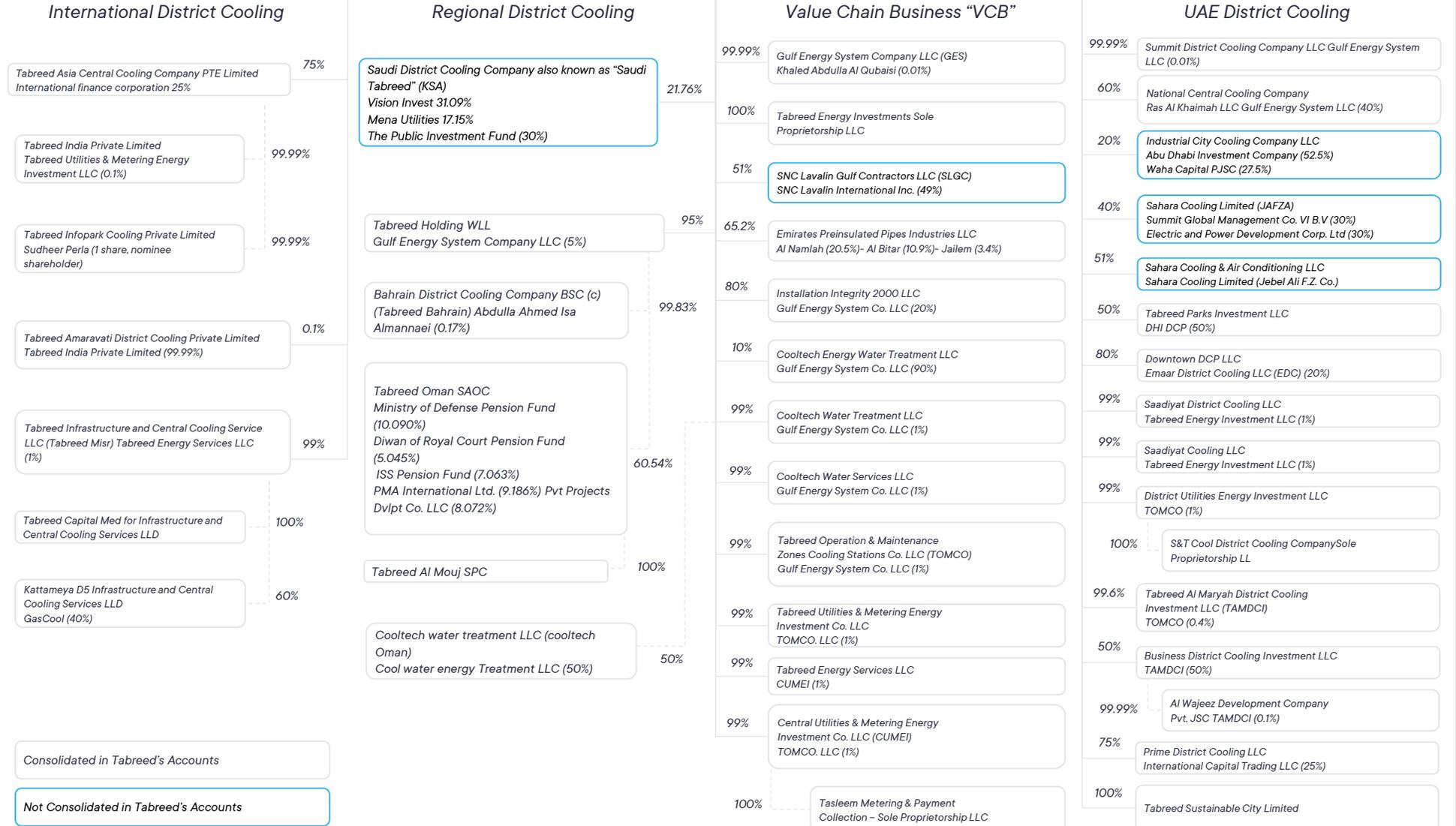
Tabreed is actively pursuing integration of renewables such as solar energy to power its DC Plants:

- Two solar PV plants with overall capacity of 1 MW are under construction with expected operations starting in 2025. Tabreed engaged with Masdar to explore and collaborate on opportunities in distributed solar PV generation for district cooling. The idea is to offset the electricity consumption from the grid by utilizing renewable energy. As well as the potential electricity peak shaving by combining solar PV & Thermal Energy Storage.
- Tabreed started a pilot project with HyEt Solar. The proposed technology is a flexible and light weight thin film silicon based photovoltaic modules. The modules produce energy in a more efficient way than conventional glass solar panels.

Overall, Tabreed's R&D initiatives in 2023 have developed a strong pipeline of ideas and projects that will be explored for testing & adaptation in the near future.



## National Central Cooling Company PJSC ("Tabreed") Corporate Structure Chart as of 31 December 2023



# Sustainability Report

This section entails Tabreed's ESG performance in 2023. The information is in compliance with DFM's updated ESG Reporting Guide, a set of 25 metrics and 89 indicators. Tabreed will publish its full Sustainability Report 2023 in accordance with the GRI Standards and in alignment with UN Sustainable Development Goals (SDGs) and GHG Protocol in Q1/Q2 of 2024.

| Environmental Metrics          | Indicators  | Sub-Indicators   | Unit                                  | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs  |
|--------------------------------|---|--|---------------------------------------|--|-----------------------------|---|
| <b>E1. GHG Emissions</b>       | E1.1) Total amount in CO <sub>2</sub> equivalents, for Scope 1                                  | GHG Emissions Scope 1                                  | tCO2e                                 | <b>65,501</b>  | GRI 305: Emissions 2016     |    |
|                                | E1.2) Total amount in CO <sub>2</sub> equivalents, for Scope 2                                  | GHG Emissions Scope 2 (via National Utility)           | tCO2e                                 | <b>816, 682*</b>   |                             |   |
|                                | E1.3) Total amount of Scope 3 emissions   | GHG Emissions Scope 3                                  | tCO2e                                 | Scope 3 categories identification and emissions are under process, as part of Tabreed's Roadmap to Net Zero. Upon development, Tabreed will report on its scope 3 emissions comprehensively.   |                             |   |
|                                | E1.4) Please describe investments, initiatives and projects to reduce CO <sub>2</sub> emissions |  |                                       | Key efforts to reduce emissions are, <b>Geothermal:</b> Tabreed's geothermal well cuts electricity use and reduce emissions with hot water-powered cooling.<br><b>Thin Film Solar:</b> Thin, flexible HyEt solar modules made with silicon efficiently generate power on any surface, even curved ones, making them ideal for storage tanks. |                             |   |
| <b>E2. Emissions Intensity</b> | E2. 1) GHG emissions intensity  | Total GHG Emissions/ Refrigeration ton-hour production | Kg CO2e/Ton-Hr Refrigeration Produced | <b>0.36</b>  | GRI 305 - Emissions 2016    |  |
|                                | E2. 2) Non-GHG emissions intensity  | Total non-GHG Emissions/ Production Units              |                                       | -  |                             |   |

\*Calculated based on emission factors as per UAE's energy mix

| Environmental Metrics       | Indicators                                     | Sub-Indicators  | Unit                                 | Tabreed 2023 Data          | Corresponding GRI Standards | SDGs  |
|-----------------------------|--|---|--------------------------------------|----------------------------|-----------------------------|---|
| <b>E3. Energy Usage</b>     | E3.1) Total amount of direct energy consumed   | Petrol  | Litres                               | 854,971<br>(29.76 TJ)      | GRI 302:<br>Energy 2016     |  |
|                             |  | Diesel  | Litres                               | 3,310<br>(0.13 TJ)         |                             |   |
|                             |  | Natural Gas   | m <sup>3</sup>                       | 2,545,580<br>(101 TJ)      |                             |   |
|                             | E3.2) Total amount of indirect energy consumed | Electricity (via National Utility)                                      | kWh                                  | 2,036,614,588<br>(7331 TJ) | GRI 302:<br>Energy 2016     |  |
|                             |  | Internally generated electricity (via Natural Gas)                      | kWh                                  | 42,827,165                 |                             |   |
| <b>E4. Energy Intensity</b> | E4.1) Direct energy use intensity              | Total direct energy consumption/<br>Refrigeration ton-hour production   | MJ/Refrigeration ton-hour production | 0.05                       | GRI 302:<br>Energy 2016     |  |
|                             | E4.2) Indirect energy use intensity            | Total indirect energy consumption/<br>Refrigeration ton-hour production | MJ/Refrigeration ton-hour production | 2.97                       |                             |   |
|                             | Total energy intensity                         | Total energy consumption/<br>Refrigeration ton-hour production          | MJ/Refrigeration ton-hour production | 3.02                       |                             |   |

| Environmental Metrics   | Indicators   | Unit                        | Tabreed 2023 Data  | Corresponding GRI Standards       | SDGs  |
|-------------------------|--|-----------------------------|--|-----------------------------------|---|
| E4. Energy Intensity    | E4.3) Please describe investments, initiatives and projects to reduce energy consumption and to increase energy efficiency | -                           | <p><b>Nano Particles:</b> Tabreed injected nanoparticles of aluminium oxide(Maxwell) in the chilled water loop that increases thermal conductivity, resulting in reduction of energy consumption and improving the energy efficiency by 9%.</p> <p><b>VFD (variable frequency drives) retrofitting of chillers and condenser water pumps:</b> Tabreed invested and installed VFDs as phase wise and to enhance the plant electrical efficiency. Achieved the Energy Savings by retrofitting of VFD project in the year 2023 is approx. 20.9M kWh and 8.5M AED.</p> | GRI 302: Energy 2016              | <br>    |
|                         | E5. Energy Mix   | E5.1) Renewable energy used | %  | 0%                                | GRI 302: Energy 2016  |
| E5. Energy Mix          | E5.2) Non-renewable energy used  | %                           | Petrol 0.399%<br>Diesel 0.002%<br>Natural Gas 1.350%<br>Electricity (via National Utility) 98.249%   |                                   |   |
| E6. Water and Effluents | E6.1) Total amount of water withdrawn  | m <sup>3</sup>              | Nil  | GRI 303: Water and Effluents 2018 | <br> |
|                         | E6.2) Total amount of water discharged   | m <sup>3</sup>              | Nil  |                                   |   |

| Environmental Metrics          | Indicators  | Unit  | Tabreed 2023 Data   | Corresponding GRI Standards       | SDGs   |
|--------------------------------|---|---|---|-----------------------------------|--|
| <b>E6. Water and Effluents</b> | E6.3) Total amount of water consumed (if possible, a breakdown by source)   | m <sup>3</sup>  | 17,560,957  | GRI 303: Water and Effluents 2018 | <br> |
|                                | E6.4) Water intensity   | m <sup>3</sup> water consumed/<br>Refrigeration ton hour production | 0.007   |                                   |  |
|                                | E6.5) Water recycled (if applicable)  | m <sup>3</sup>  | 4,330,106   |                                   |  |
|                                | E6.6) Please describe investments, initiatives and projects to reduce water consumption and to increase water recycling | -   | <p>Tabreed leverages treated sewage effluent (TSE) in its district cooling plants, demonstrating a sustainable approach to water conservation by replacing potable water.</p> |                                   |  |

| Environmental Metrics | Indicators  | Unit             | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs  |
|-----------------------|---|------------------|--|-----------------------------|---|
| E7. Waste             | E7.1) Total amount of waste generated (if possible, broken down by hazardous and non-hazardous)   | -                | <b>Non-hazardous:</b> All the DCPs are provided with a skip of 1.2 m <sup>3</sup> volume and approved contractor (Suez) is removing the skip on a weekly basis. However, the quantity in kgs or tonnes are not measured) | GRI 306: Waste 2020         | <br><br> |
|                       | E7.2) Total amount of waste diverted from disposal (if possible, broken down by hazardous and non-hazardous)  | -                | <b>Hazardous:</b><br>22,349 pieces of empty cans<br>49,396 litres of waste oil<br>854 pieces of waste batteries<br>All the above are recycled through approved contractors   |                             |   |
|                       | E7.3) Total amount of waste directed to disposal (if possible, broken down by hazardous and non-hazardous)  | -                | All the DCPs are provided with a skip of 1.2 m <sup>3</sup> volume and approved contractor (Suez) is removing the skip on a weekly basis.  |                             |   |
|                       | E7.4) Total number and volume of oil spills (if applicable)   | Number or Tonnes | -  |                             |   |
|                       | E7.5) Please describe investments, initiatives and projects implemented in the year 2023 to reduce waste generation consumption and to increase waste recycling | -                | SAP work order system was introduced through tablets that reduced paper consumption.   |                             |   |

| Environmental Metrics               | Indicators   | Unit   | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs  |
|-------------------------------------|--|--------|--|-----------------------------|---|
| <b>E8. Environmental Management</b> | E8.1) Does your company follow a formal Environmental Policy?  | Yes/No | Yes, Tabreed's Environmental Procedure is inclusive of Environmental Policy  | GRI 2-23, 2-24              |  |
|                                     | E8.2) Does your company follow specific waste, water, energy, and/or recycling policies?   | Yes/No | Yes, Tabreed's integrated management system (IMS) policy covers all environment-related areas on priority. Additional efforts are in progress to install TES (thermal energy storage) polishing plant in Abu Dhabi that can reduce water consumption. Introduction of VFDs (variable frequency drives) for chillers are being carried out that can reduce power consumption. |                             |   |
|                                     | E8.3) Does your company adopt a recognized environment and energy management systems such as ISO 14001 and ISO 50001?  | Yes/No | Yes, Tabreed is certified to ISO 14001 and ISO 50001 both.   |                             |   |
|                                     | E8.4) Does your company have targets in place with regards to environment, energy, water and waste?  | Yes/No | Yes, KPIs are allocated to reduce energy consumption (power and water) to individual plants.   |                             |   |
|                                     | E8.5) Please indicate if any fines received for non-compliance with laws and regulations regarding environmental management during the last reporting period | USD    | 0  |                             |   |

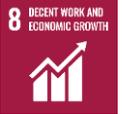
| Environmental Metrics                            | Indicators   | Unit   | Tabreed 2023 Data   | Corresponding GRI Standards | SDGs  |
|--|--|--------|---|-----------------------------|---|
| <b>E9. Climate Risk Management and Oversight</b> | E9.1) Does your Board/Management Team oversee and/or manage climate-related risks and opportunities? If yes, describe. | Yes/No | <p>Yes, All ESG-related matters, including climate-related risks, fall under the scope of Tabreed's Executive Management Team, comprising the Chiefs (CEO, CFO, COO, CDO, CAMO, and CLC). Notably, these executives also serve as members of the ESG Committee along with three other members, further solidifying their commitment to overseeing and steering the company's ESG initiatives.</p> <p>The ESG Committee, chaired by the CEO, serves as a central hub for comprehensive ESG governance. Moreover, within the ESG Committee, specialized subcommittees dedicated to Environmental, Social, and Governance aspects have been established. These subcommittees play a vital role in proposing strategic goals and action plans specific to each ESG dimension, contributing valuable insights and expertise to the broader ESG Committee's decision-making process.</p> <p>Additionally, the Board has requested the Executive Management Team to propose an overarching ESG-related objective with clear milestones, to measure their performance as part of the Company's scorecard.</p> | GRI 2-12                    |  |

| Environmental Metrics                            | Indicators  | Unit | Tabreed 2023 Data   | Corresponding GRI Standards | SDGs  |
|--|---|------|---|-----------------------------|---|
| <b>E9. Climate Risk Management and Oversight</b> | E9.2) Please describe the climate-related risks and opportunities the organization has identified over the short, medium and long term. | -    | <p><b>Risks:</b><br/>Climate change is expected to increase the frequency and intensity of extreme weather events such as hurricanes, storms, and floods. These events can damage Tabreed's infrastructure, disrupt service delivery, and result in significant repair and restoration costs. This may also lead to higher insurance premiums to cover potential damages to infrastructure and liabilities associated with service interruptions.</p> <p>Climate change can affect water availability and quality, which is critical for Tabreed's district cooling systems that rely on water as a coolant. Reduced water availability or changes in water quality due to factors like droughts or contamination can disrupt operations and increase maintenance costs.</p> <p>Changes in government regulations or energy policies may affect the opportunities or business performance of Tabreed. Regulatory responses to climate change, such as emissions regulations or water usage restrictions, may require Tabreed to invest in additional equipment or technologies to comply, which can increase capital expenditures and operational expenses.</p> <p><b>Opportunities:</b><br/>The changing climate conditions and an increasing awareness of environmental issues, may influence market demand for cooling services, with potential shifts in customer preferences towards more energy-efficient and environmentally sustainable solutions. District cooling systems, which are 50% more energy-efficient and emit fewer greenhouse gases compared to conventional cooling methods, may align well with customers' demand and preferences.</p> <p>As global temperatures rise due to climate change, the demand for cooling solutions is likely to increase, especially in regions experiencing more frequent and intense heatwaves.</p> <p>Aggressive climate and carbon reduction regulations are also driving demand for district cooling services.</p> | GRI 2-12                    |  |

| Environmental Metrics                     | Indicators   | Unit  | Tabreed 2023 Data  | Corresponding GRI Standards  | SDGs  |
|---|--|---|--|--|---|
| E9. Climate Risk Management and Oversight | E9.3) Please describe the organization's processes for identifying and assessing climate-related risks   | -   | <p>The organization has conducted an internal assessment utilizing the TCFD framework as a foundational step. This involved evaluating the potential impacts of climate-related risks on our operations, financial performance, and overall sustainability. Our assessment encompassed aspects such as physical risks (e.g., extreme weather events like flood and storm) and transition risks (e.g., regulatory changes, market shifts and technology).</p> <p>Moving forward, Tabreed plans to implement the TCFD framework in a more detailed fashion to enhance the robustness of the risk assessment process and to integrate climate-related risks into the broader risk management framework.</p> | GRI 2-23, 2-24   |  |
|   | E9.4) Please describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | -   | <p>Physical risks like floods, storms, and droughts can damage infrastructure, disrupt supply chains, and interrupt business operations. Extreme weather events may pose threat to property and assets, potentially leading to increased maintenance costs, restoration costs and insurance costs.</p> <p>Transition risks like increasing regulations aimed at reducing greenhouse gas emissions and promoting sustainability can lead to heavier compliance costs, or fines and may impact the reputation and competitiveness of Tabreed.</p>  |  |   |
|   | E9.5) Total amount invested, periodically, in climate-related infrastructure, resilience and product development                               | Monetary value. Reporting currency, preferably in USD |  | <p>4.6M USD includes Tabreed's recent investment in initiatives such as geothermal, thin film solar, nano particles and skycooling.</p> <p>Tabreed reports detailed information in its full Sustainability Report.</p> |   |

| Environmental Metrics                     | Indicators   | Unit | Tabreed 2023 Data   | Corresponding GRI Standards | SDGs  |
|---|--|------|---|-----------------------------|---|
| E9. Climate Risk Management and Oversight | E9.6) Please describe the greenhouse gas emission targets (Scope1, Scope 2 and Scope3) and the related risks   | -    | There are no specific emission target for Scope 1, 2 & 3 but rather a collective target of Net Zero for all scopes by 2050.   | GRI 2-23, 2-24              |  |
|   | E9.7) Please share your actions to align with UAE's Net Zero Commitment by 2050. Do you have a net zero emissions target in place?                   | -    | Tabreed is actively pursuing a roadmap to achieve Net Zero emissions by 2050, aligning with the UAE Energy Strategy 2050. The roadmap encompasses various initiatives aimed at leveraging renewable energy sources, enhancing energy efficiency, and adopting innovative technologies. These efforts include the utilization of geothermal, implementation of advanced cooling solutions such as skycooling, and the integration of energy-saving measures like variable frequency drive (VFD) retrofitting chillers and condenser water pumps. By employing a combination of these decarbonization levers, Tabreed is committed to reducing its carbon footprint and contributing to a sustainable future. |                             |   |
| E10. Biodiversity                         | E10.1) Please share number of operational sites owned, managed and/or leased in or adjacent to protected areas and areas of high biodiversity value. | -    | Tabreed operates 19 cooling plants in or near desert regions.   | GRI 304: Biodiversity 2016  |  |
|   | E10.2) Please describe significant impacts of activities, products and services on biodiversity  | -    | Tabreed's staff received training from the Arabia's Wildlife Centre on handling scorpions and snakes. They were instructed to leave these reptiles alone and instead contact the Centre for safe removal. This collaboration enhances both employee safety and responsible wildlife management.   |                             |   |

| Social Metrics           | Indicators  | Sub-Indicators                     | Unit                       | Tabreed 2023 Data | Corresponding GRI Standards       | SDGs  |   |
|--------------------------|---|------------------------------------|----------------------------|-------------------|-----------------------------------|---|---|
| S1. CEO Pay Ratio        | S1.1) Ratio: CEO total fixed compensation to median Full Time Equivalent (FTE) total fixed compensation                         |                                    | i.e. 1:1 or 1:1.8 or 1:7.5 | 1: 0.038          | GRI 102: General Disclosures 2016 |  |   |
|                          | S1.2) Does your company report this metric in regulatory filings?   |                                    | Yes/No                     | Yes               |                                   |   |   |
| S2. Breakdown with Staff | S2.1) Please share the total enterprise headcount held by full-time employees (broken down by, gender, age and seniority level) | Total                              |                            | Number            | 957                               | GRI 2-7, 405-1  |   |
|                          |   | Male                               |                            | Number & %        | 866 (90%)                         |   |   |
|                          |   | Female                             |                            | Number & %        | 91 (10%)                          |   |   |
|                          |   | Employees aged under 30 years      |                            | Number & %        | 69 (7%)                           |   |   |
|                          |   | Employees aged between 30-50 years |                            | Number & %        | 739 (77%)                         |   |   |
|                          |   | Employees aged above 50 years      |                            | Number & %        | 149 (16%)                         |   |   |
|                          |   | Employees from Staff               |                            | Number & %        | 830 (87%)                         |   |   |
|                          |   | Employees from Middle Management   |                            | Number & %        | 95 (10%)                          |   |   |
|                          |   | Employees from Senior Management   |                            | Number & %        | 32 (3%)                           |   |   |

| Social Metrics           | Indicators   | Sub-Indicators   | Unit         | Tabreed 2023 Data | Corresponding GRI Standards | SDGs  |
|--------------------------|--|--|--------------|-------------------|-----------------------------|---|
| S2. Breakdown with Staff | S2.2) Please share the total enterprise headcount held by *temporary employees (broken down by, gender, age and seniority level)<br><br>*Tabreed has no separate category for part-time employees, but it has two broad categories of full time and temporary employees. Temporary employees are represented by contractors and/or consultants | Male   | Number and % | 129 (98%)         | GRI 2-7, 405-1              |   |
|                          |  | Female   | Number and % | 3 (2%)            |                             |   |
|                          |  | Employees aged under 30 years  | Number and % | 38 (29%)          |                             |   |
|                          |  | Employees aged between 30-50 years   | Number and % | 90 (68%)          |                             |   |
|                          |  | Employees aged above 50 years  | Number and % | 4 (3%)            |                             |   |
|                          |  | Employees from Staff   | Number and % | 132 (100%)        |                             |   |
|                          |  | Employees from Middle Management   | Number and % | 0                 |                             |   |
|                          |  | Employees from Senior Management   | Number and % | 0                 |                             |   |
|                          |  | S2.3) Please share the total enterprise headcount held by contractors and/or consultants | Number       | 132               |                             |   |

| Social Metrics           | Indicators   | Sub-Indicators                     | Unit         | Tabreed 2023 Data | Corresponding GRI Standards | SDGs  |
|--------------------------|--|------------------------------------|--------------|-------------------|-----------------------------|---|
| S2. Breakdown with Staff | S2.4) Please share the total of national employees (broken down by, gender, age and seniority level) | Male                               | Number and % | 44 (47%)          | GRI 2-7, 405-1              |   |
|                          |  | Female                             | Number and % | 49 (53%)          |                             |   |
|                          |  | Employees aged under 30 years      | Number and % | 29 (31%)          |                             |   |
|                          |  | Employees aged between 30-50 years | Number and % | 57 (61%)          |                             |   |
|                          |  | Employees aged above 50 years      | Number and % | 7 (8%)            |                             |   |
|                          |  | Employees from Staff               | Number and % | 68 (73%)          |                             |   |
|                          |  | Employees from Middle Management   | Number and % | 16 (17%)          |                             |   |
|                          |  | Employees from Senior Management   | Number and % | 9 (10%)           |                             |   |

| Social Metrics                             | Indicators  | Sub-Indicators                     | Unit  | Tabreed 2023 Data | Corresponding GRI Standards | SDGs  |
|--|---|------------------------------------|---|-------------------|-----------------------------|---|
| <b>S3. Employee Turnover and New Hires</b> | S3.1) Year-over-year change for full-time employees (broken down by gender, age, and seniority level) | Male                               | Number and %  | 58 (89%)          | GRI 401-1                   |  |
|  |   | Female                             | Number and %  | 7 (11%)           |                             |   |
|  |   | Employees aged under 30 years      | Number and %  | 7 (11%)           |                             |   |
|  |   | Employees aged between 30-50 years | Number and %  | 39 (60%)          |                             |   |
|  |   | Employees aged above 50 years      | Number and %  | 19 (29%)          |                             |   |
|  |   | Employees from Staff               | Number and %  | 56 (86%)          |                             |   |
|  |   | Employees from Middle Management   | Number and %  | 6 (9%)            |                             |   |
|  |   | Employees from Senior Management   | Number and %  | 3 (5%)            |                             |   |
|  | S3.2) Year-over-year change for part-time employees   | Number and %                       | Not applicable. Tabreed has no separate category for part-time employees. |                   |                             |   |

| Social Metrics                      | Indicators   | Sub-Indicators                     | Unit         | Tabreed 2023 Data | Corresponding GRI Standards | SDGs  |
|-------------------------------------|--|------------------------------------|--------------|-------------------|-----------------------------|---|
| S3. Employee Turnover and New Hires | S3.3) Year-over-year change for contractors and/or consultants                     |                                    | Number and % | 25 (2.3%)         | GRI 2-8                     |  |
|                                     | S3.4) Year-over-year of new hires (broken down by age, gender and seniority level) | Total                              | Number       | 114               | GRI 401-1                   |   |
|                                     |  | Male                               | Number & %   | 84 (74%)          |                             |   |
|                                     |  | Female                             | Number & %   | 30 (26%)          |                             |   |
|                                     |  | Employees aged under 30 years      | Number & %   | 28 (24.6%)        |                             |   |
|                                     |  | Employees aged between 30-50 years | Number & %   | 84 (73.7%)        |                             |   |
|                                     |  | Employees aged above 50 years      | Number & %   | 2 (1.7%)          |                             |   |
|                                     |  | Employees from Staff               | Number & %   | 88 (77%)          |                             |   |
|                                     |  | Employees from Middle Management   | Number & %   | 22 (19%)          |                             |   |
| Employees from Senior Management    | Number & %   | 4 (4%)                             |              |                   |                             |   |

| Social Metrics  | Indicators   | Sub-Indicators          | Unit         | Tabreed 2023 Data | Corresponding GRI Standards | SDGs  |
|---|--|-------------------------|--------------|-------------------|-----------------------------|---|
| S4. Gender Diversity and Equality   | S4.1) Total enterprise headcount held by men and women                 | Male                    | Number and % | 995 (91%)         | GRI 2-9; 405-1              |  |
|   |  | Female                  | Number and % | 94 (9%)           |                             |   |
|   | S4.2) Total entry and mid-level positions held by men and women        | Entry Level: Male       | Number and % | 558 (51.2%)       |                             |   |
|   |  | Entry Level: Female     | Number and % | 5 (0.5%)          |                             |   |
|   |  | Mid-Level: Male         | Number and % | 327 (30%)         |                             |   |
|   |  | Mid-Level: Female       | Number and % | 68 (6.2%)         |                             |   |
|   |  | Senior Level: Male      | Number and % | 96 (8.8%)         |                             |   |
|   |  | Senior Level: Female    | Number and % | 18 (1.7%)         |                             |   |
|   | S4.3) Total senior and executive-level positions held by men and women | Executive Level: Male   | Number and % | 14 (1.3%)         |                             |   |
|   |  | Executive Level: Female | Number and % | 3 (0.3%)          |                             |   |
| S4.4) The ratio of median male employee compensation to median female employee compensation |  | Number                  | 1:2.63       |                   |                             |   |

| Social Metrics   | Indicators   | Unit  | Tabreed 2023 Data  | Corresponding GRI Standards   | SDGs  |
|--|--|---|--|---|---|
| S4. Gender Diversity and Equality  | S4.5) Please describe your company's initiatives or programs to support the recruitment and retention of female employees, and to support female employees to advance to management positions. | -   | Human Capital supports the DE&I Committee, while members of Human Capital sit within the committee as well. Some of the key initiatives driven to support DE&I Committee are,<br>1. Unconscious bias awareness session<br>2. Diversity day event<br>3. Emirati Women's day workshop<br>4. Re-launch of 'Women in Tabreed' initiative<br>5. Diversity awareness videos<br>6. DE&I Policy<br>7. DE&I Committee with monthly meetings | GRI 2-23  |  |
|  | S5. Human Rights   | S5.1) Does your company follow a harassment and/or non-discrimination policy? | Yes/No   | Yes, Tabreed has a standalone Sexual Harassment Policy. Tabreed's Human Rights Policy also acts in accordance with Conventions no. 100 and 111 on non-discrimination. | GRI 404-1   |
| S5.2) Does your company have a formal grievance mechanism in place?  |  | Yes/No  | Yes, and the Grievance Policy follows three-stage of escalation;<br>Stage 1: Supervisor/Manager/Department Head<br>Stage 2: Human Capital Department<br>Stage 3: Grievance Committee   |   |   |
| S5.3) Does your company follow a child and/or forced labor policy?   |  | Yes/No  | Tabreed's Human Rights Policy adheres to ILO conventions related to child labor (138 & 182) and forced labor (29 & 105)  |   |   |
| S5.4) Does your company follow a human rights policy?  |  | Yes/No  | Yes, Tabreed has a standalone Human Rights Policy  |   |   |
| S5.5) Does your company provide training on human rights and related internal policies for your employees? |  | Yes/No  | Yes. Tabreed's employees, contractors and suppliers are expected to comply with the policy and any other measures put in place to protect or promote human rights compliance.  |   |   |

| Social Metrics        | Indicators   | Unit   | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs  |
|-----------------------|--|--------|--|-----------------------------|---|
| S6. Health and Safety | S6.1) Does your company follow an occupational health and safety policy?                           | Yes/No | Yes. Tabreed is fully committed to maintaining operational excellence, customer satisfaction and sustainable growth. Health, safety, environment, quality and energy compliance is a cornerstone of its operations and an integral part of business planning and strategic goal setting. Tabreed aspires to continually improve its integrated management system (IMS) performance and work on meeting and exceeding the expectations of the employees, customers, contractors, suppliers, business partners and the community in which it operates. | GRI 2-23                    |  |
|                       | S6.2) Does your company adopt a recognized health and safety management systems such as ISO 45001? | Yes/No | Yes, Tabreed has an effective Occupational Health & Safety Management System (ISO 45001:2018).   |                             |   |
|                       | S6.3) Please share the total employee and total contractors (if available) manhours                | Hours  | Total full time employee manhours: 2,095,150<br>Total contractor manhours: 1,110,558   | GRI 403-9                   |   |
|                       | S6.4) Please share the total employee fatalities   | Number | 0  | GRI 403-9                   |   |
|                       | S6.5) Please share the employee lost time injury (LTI)   | Number | 1 (The incident occurred at TRANSCO site injuring 2 TES personnel)   |                             |   |
|                       | S6.6) Please share the lost time injury frequency (LTIF)   | Number | 0.31   | GRI 403-9                   |   |
|                       | S6.7) Please share the total health and safety training provided to employees                      | Number | 11,307 inclusive of all HSE H&S trainings (internal, external, slot and HSE E-Learning)  | GRI 403-9                   |   |

| Social Metrics           | Indicators  | Sub-Indicators   | Unit   | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs  |
|--------------------------|---|--|--------|--|-----------------------------|---|
| S7. Community Engagement | S7.1) Please share the total amount invested in the community, including philanthropy, donations and sponsorships | Amount invested / Yearly revenue in reporting currency | %(AED) | <p>Tabreed invested 0.023% of total revenue of the Group, i.e all entities under the umbrella of Tabreed, including entities outside of UAE. This investment covered,</p> <ul style="list-style-type: none"> <li>500,000 AED for sponsorship of HUB71+ climateTECH (assisting start-ups and young entrepreneurs)</li> <li>50,000 AED on iftar meals during Ramadan</li> </ul> <p>Tabreed organized a collective Iftar meal as part of the 'Iftar Saem' and 'Quran Memorization for Senior Citizens' initiatives. The Emirates Society for Parents, Care &amp; Relief organized the initiative by offering over 12,500 meals to families. The activity is part of Tabreed's annual CSR program to give back to the community and put smiles on people's faces, especially during the last ten days of the Holy month.</p> | GRI 413                     |  |
|                          | S7.2) Please share the total employee volunteering completed during the reporting period                          |  | Number | No recorded data   |                             |   |

| Governance Metrics               | Indicators  | Sub-Indicators | Unit         | Tabreed 2023 Data                                     | Corresponding GRI Standards | SDGs  |
|----------------------------------|---|----------------|--------------|---|-----------------------------|---|
| <b>G1. Board Diversity</b>       | G1.1) Total board seats occupied by men & women   | Men            | Number and % | 7 (78%)   | GRI 405-1                   |  |
|                                  |   | Women          | Number and % | 2 (22%)   |                             |   |
|                                  | G1.2) Total committee chairs occupied by men & women  | Men            | %            | 4 (100%)  |                             |   |
|                                  |   | Women          | %            | 0   |                             |   |
| <b>G2. Board Independence</b>    | G2.1) Does company prohibit the CEO from serving as board chair?                              |                | Yes/No       | Yes   | GRI 405-1                   |   |
|                                  | G2.2) Please share the total board seats occupied by independents                             |                | %            | 89%   |                             |   |
| <b>G3. Collective Bargaining</b> | G3) Please share the total enterprise headcount covered by collective bargaining agreement(s) |                | %            | Collective bargaining is not permitted within the UAE | GRI 2-30                    |   |

| Governance Metrics          | Indicators   | Unit     | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs  |
|-----------------------------|--|----------|--|-----------------------------|---|
| G4. Supply Chain Management | G4.1) Are your vendors or suppliers required to follow a Code of Conduct?                                    | Yes/No   | Yes, suppliers must adhere to Tabreed's Supplier Code of Conduct, which sets standards for ethical behavior, legal compliance, environmental practices, and labor rights.<br>More details available at <a href="https://www.tabreed.ae/wp-content/uploads/2021/09/Supplier-Code-of-Conduct.pdf">https://www.tabreed.ae/wp-content/uploads/2021/09/Supplier-Code-of-Conduct.pdf</a> |                             |  |
|                             | G4.2) If yes, what percentage of your suppliers are formally certified and compliant with the Code?          | %        | 100%. All our suppliers are required to agree to our Code of Conduct during registration, ensuring full compliance as a prerequisite for doing business with us.   | GRI 308-1                   |   |
|                             | G4.3) Please share the suppliers that underwent a supplier's environmental audit during the reporting period | Number/% | 0  | GRI 414-1                   |   |
|                             | G4.4) Please share the suppliers that underwent a supplier's social audit during the reporting period        | Number/% | 0  | GRI 308-1, 414-1            |   |
|                             | G4.5) Please share the new suppliers receiving warning due to the environmental/social screening             | Number/% | 0  | GRI 2-19                    |   |

| Governance Metrics                      | Indicators   | Unit   | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs  |
|---|--|--------|--|-----------------------------|---|
| <b>G5. Ethics &amp; Anti-corruption</b> | G5.1) Does your company follow an Ethics and/or Anti- Corruption policy?   | Yes/No | Yes. Tabreed's Ethical Framework serves as a comprehensive guide to the business conduct.  | GRI 2-23                    |  |
|   | G5.2) Please share the workforce formally compliant with the Anti-Corruption Policy                                      | %      | 100%   | GRI 205-2                   |   |
|   | G5.3) Please share the confirmed incidents of corruption during the reporting period                                     | Number | 0  | GRI 205-3                   |   |
|   | G5.4) Please share the corrective measures taken corresponding to the confirmed incidents of corruption (in case of any) | Text   | Not applicable, as zero cases reported   | GRI 205-4                   |   |
| <b>G6. Data Security</b>                | G6.1) Does your company follow a Data Privacy policy?  | Yes/No | Yes. Tabreed has a Data Classification Policy and a draft data protection policy prepared by Deloitte.   | GRI 418-1                   |   |
|   | G6.2) Has your company taken steps to comply with GDPR rules or similar standards?                                       | Yes/No | In progress. Tabreed's IT team is working on the roll out measures to satisfy mandatory data protection requirements (final implementing regulations currently awaited). |                             |   |
|   | G6.3) Data security breaches during the reporting period (if any)  | Number | Not applicable, as zero cases reported   | GRI 418-1                   |   |

| Governance Metrics                  | Indicators  | Unit        | Tabreed 2023 Data  | Corresponding GRI Standards | SDGs |
|-------------------------------------|---|-------------|--|-----------------------------|------|
| <b>G7. Sustainability Practices</b> | G7.1) Does your company publish a sustainability report?  | Yes/No      | Yes  |                             |      |
|                                     | G7.2) Does your company publish a GRI, WEF, SASB, IIRC, UNGC or CDP based reporting?  | Yes/No      | Yes. Tabreed's Sustainability Report is prepared in compliance with SCA Regulations and in accordance with GRI Standards and aligns with specific SDGs relevant to its operations and processes.   |                             |      |
|                                     | G7.3) Does your company provide training to its employees regarding regulatory topics related to sustainability (environment, human rights, ethics, etc)? | Yes/No      | Yes  | GRI 404-1                   |      |
|                                     | G7.4) Please share the total sustainability related training provided to employees  | Number/Text | 489 hours of training on various ESG aspects and 224 hours of training on DE&I aspects<br><br>Tabreed's Compliance team maintains on an annual and regular basis, the online training for all its corporate staff on Anti- Bribery and Corruption.<br><br>Participation of 100% of corporate staff was recorded via the online Navex Global delivery platform. Regular HSE trainings and awareness programs are also delivered on HSE readiness. | GRI 404-2                   |      |
| <b>G8. External Assurance</b>       | G8.1) Are your sustainability disclosures assured or validated by a third party?  | Yes/No      | No   | GRI 2-5                     |      |

**NOTES:**

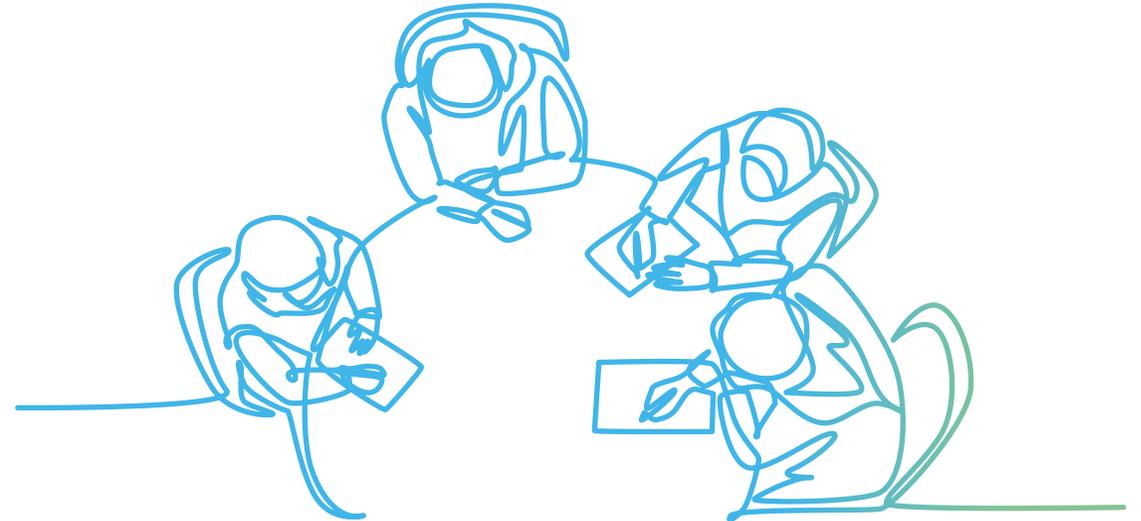
Due to recent revisions made in the metrics and indicators of DFM's ESG Reporting Guide, this report covers data for the year 2023 only to maintain consistency with the new requirements.

Tabreed's DFM compliant ESG requirements for the year 2021 and 2022 were reported in its Annual Report 2022,

- <https://www.tabreed.ae/wp-content/uploads/2023/02/2022-Annual-Report-En.pdf>

Tabreed also publishes its full ESG Report, in accordance with global reporting initiative (GRI) Standards.

- ESG Report 2021, [https://www.tabreed.ae/wp-content/uploads/2022/07/En-ESG-Report-Tabreed\\_vF.pdf](https://www.tabreed.ae/wp-content/uploads/2022/07/En-ESG-Report-Tabreed_vF.pdf)
- ESG Report 2022, <https://www.tabreed.ae/wp-content/uploads/2023/07/Tabreed ESG Report 2022.pdf>





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