

QATAR GAS TRANSPORT COMPANY LTD. "NAKILAT" (QPSC)



# THE ANNUAL REPORT

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## QATAR GAS TRANSPORT COMPANY LTD. "NAKILAT" (QPSC)

### Capital of the Company

The issued and subscribed share capital of the Company amounts to 5,540,263,600 (five billion, five hundred and forty million, two hundred and sixty three thousand and six hundred Qatari Riyals) divided into 5,540,263,600 (five billion, five hundred and forty million, two hundred and sixty three thousand and six hundred) shares.

### Nominal Value of the Stock

QR 1 (One Qatari Riyals)

### Term of the Company

The fixed term of the Company is 50 Gregorian years, commencing from July 18, 2004, the date of issuance of the decision of the Minister of Business and Trade of Qatar authorizing its establishment,

The term may be extended by a decision of a Company's extraordinary general assembly.

### Financial Year of the Company

The Financial Year of the Company commences on January 1 and ends on December 31.

### Listing of the Company's Stocks on Qatar Stock Exchange (QSE)

The Company's shares are listed on the Qatar Stock Exchange since 2005, and the dealing of such shares is in accordance with the regulations of the Qatar Stock Exchange and Qatar Financial Markets Authority (QFMA) .

### Headquarters of the Company

The headquarters and registered office of the Company are in the city of Doha, State of Qatar.

**Tel:** + 974 4496 8811

**P. O. Box:** 22271 Doha, State of Qatar

www.nakilat.com



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## IN THE NAME OF ALLAH THE MERCIFUL AND THE GRACIOUS



His Highness  
Sheikh Tamim Bin Hamad Al Thani  
Amir of the State of Qatar



His Highness  
Sheikh Hamad Bin Khalifa Al Thani  
Father Amir

## VISION

To be a global leader and provider of choice for energy transportation and maritime services.

### MISSION

- Safely, reliably and efficiently provide shipping and maritime services
- Exceed customer expectations through strong partnerships
- Protect the environment wherever we work
- Contribute to and support the Qatar National Vision 2030
- Foster passionate collaboration and capture synergies amongst the Nakilat family
- Maximize shareholder return through optimized investment opportunities
- Invest in human capital; attracting, retaining and developing our workforce with an emphasis on national development



### VALUES

- **Safety** Incident and injury free
- **Passion** Strong commitment towards continuous improvement
- **Integrity** Honesty with sound moral principles
- **Respect** Value others' diversity and perspective
- **Encouragement** Be motivated and motivate people around you

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ANNUAL REPORT 2023

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**MR. ABDULAZIZ AL-MUFTAH**  
Chairman of the Board

**It is with great pleasure that I, on behalf of Nakilat's Board of Directors, present to you our Annual Report for the year 2023.**

This year has brought about significant changes and challenges to the global shipping market, shaped by global events and geopolitical shifts. Despite these challenges, Nakilat has not only navigated through these complexities but has also emerged stronger, showcasing resilience, innovation, and a commitment to excellence. As geopolitical dynamics continue to impact global energy markets, Nakilat remains steadfast in adapting to these changes. We recognize the importance of staying agile in the face of uncertainties and are committed to overcoming challenges by leveraging our expertise and strategic partnerships with a forward-looking approach.

Nakilat's financial performance in 2023 reflects our unwavering dedication to operational excellence and strategic expansion. This year, our company has not only weathered industry challenges but has also achieved sustainable growth, reinforcing our position as a key player in energy transportation and maritime services.

With a fleet strength of 74 vessels, one of the world's largest Liquefied Natural Gas (LNG) shipping fleet comprising of 69 LNG carriers, 4 LPG carriers and 1 Floating Storage Regasification Unit (FSRU), the company is the backbone of the transportation link in Qatar's LNG supply chain. Our LNG fleet has a combined carrying capacity of over 9 million cubic meters, which is about 9.2% of the global LNG fleet carrying capacity. Through its dedicated in-house ship management, Nakilat operates 30 vessels, 25 LNG carriers, 4 LPG carriers and 1 FSRU. The majority of Nakilat's vessels are fixed with long-term charterers to reputable local and international counterparties, creating a steady and healthy cash flow for the company.



**AS NAKILAT APPROACHES ITS 20<sup>TH</sup> ANNIVERSARY SINCE INCEPTION, WE REFLECT ON OUR JOURNEY AND CELEBRATE THE COMMITMENT TO SUSTAINABILITY THAT HAS BEEN INTEGRAL TO OUR SUCCESS**

Our recent fleet expansion with Hyundai Heavy Industries (HHI) in South Korea exemplifies Nakilat's forward-thinking approach. The acquisition of two cutting-edge LNG carriers and four modern very large LPG carriers reinforces our commitment to technological innovations and environmentally conscious shipping solutions. Scheduled for delivery between 2026 and 2027, these vessels will significantly contribute to our global presence in the LNG shipping sector.

As Nakilat approaches its 20<sup>th</sup> anniversary since its inception, we reflect on our journey and celebrate the commitment to sustainability that has been integral to our success. This milestone is a testament to the dedication of our team and the support of our stakeholders. We are excited about the future and the continued contributions Nakilat will make to the maritime industry.

Supported by the world-class Erhama Bin Jaber Al Jalahma Shipyard, Nakilat's joint venture companies continue adding strategic value to our operations through dedicated services, including ship repair, offshore fabrication, as well as a range of maritime services, all of which contribute towards establishing Qatar as a shipping and maritime hub, in support of Qatar National Vision 2030.

## BOARD OF DIRECTORS



**MR. AHMAD AL-SULAITI**  
Vice Chairman



**HE ENG. ESSA AL-KUWARI**  
Board Member



**SHEIKH HAMAD AL-THANI**  
Board Member



**MR. ABDULRAHMAN AL-MANNAI**  
Board Member



**MR. KHALID AL-RUMAIHI**  
Board Member



**MR. FAISAL AL-HAMMADI**  
Board Member

### The Board is delighted to highlight the achievements of our joint ventures and subsidiaries in 2023:

- Qatar Shipyard Technology Solutions completed 155 repairs for various types of marine vessels and 15 offshore/rig repair projects in 2023.
- NSW surpassed 14 million exposure hours lost time incident (LTI) free in 2023.
- NAC commemorated 18 years of operations in 2023, offering 24/7 shipping, logistics and marine services at all ports and terminals in Qatar. The company provided its agency services to more than 3,500 port calls in Qatar and 2,000 port calls overseas during 2023, without any service failures or LTI.
- QFAB began the fabrication and assembly of four wellhead platform topsides, WHP13N, jacket and subsea infrastructure for the North Field East (NFE) Project and delivered five wellhead jackets for the North Field South (NFS) Project, subsea spools and risers for the North Field Production Sustainability (NFPS) - IIP1 project and the Spent Caustic Treatment Modules (SCTS) for McDermott. QFAB achieved 6 million work hours LTI-free in 2023.

The Board of Directors acknowledges Nakilat for its robust financial performance and operational excellence in 2023. We are delighted to report Nakilat's net profit of QAR 1.56 billion for the fiscal year, reflecting a 8.3% increase compared to QAR 1.44 billion in 2022. Given our strong financial standing and the anticipated growth opportunities in the coming years, Nakilat's Board of Directors is pleased to propose the distribution of cash dividends of QAR 0.14 per share for the fiscal year 2023, to the General Assembly.

Nakilat's Board of Directors would like to express its deep gratitude to HH Sheikh Tamim Bin Hamad Al Thani, the Emir of the State of Qatar, and to HH Sheikh Hamad Bin Khalifa Al Thani, the Father Emir of the State of Qatar, for their visionary and inspiring leadership that have enabled Nakilat's growth into a diversified shipping and maritime services company that significantly contributes towards the development of Qatar's maritime and shipping sector.

The Board of Directors also offers its appreciation to HE Eng. Saad Sherida Al-Kaabi, Minister of State for Energy Affairs, President and CEO of QatarEnergy for the ongoing support of Nakilat's activities and extended cooperation with the Erhama Bin Jaber Al Jalahma Shipyard. We also extend appreciation to our long-term main charterer QatarEnergy LNG for their continued support towards Nakilat's operations. Finally, we would like to thank Nakilat's partners, shareholders, management, employees, Qatar Stock Exchange (QSE) and Qatar Financial Markets Authority (QFMA) for their continued dedication and support.



**Eng. Abdullah Al-Sulaiti**  
Chief Executive Officer

**In an era where the global demand for clean energy continues to soar, Nakilat plays a pivotal role in meeting the marine transport demand, thus elevating our significance at the intersection of evolving energy landscapes and environmental stewardship.**

Our unwavering commitment to the world's supply chain has reached unprecedented heights.

As we reflect on Nakilat's achievements and milestones from the past year and the promising developments, I am honoured to provide you with a comprehensive overview of our journey.

In 2022, our vessels achieved exceptional performance, and this positive momentum has carried into 2023, as evidenced by our recently released financial results, showcasing an impressive 8.3% increase from 2022. This sustained success underscores the resolute dedication of our team and our commitment to delivering exemplary services to our global clientele.

Our fleet, characterised by its steadfast pursuit of excellence, executed 883 consignments, totalling over 78 million MT of

**NAKILAT WAS SELECTED AS ONE OF NINE ORGANIZATIONS WORLDWIDE TO BE PRESENTED WITH A 'GLOBE OF HONOUR' FROM BRITISH SAFETY COUNCIL, WHICH IS AWARDED TO COMPANIES DEMONSTRATING EXCELLENCE IN ENVIRONMENTAL MANAGEMENT**



A net profit of  
**1.56 BILLION** (QAR)



**8.3%**  
Increase against  
the previous year at 1.44 billion (QAR)

LNG cargoes, to 41 countries across the globe in 2023, all accomplished without incident. This remarkable feat underscores the exceptional safety and reliability of Nakilat's operations.

Moreover, we have achieved a significant milestone by safely and effectively completing drydocking for 20 LNG and 3 LPG vessels. This record-breaking year in terms of drydocking serves as a testament to our continuous commitment to enhancing our fleet and services.

Our unwavering commitment to safety has, once again, been recognised through our attainment of the British Safety Council's Five Star Audit rating for the 6<sup>th</sup> consecutive year. Significantly, we also secured a Five Star rating in the Environmental and Sustainability Audit for the first time, reaffirming our dedication to sustainable practices.

In recognition of our outstanding performance in occupational health and safety management, we were honoured to receive our 5<sup>th</sup> consecutive 'Sword of Honour' from the British Safety Council. This prestigious recognition establishes us as a trusted and reliable partner in the energy transportation industry.

Additionally Nakilat was selected as one of nine organizations worldwide to be presented with a 'Globe of Honour' from British Safety Council, which is awarded to companies demonstrating excellence in environmental management.

In alignment with the Qatar National Vision 2030, Nakilat continues to prioritize the development of the professional competencies of our national workforce. The successful execution of a multi-day Qatarization workshop has set measurable objectives, positioning Nakilat as an employer of choice for our nationals.

Nakilat's accomplishments extend beyond our core operations. Our joint venture companies, including Qatar Shipyard Technology Solutions, NSW, QFAB, and NAC, have made significant strides in strengthening our value proposition by offering diverse marine services, thereby contributing to Qatar's position as an industry frontrunner.

While we celebrate our successes, our commitment to continuous improvement remains unwavering. New initiatives, campaigns, and strategic roadmaps are currently in development, and our dedication to a culture of safety will always be our top priority. I encourage all of us to lead by example, avoid complacency, and hold each other accountable for safety.

Enhancing employee engagement and nurturing a vibrant workplace that fosters creativity and innovation are also paramount to us. We highly value our employees' contributions and ensure their active participation in meaningful discussions that drive positive change.

In conclusion, Nakilat's journey is characterized by excellence, unwavering commitment, and an enduring focus on our core values. Our dedication to sustainable and safe practices, the development of our workforce, and our commitment to providing top-tier marine services remain unyielding.

I am deeply appreciative of the dedication of our team, the trust of our stakeholders, and the support of our partners throughout this remarkable journey. Together, we will continue to lead in the energy transportation and maritime services sector, setting new standards and delivering exceptional value to our customers and the global community.







- The company recorded a net profit of QAR 1.56 billion, the highest since its inception; demonstrating its strength as a key player in global LNG transportation.
- Total assets of Nakilat as of December 31, 2023 were QAR 31.98 billion compared to QAR 32.20 billion as of December 31, 2022. Current assets, including cash & cash equivalents, deposits and other balances stood at QAR 5.06 billion as of December 31, 2023. Noncurrent assets, consisting mainly of investments in LNG carriers, property and equipment and other assets were QAR 26.91 billion as of December 31, 2023. Total assets of Nakilat, including share of its joint venture assets were QAR 45.10 billion. In addition, Nakilat also has an economic interest, full operational and management responsibilities in the QAR 10.60 billion Erhama Bin Jaber Al Jalahma Shipyard, with funding by QatarEnergy in the Port of Ras Laffan, giving a total assets value of QAR 55.70 billion managed by Nakilat.
- Total borrowing as of December 31, 2023 was QAR 17.62 billion compared to QAR 18.81 billion as of December 31, 2022. QAR 2.67 billion loan added from refinancing, while QAR 3.84 billion loans were repaid and settled during 2023.
- Total equity before hedging reserve and non-controlling interests as of December 31, 2023 was QAR 12.30 billion compared to QAR 11.50 billion as of 31<sup>st</sup> December 2022.

## CREDIT RATING

### Nakilat Inc. Senior Debt

- AA- (Standard & Poor's)
- Aa3 (Moody's)
- A (Fitch)



### Nakilat Inc. Subordinate Debt

- A+ (Standard & Poor's)
- A1 (Moody's)
- A- (Fitch)

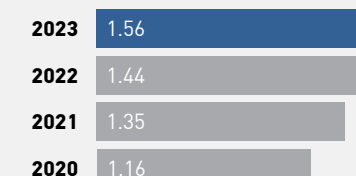
The three major credit rating agencies, Standard & Poor's, Moody's and Fitch rate the Nakilat Inc. senior debt and Nakilat Inc. subordinate debt as strong investment grade debt. Standard & Poor's rates Nakilat Inc. senior debt as AA- which is one notch below State of Qatar. Moody's also rates Nakilat Inc. senior debt one notch below State of Qatar at Aa3.

Various reports published by the said Rating Agencies highlight Nakilat's key strengths as being vitally important to Qatar's LNG

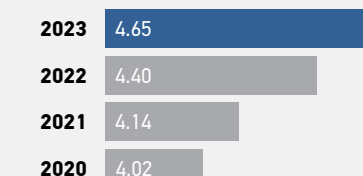
strategy given Nakilat's ownership of the world's largest LNG fleet.

Nakilat's consistent profitability and stable cashflows linked to the long term highly favorable contract structure with Qatar's largest LNG producer and its reliable operating track record are significant elements among a variety of other factors that strengthen Nakilat's robust business profile.

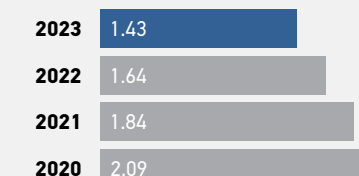
### NET PROFIT (BILLION QAR)



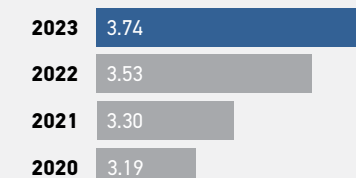
### REVENUES (BILLION QAR)



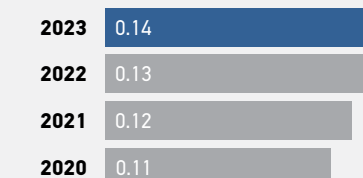
### DEBT TO EQUITY



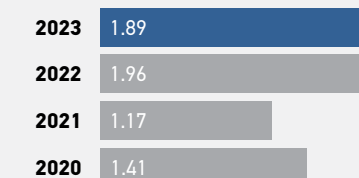
### EBITDA (BILLION QAR)



### DIVIDEND PER SHARE (QAR)



### CURRENT RATIO



### EPS PER SHARE (QAR)



Strategically established in 2004 in Qatar to support the country's ambition of becoming the world's largest exporter of natural gas, Nakilat is a shipping and maritime company based in the State of Qatar. With one of the world's largest Liquefied Natural Gas (LNG) shipping fleet comprising of 69 LNG carriers, 4 LPG carriers and 1 Floating Storage Regasification Unit (FSRU), the company provides the essential transportation link in Qatar's LNG supply chain.

In line with the United Nations' Sustainable Development Goals (UN SDGs) and Qatar National Vision 2030, Nakilat and its joint ventures are fully committed to Qatar's sustainable development and future. Through its strategic joint ventures:

- Qatar Shipyard Technology Solutions
- Qatar Fabrication Company (QFAB)

Operating at the Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan Industrial City, Nakilat provides comprehensive ship repair, onshore and offshore fabrication services. It also provides shipping agency services through Nakilat Agency Company (NAC) at all Qatari ports and terminals, as well as towage and other marine support services through its joint venture Nakilat SvitzerWijsmuller (NSW). The company's Vessel Support Unit (VSU) offers chandlery, storage and logistics services for vessels operating in Qatari waters.

## KEY STRENGTHS

Strategic positioning in Qatar, the world's largest LNG exporter, and key role within this LNG value chain



International outreach of LNG and LPG shipping fleets



One of the highest credit-rated shipping companies globally



Stable, long-term charter agreements with world-class partners



# NAKILAT



Shipyard



- Fabrication, conversion, maintenance & industrial engineering
- Marine vessels, rigs, offshore and onshore structures



- Fabrication of offshore and onshore structures

69

LNG CARRIERS

4

LPG CARRIERS

1

FSRU



Nakilat Fleet



Marine Services



- Towage and marine support services
- Operating a fleet of vessels including tug and pilot boats



- Shipping agency, marine and logistics services
- All ports and terminals in Qatar and globally through sub-agents



- Provisions, materials logistics, warehousing and coordination of repairs

74

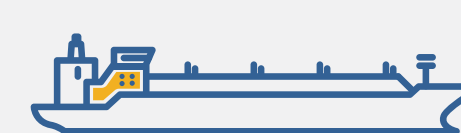
Fleet Size



Listed on QSE  
(since 2005)



World's largest LNG  
shipping fleet by capacity

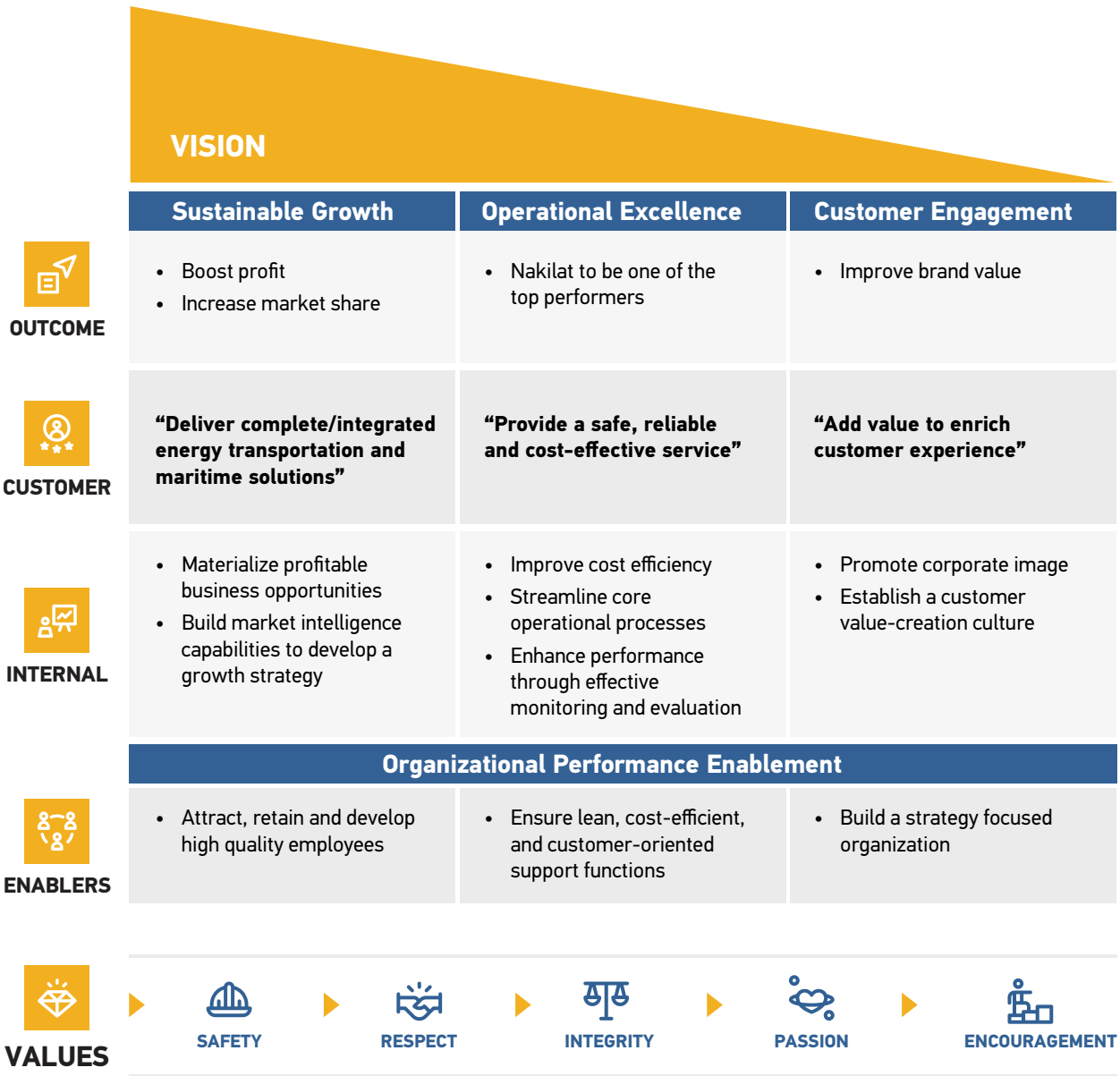


Fleet Expansion



To ensure our focus on achieving our strategic goal, we defined four strategic themes serving as the architecture of Nakilat’s strategy map. Nakilat’s strategic themes draw a bigger picture of the company’s direction and portray our story in a concise manner.

Three of the themes within the strategy map represent Nakilat’s core activities, with each theme hosting a stream of strategic objectives plotted in an upward relational logic.





## 2004 – 2007

### NAKILAT

- Established as shipping arm of Qatar's LNG sector in 2004.
- Shares are listed on the Qatar Stock Exchange in 2005.
- Took delivery of its first LNG carrier in 2005.
- Formed strategic alliance with STASCO in 2006 for management of its 25 wholly-owned LNG carriers.
- Awarded a 25-year time charter contract by QatarEnergy LNG for 24 LNG carriers.

### NAC

- Was established in 2005.

### NSW

- Was established in 2006, and awarded a 22-year service contract by QatarEnergy for services within the Ras Laffan Port.



## 2012 – 2014

### NAKILAT

- Was certified in ISO 14001 and switched to ISO/IMS certification (ISO 9001, ISO 14001 and OHSAS 18001).
- Assumed management of four LPG carriers in 2012.
- Assumed management of four LNG carriers in 2014.
- Commenced the Marine Cadets Program.

### QATAR SHIPYARD TECHNOLOGY SOLUTIONS

- Won two regional awards for 'Shipyard of the Year' in 2012 and one in 2013.
- Won 'Safety & Security' regional award in 2014.

## 2008 – 2011

### NAKILAT

- Took delivery of first Q-Max LNG carrier, Mozah.
- Delivered 42 LNG carriers and 4 LPG carriers.
- Inaugurated the Erhama Bin Jaber Al Jalahma Shipyard in 2010.
- Certified ISO 9001 and OHSAS 18001 by Lloyds Register.

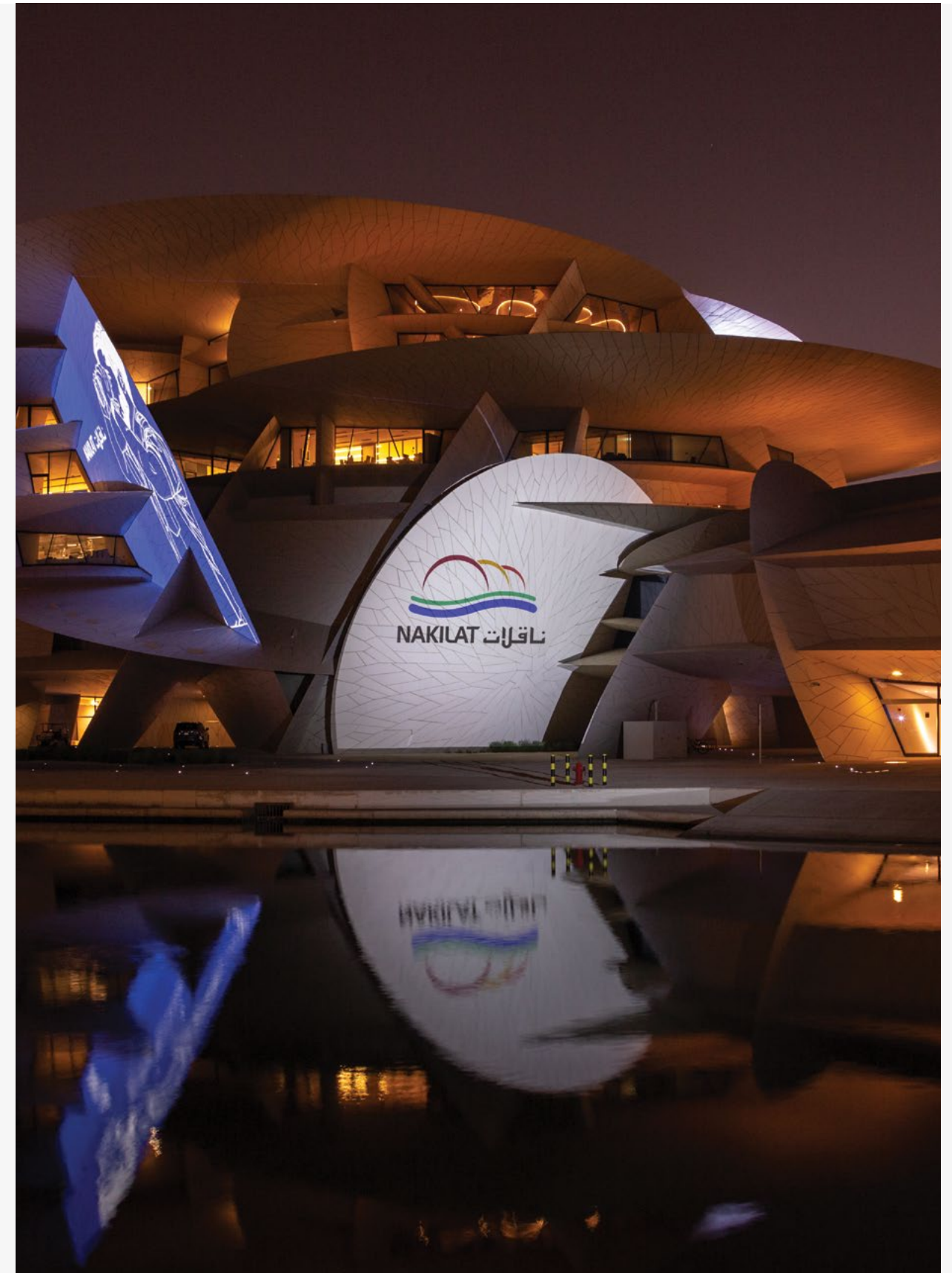
### QATAR SHIPYARD TECHNOLOGY SOLUTIONS

- Was established in 2008.
- Completed first LNG dry-docking project in 2011.

## 2015 – 2017

### NAKILAT

- Expanded its joint venture with Maran Ventures Inc. with two new LNG carries in 2015 and two additional vessels in 2018.
- Completed world's first MEGI conversion for a Q-Max LNG carrier in 2015.
- Won more than 20 awards between 2016-2018 for excellence in safety, business operations, Qatarization, corporate social responsibility, supply chain management, and information technology.
- Nakilat and Shell Signed a fleet transition agreement in 2016.
- Completed the first phase of its fleet management transition with Shell in 2017, with 10 LNG carriers transitioned to NSQL management.







## 2018 – 2022

### NAKILAT

- Signed an agreement with Exceleerate Energy USA to acquire a majority stake in its first FSRU in 2018.
- In 2018 became the first company in Qatar to be certified to ISO 45001:2018 by successfully migrating from OHSAS 18001:2007 standard.
- Established new joint venture companies in 2019:
  - Qatar Fabrication Company (QFAB) with McDermott International.
  - Global Shipping Company Ltd. with partner Maran Ventures Inc.
- Signed an agreement for full ownership of four Q-Flex LNG carriers from its joint venture partner International Seaways.
- Won 13 awards between 2018-2021 for excellence in safety, business operations, Qatarization, corporate social responsibility and information technology.
- World-class Erhama Bin Jaber Al Jalahma Shipyard crossed its 1,000<sup>th</sup> project milestone since establishment in 2010.
- Recognized by Forbes Middle East in 2022 'Top 100 Companies' list ranking 65<sup>th</sup> in the Middle East and 7<sup>th</sup> in Qatar among region's biggest and most profitable companies.
- Awarded 'Annual Qatarization Crystal' Award for supporting learning and development, presented at the energy sector's 2021 strategic Qatarization plan event, chaired by HE Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs and President and CEO of QatarEnergy.

- Took delivery of one newbuild LNG carrier: Global Sealine (2022).
- Took delivery of three newbuild LNG carriers: Global Energy (2020), Global Star (2021) and Global Sea Spirit (2021), all of which are commercially and technically managed in-house.

### QATAR SHIPYARD TECHNOLOGY SOLUTIONS

- Successfully delivered Bul Hanine and North Field Bravo major offshore fabrication projects for QatarEnergy and QatarEnergy LNG respectively.
- Underwent the British Safety Council's Five Star OH&S audit for the first time and achieved Five Star grading.
- Was also awarded the British Safety Council 'Sword of Honour' for its Occupational Health & Safety Management System implementation.

### QFAB

- Commenced first steel cut for a QatarEnergy LNG Subsea project.

### NSW

- Won the platinum award for outstanding safety performance under Ras Laffan port's '7 Star Safety Audit'.

## 2023

### NAKILAT

- Attained British Safety Council's Five Star Audit rating for the 6<sup>th</sup> consecutive year. Secured a five star rating in the Environmental and Sustainability Audit for the first time, reaffirming our dedication to sustainable practices.
- Received 5<sup>th</sup> consecutive 'Sword of Honour' from the British Safety Council in recognition of our outstanding performance in occupational health and safety management.
- Selected as one of nine organizations worldwide to be presented with a 'Globe of Honour' from British Safety Council, which is awarded to companies demonstrating excellence in environmental management.
- Achieved a significant milestone by safely and effectively completing drydocking for 10 LNG and 1 LPG vessels. (these numbers are to be updated).
- Introduced Nakilat's Environmental Commitments which are aimed at reducing our environmental impact and promoting sustainable practices across Nakilat.
- The Incident and Injury-Free (IIF) program was reintroduced company-wide, including Nakilat's joint venture companies.

### QFAB

- Commenced fabrication of four wellhead platform topsides, two sensor tower platforms and subsea structures for QatarEnergy LNG North Field Expansion Project (NFXP).
- Fabricated and loaded out five wellhead jackets for the QatarEnergy LNG North Field South (NFS) project.

- Completed fabrication and the loadout of two Spent Caustic Treatment Modules for an Ethylene Cracker project.
- Achieved the milestone of 6 million work hours without a Lost Time Injury (LTI), reiterating the company's commitment to safety.

### QATAR SHIPYARD TECHNOLOGY SOLUTIONS

- N-KOM rebranded as Qatar Shipyard Technology Solutions, marking a significant milestone in the company's evolution underscored by the company's new vision, 'to be the leading world-class shipyard of choice', Qatar Shipyard Technology Solutions.
- Underwent the British Safety Council's Five Star OH&S audit for the second time and achieved Five Star grading for the second consecutive year.
- Was also awarded the British Safety Council 'Sword of Honour' for second consecutive year.

### NSW

- Awarded for achieving the Highest Contractor Performance Evaluation (CPE) rating in QatarEnergy Offshore Fields 2023.
- Awarded a 'Gold Award' in recognition and appreciation of outstanding safety performance in the delivery of towage and marine services.
- QatarEnergy LNG recognised NSW for outstanding support provided to accomplish safe and successful completion of Ras Laffan SPM hose replacement project 2023.





Nakilat and its joint ventures (JVs) are committed to Qatar National Vision 2030, which outlines the development of a sustainable future for the State of Qatar. As an organization, we conduct various safety and internal development programs to ensure the creation of a safe and reliable workforce, while our robust corporate social responsibility (CSR) framework aims to enrich the lives of local communities and preserve our natural environment.

## SAFETY

Safety, Health, Environment and Quality (SHEQ) is top priority for us and we ensure to operate in a safe, reliable and efficient manner within our society and natural environment. The fundamentals of how we deliver safe and reliable operations remain our focus.

We believe that all incidents and injuries are preventable, hence we strive to create an Incident and Injury Free (IIF) environment at both the workplace and home. Through significant investment in our people, processes, and equipment, Nakilat's safety performance continues to be excellent and has led to the achievement of industry leading results in comparison to the benchmarked average of our peer group.

### CULTIVATING IIF CULTURE

- IIF is a safety leadership program that empowers people to foster a safer working environment throughout the company, introduce effective intervention skills to challenge the status quo to achieve safe, Incident and Injury Free operations.
- Continued with online e-learning and training programs as part of its commitment towards being IIF, a mandatory e-learning program on basic fire safety was launched in 2023 for shore-based employees.
- Training sessions to raise awareness of employees and to enhance their knowledge on the respective subjects:
  - NICE session on basic health and safety risk assessments.
  - Practical familiarization sessions for all corporate staff about emergency evacuations and safe mustering, as part of its emergency preparedness initiatives.
  - Emergency response familiarization training for all staff to offer guidance on response to an incident or emergency involving a Nakilat facility, or vessel. The training was launched through a new e-learning platform on Microsoft Teams.
  - Stress management workshops organised for all Ras Laffan based staff.

### UPHOLDING SHEQ STANDARDS

#### Integrated Management System (IMS)

Nakilat successfully passed the surveillance audit by Lloyd's Register for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

#### Nakilat Safety Climate Survey

- The company successfully conducted the fourth safety climate survey in 2022 as part of its goal to establish and enhance a safe working environment. In 2023, the focus was on implementing the suggestions from the survey to build an environment committed to effectively maintaining health and safety in the workplace.
- Furthermore, some aspects of the survey received ratings that exceeded the industry averages, indicating that Nakilat has a strong safety culture.

#### 5-STAR RATINGS IN OCCUPATIONAL HEALTH & SAFETY AND ENVIRONMENTAL SUSTAINABILITY

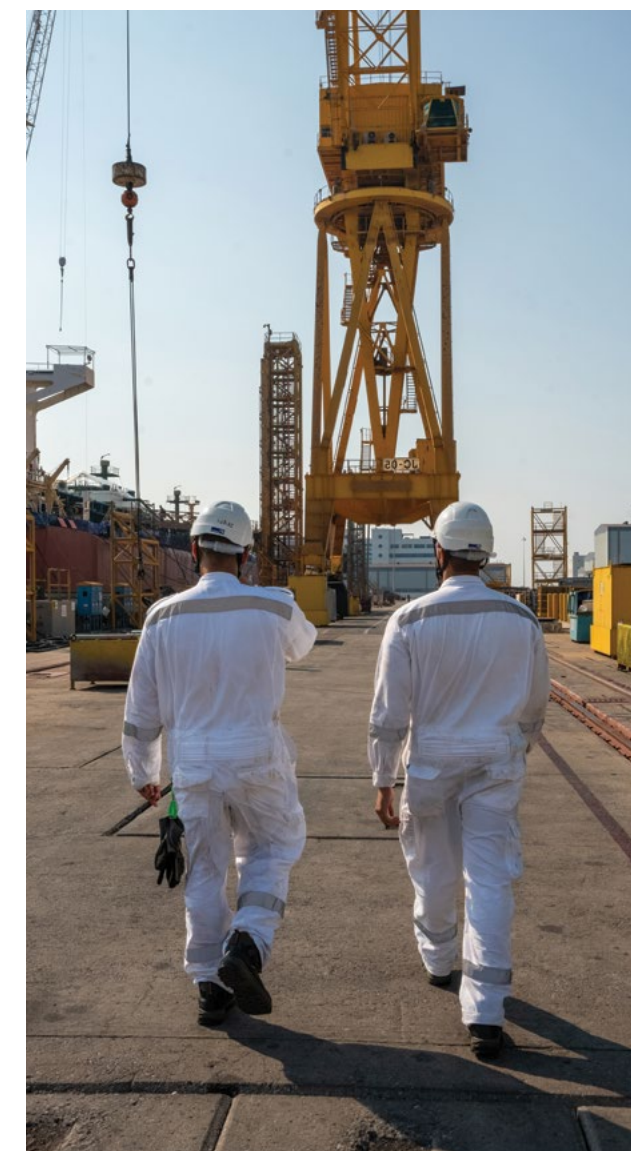
Nakilat has achieved a 'Five-Star' rating following its recent Five Star Occupational Health & Safety Audit (OH&S) and Environmental Sustainability audit conducted by British Safety Council, UK). This is the 7<sup>th</sup> consecutive year that Nakilat has received 'Five-Star' rating in OH&S audit by scoring 95.10% and 2<sup>nd</sup>

consecutive year in attaining the five-star rating in Environmental Sustainability Audit by scoring 94%. Five Star is the highest available rating that can be achieved in the above two audits.

- Qatar Shipyard Technology Solutions underwent the British Safety Council's Five Star OH&S audit and achieved Five Star grading for the 2<sup>nd</sup> consecutive year.
- Qatar Shipyard Technology Solutions was also awarded the British Safety Council 'Sword of Honour' for its Occupational Health & Safety Management System implementation for the 2<sup>nd</sup> consecutive year.

#### FOCUS INITIATIVE ON SAFETY, HEALTH, ENVIRONMENT, AND QUALITY

- Sharing important information through regular training and awareness sessions for all employees, among other information that benefits their health and welfare.
- A platform was launched to display the company's and its joint ventures' performance in health, safety, and environment.
- Safe leadership practices were enhanced through training courses.
- The review of safety performance was enhanced by learning from previous incidents' lessons and experiences.
- The company strives to create a safe and dynamic work environment to make knowledge a shared asset that drives success.
- A joint mechanism for sharing lessons learned between Nakilat, its joint ventures, and its international partners was developed.

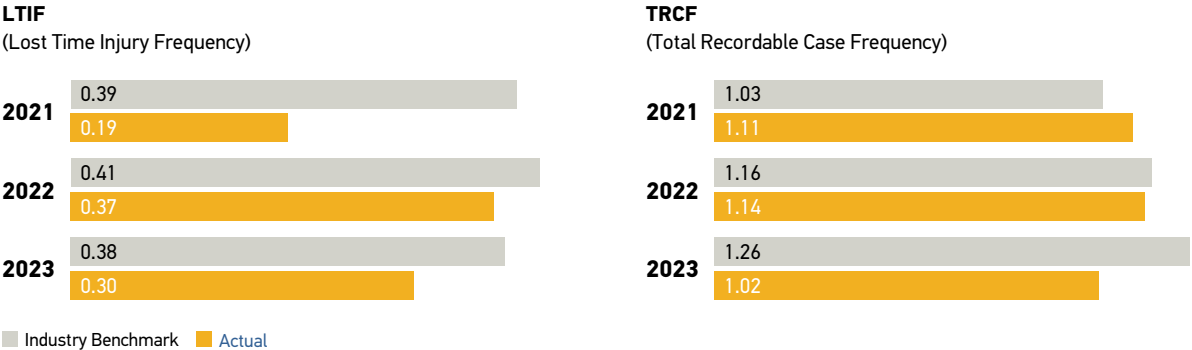




SAFETY PERFORMANCE

Nakilat achieved excellent Safety Performance during 2023 with industry leading performance, achieving all SHEQ performance targets, which was possible only through continuous focus, dedication and perseverance by Nakilat Management, and employees, who actively participated in implementing and improving the safety practices across all the facilities of Nakilat.

Safety performance track record for the Nakilat Group (Nakilat, NSQL, shore & fleet JVs and Nakilat wholly owned vessels) during 2023.



Our sustainability commitment comprises several key elements, and among our highlights this year include:



HEALTH AND WELLNESS INITIATIVES

HEALTH AND WELL-BEING CAMPAIGN

As part of the ongoing efforts to enhance the health and well-being of its employees, the company conducted several awareness campaigns with medical centres, including Body Mass Index (BMI) checks, vital indicators such as blood sugar, and tests for vision and hearing levels, along with necessary awareness advice.

WORK INJURY AWARENESS CAMPAIGN

Launched a work injury prevention campaign to minimize the work-related injuries in the maritime industry to ensure the safety of its employees.

SEASONAL FLU VACCINATION DRIVE

Launched a seasonal flu vaccination campaign in the corporate office and shipyard for all employees, in coordination with Hamad Medical Corporation. The vaccination drive was extended to include employees' families to significantly reduce the chances of flu infection and thus prevent its transmission to others.

CANCER AWARENESS

In coordination with the Qatar Cancer Society, a lecture on cancer awareness was held. The lecture focused on adopting a healthy lifestyle to fight cancer.

DIABETES AWARENESS

The company organized a lecture on diabetes awareness, in coordination with the Qatar Diabetes Association. The lecture emphasized healthy eating habits, lifestyle, and the importance of physical activities and sports.

PRESERVING OUR ENVIRONMENT

Nakilat has launched the second edition of its inaugural Environmental, Social, and Governance (ESG) report for 2022 in 2023. The report takes a detailed look at important areas such as health and safety, climate change, and human capital management, including diversity, equity and inclusion, as well as governance practices. In addition, the report highlights the company's continuous commitment and vision to preserve our planet and to enable sustainable growth in communities around the world.

Nakilat takes responsibility towards customers, society, and the environment with utmost priority. ESG is a fundamental pillar of the company's activities and an inseparable part of its business strategy.

- The company demonstrates leadership in this area by its significant commitment to a strategic plan aimed at reducing the impact of its carbon footprint.
- The focus is on sustainable development of Nakilat's fleet and its joint ventures beyond 2030, which in turn contributes to the achievement of Qatar National Vision 2030.
- The external auditor KPMG provided independent assurance regarding the preparation of the ESG report in accordance with the standards of the Global Reporting Initiative.
- The external auditor Ernst & Young provided independent assurance on the financial statements and the corporate governance report for the year 2022.

COMMUNITY OUTREACH

- Continuing its commitment to supporting cultural initiatives and community participation, Nakilat maintains its valuable partnership with Qatar Museums Authority as a sponsor of the Children's Adventure Park at the National Museum of Qatar.
- This collaboration underscores Nakilat's commitment to enhancing educational and recreational opportunities for youth, thereby enriching learning experiences that blend fun with knowledge.
- Through participation in such initiatives, Nakilat aims to contribute to the comprehensive development and cultural enrichment of society.





## HUMAN CAPITAL & CAPABILITY DEVELOPMENT



CONDUCTED **8,927** HOURS OF TRAINING AND **443** COURSES WITH **88%** VIRTUAL DELIVERY IN 2023

Professional and personal development of our most strategically important assets, our employees, remained in sharp focus during 2023. Nakilat continued to utilize our blended learning approach with the delivery of 88% of the training programs virtually.

A substantial 8,927 hours of training was delivered by experts from both external providers and our internal teams to employees from all divisions of Nakilat. Our Learning Academy, established in 2021, continuously served as a hub of profound learning through 2023, offering Nakilat employees access to an extensive array of over 9,000 courses and resources through e-learning courses and LinkedIn learning programs.

In 2023, we marked the achievement of guiding three cohorts of leaders through the Georgetown University Leadership Development Program. Cohort 1 concluded their journey in Q3 of 2022, and Cohorts 2 and 3 have completed in Q1 of 2023. A graduation ceremony was held in February 2023 to celebrate the achievements of these leaders.

Throughout 2023, our commitment to nurturing the upcoming leaders in our business remained evident and this was reflected in our comprehensive succession planning process.

### 2023 HIGHLIGHTS



**32.06%**

**Qatarization** rate achieved as of December 2023.



### Succession Planning

The Succession Planning Talent Forum for Phase 2 was held in October and November 2023 to review the list of successors for positions up to N-3. Successors were confirmed and accelerated development plans are to be designed for each respectively.



### Nakilat Learning Platform

The Learning Platform remains a hub for both professional and personal development, offering employees a comprehensive collection of over **9000** courses and resources, aiding in the development towards their career goals and enhancement of their skills and competencies. Our ongoing collaboration with the world's leading eLearning provider, LinkedIn Learning, serves as a platform

for training and educational courses. With a total of **283** courses completed and **627** learning hours gained this year, more employees are engaged and are dedicating their time towards learning. LinkedIn Learning also grants access to an array of supplementary resources including online libraries, Masterclasses, Webinars, and TedX talks, further enriching the learning experience for our employees.



### Knowledge Sharing

Nakilat Internal Capability Enhancement Program (NICE) successfully completed **34** sessions in 2023. Over **930** learning hours on business-critical and soft skills topics were delivered virtually to **187** employees through the

program. These sessions offer employees a diverse array of knowledge spanning various disciplines, fostering a culture of ongoing learning ingrained within our organization.





## Little Employee Day

In collaboration with the Qatar Career Development Center, the company organized its first edition of the Little Employee Day aimed at introducing students to the professional work environment and the roles of their parents play in Nakilat. The event was attended by 57 children aged between 7 and 15 years, who participated in activities to learn about Nakilat, the energy transportation sector and marine services, allowing them to gain direct experience and knowledge in this field.



## Franklin Covey

Nakilat launched the second round of the Personal Effectiveness Program in partnership with Franklin Covey, a 12-month initiative for **40** selected employees. This program, featuring a blended approach of virtual and in-person training, provides a versatile learning experience. Franklin Covey's Personal Effectiveness Program is known for its focus on developing leadership competencies and personal effectiveness, encouraging participants to develop and enhance decision-making, personal communication and leadership skills to achieve impactful results.



## Leadership Development Program

In Q1 2023, a momentous graduation ceremony marked the completion of the Nakilat Leadership Development Program. On February 23<sup>rd</sup>, 2023, a total of **44** delegates were awarded with the prestigious certificate in Strategic Leadership from Georgetown University's McDonough School of Business. The ceremony was a reflection of accomplishment for successful completion of a 20-day leadership development program that was conducted through facilitated experiential learning, executive coaching and self-directed learning.



## School Outreach Program

Nakilat's Learning and Development team conducted field visits to secondary schools to introduce the scholarship program offered by the company in the fields of marine engineering. **Four** students joined the scholarship program and subsequently joined Nakilat to complete their academic studies at universities in the United Kingdom. This indicates the role of awareness in effectively promoting education and specialized maritime professions.



## Annual Career Fairs

Nakilat participated in the career fair at Education City to attract a number of graduates for prospective jobs. The company's booth was visited by **100** students and graduates, where various opportunities for internships, development, and employment provided were presented. Nakilat also participated in the annual career fairs held at the University of Doha for Science & Technology and Qatar University in 2023, providing graduating students with the opportunity to broaden their career aspiration.



## Internship Program

Nakilat welcomed the participation of **six** university students in the internship program, providing them with the opportunity to gain valuable experience in a professional environment. These interns gained work experience in various departments including Public Relations, Human Resources, Information Technology, and Finance, adding practical experience in their fields of specialization. The company welcomes further collaboration with various universities in the internship program to provide a large number of students with the opportunity to gain experience.

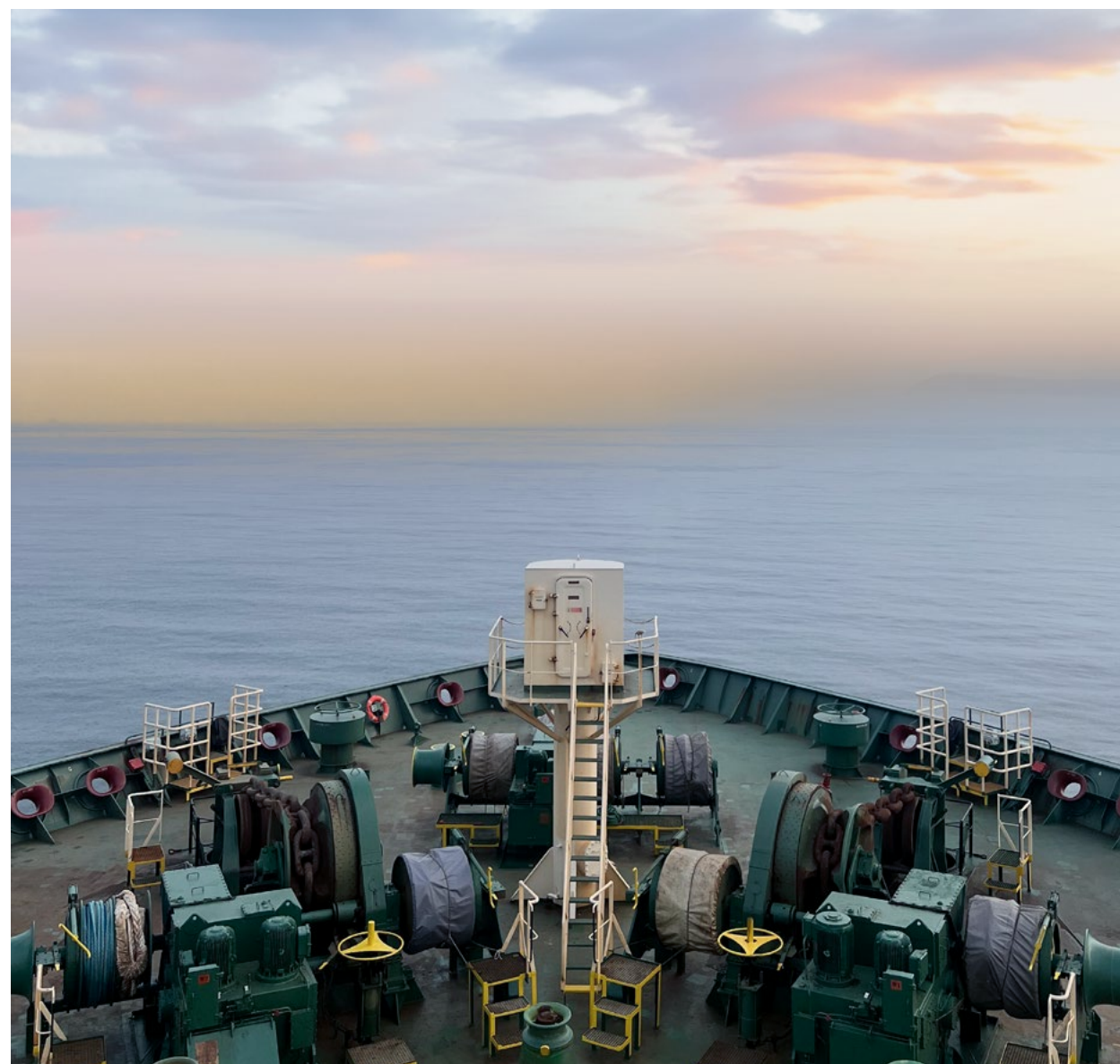


Corporate governance encompasses the systems of rules and practices that are dedicated to ensuring that companies adhere to a suitable and transparent decision-making framework, safeguarding the interests of all stakeholders and shareholders. Nakilat's board of directors and senior executives are committed to upholding the highest standards of ethical conduct, accountability, transparency, and fairness in all aspects of our business. Our corporate governance framework reflects our dedication to serving the best interests of our shareholders, stakeholders, and the broader community.

Nakilat recognizes the pivotal role that embracing best governance practices and standards plays in aiding the company's pursuit of its goals and objectives. We place a significant emphasis on transparency and disclosure. Regular interaction with our shareholders through various channels, including annual general meetings, investor conferences, meetings, investor relations quarterly conference calls, and investor relations initiatives, to ensure that current shareholders and potential

investors are well-informed about our financial performance, strategic objectives, and governance principles. Furthermore, we are committed to actively listening to all our stakeholders. In addition, we recognize that good corporate governance is an ongoing journey, and we remain dedicated to continuously improving our governance practices to deliver long-term value and sustainable growth for all stakeholders and shareholders.

Acknowledging the intrinsic link between effective governance and robust financial performance, Nakilat is committed to upholding leading and best governance practices, as well as adhering to the governance code set forth by the Qatar Financial Markets Authority (QFMA). Nakilat's governance report has been meticulously prepared in accordance with the QFMA governance code, reflecting our commitment to meeting all pertinent regulatory stipulations. This report is made accessible to all relevant stakeholders and the public through Nakilat's website, ensuring transparency and accountability in our governance efforts.



**Nakilat's risk governance approach is continuously enhanced through the adoption of leading practices related to Enterprise Risk Management (ERM), Information Security Management System (ISMS), Business Continuity Management (BCM), and Compliance. Having robust governance enables Nakilat to shield the company from internal and external uncertainties and minimize any adverse impact or exposure on the company's performance. Nakilat aims to create a risk-focused culture to provide assurance in achieving its core strategic goals.**

## ISO 22301:2019 CERTIFICATION



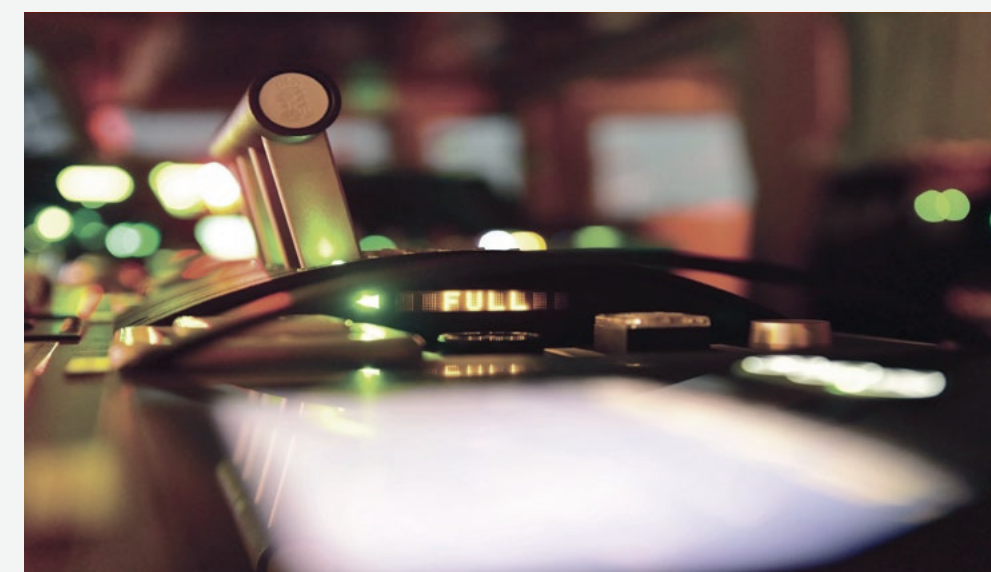
As part of our business continuity management, Nakilat, NSQL and NAC have been re-certified for ISO22301, reaffirming our commitment to comply with international best practices, providing assurance to our stakeholders that we have the appropriate business continuity arrangements in place in mitigating the effects of any disruptive incidents. This is especially important as we expand our in-house fleet management, safeguarding the safety, reliability, efficiency, and continuity of our operations.

## ENTERPRISE RISK MANAGEMENT (ERM)

The ERM program in Nakilat is established to assist the decision-making process that contributes to the achievement of Nakilat's strategy, by evaluating, prioritizing, and managing potential risks. This encompasses the assessment of emerging and existing risks associated with strategic initiatives, new projects, and corporate and departmental objectives to ensure implementation of effective mitigation plans. The ERM function oversees, adopts, and facilitates leading risk management practices to build confidence and assurance to Nakilat's stakeholders and help Nakilat's management in making informed business decisions.

## BUSINESS CONTINUITY MANAGEMENT (BCM)

Nakilat's BCM ensures organizational resiliency towards unexpected adverse events, and adeptness in managing incidents, crises, and disasters. The BCM system and framework has geared the organization by ensuring the continuity of business operations with minimal disruption to retain stakeholder's confidence in Nakilat's operations and services. This has been achieved by continuously evolving our BCM approach by identifying interdependencies among departments and creating end-to-end business continuity plans.



## INFORMATION SECURITY

Nakilat has developed a robust information security function that is committed to effectively foster security consciousness, through the use of internationally recognized standards such as the ISO 27001. We implement robust information security practices to provide assurance that our business is running in a safe and secure environment by assuring the confidentiality, integrity, and availability of the company's information. The function is also continuously ensuring, raising, and elevating information security awareness in the mindset of all employees, onshore and offshore. Nakilat has also invested in implementing and adopting leading proven security solutions that help detection and response to occurring threats.

2023 LNG SHIPPING MARKET

The ongoing geopolitical events in Europe have significantly reshaped the LNG shipping market. A notable impact is the reduced ton-miles due to a shift in natural gas flows to Europe, with a marked increase in LNG imports from the United States. This change has led to a decrease in the average distance covered by LNG shipments globally.

Further, as European gas reserves neared full capacity, many LNG carriers have been utilized as floating storage. This has increased the average ton-time for shipments. These developments highlight the importance of adaptability in the LNG shipping industry during such geopolitical upheavals.

Financially, there's been a strong chartering market. The average spot charter rates for modern LNG vessels of 174,000 cbm remained elevated at \$125,000 per day, and the one-year term rate was \$152,000 per day. This strong market is attributed to the limited availability of vessels and the preference for longer-term shipping commitments. Similarly, the demand for DFDE and steam vessels has been strong.

The global fleet of LNG carriers now stands at over 630 vessels, with 31 new vessels delivered in 2023, compared to 25 vessels delivered in 2022. Despite high capital expenditure costs, with each vessel costing around \$260 million, there were over 60 newbuild orders in 2023. The high cost of newbuilds is driven by strong demand, rising steel prices, and limited yard availability. Earliest delivery slots are in 2027 due to this high demand, highlighting the competitive nature of the shipping industry.

2023 FLEET DEVELOPMENTS

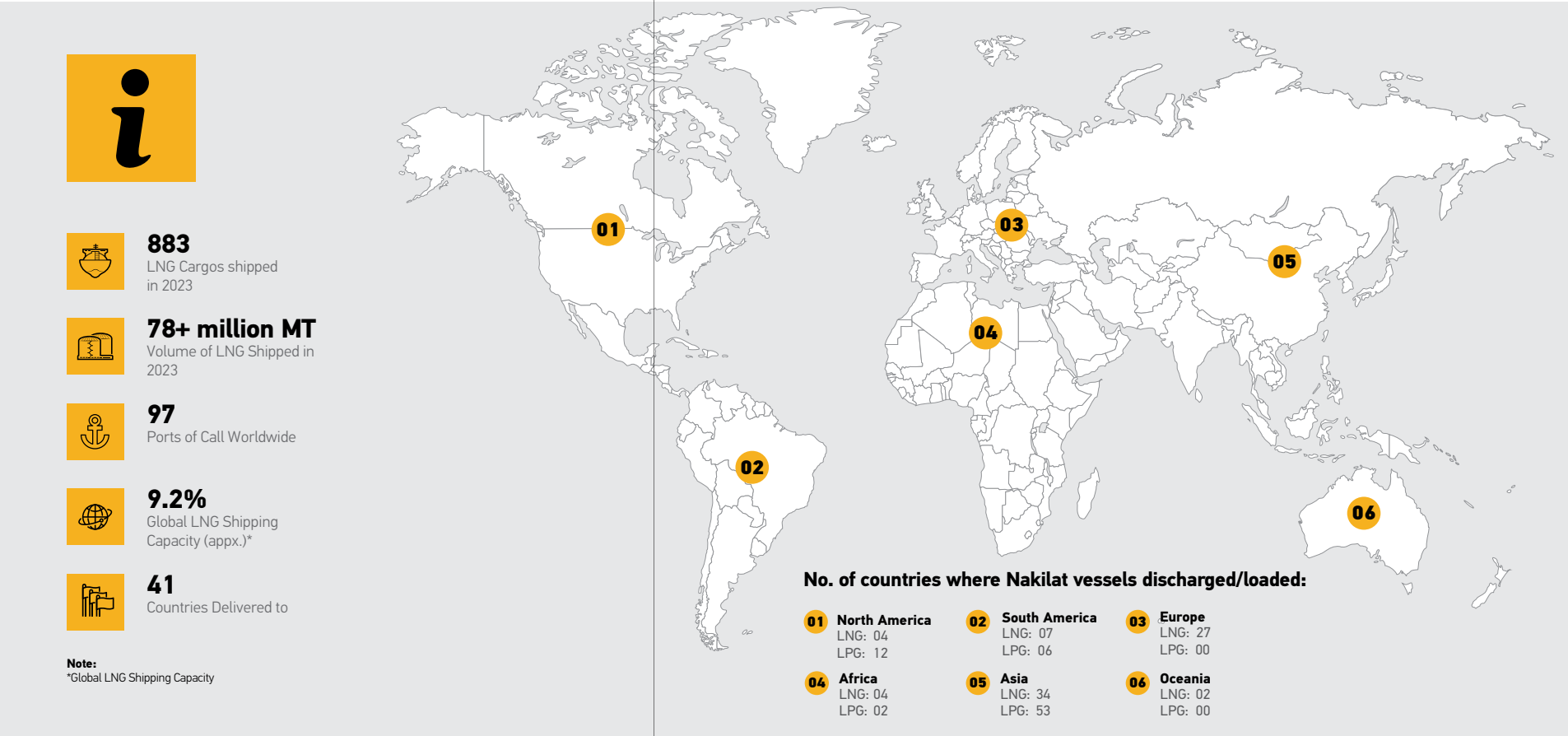
In 2023, Nakilat continued to operate and manage a wide range of gas ships including LNG Carriers (Q-Max, Q-Flex, MEGI & X\_DF), FSRU and VLGCs; chartered to major international oil & gas companies such as QatarEnergy LNG. Apart from the regular operations, Nakilat carriers were involved in the clearance process of various new global terminals with the first commissioning cargoes, following the highest standards of safety and efficiency. The vessels also conducted various commercial ship-to-ship transfer operations in compliance with the best industry standards and practices.

SAFETY AND OPERATIONAL EXCELLENCE

Nakilat places paramount importance on safety and it is embedded in our mission statement and core values. We are dedicated to sustaining and enhancing our safety culture, embracing innovation, and consistently striving for excellence in operational performance.

Nakilat has developed key safety initiatives to ensure incident and injury free performance with a driving theme of hands-free tools in line with committing to provide an environment for safe work onboard the vessels that is paramount for Nakilat's sustainability.

Our flagship initiative, the Self-Verification Program (SVP), stands as a testament to our commitment to safety. Designed for our leadership and senior management. SVP provides a comprehensive overview of fleet performance. The primary objective of this program is to cultivate a culture of healthy competition among vessels and superintendents, thereby driving safety and operational excellence across our organization. Transparency, openness, and accuracy are the cornerstones of



SVP. These principles underpin effective communication and the establishment of trust among all stakeholders. Through a comprehensive analysis of both achievements and challenges, the program offers valuable insights, helping us identify trends and proactively address areas in need of improvement. This approach fuels continuous enhancement and operational excellence.

Nakilat has engaged safety experts to conduct an in-depth assessment of our safety culture and safety processes. As part of this initiative, we have identified the imperative need to train our staff on human factors, leadership and behavioural safety.

We have implemented the International Association of Oil & Gas Producers (IOGP) life-saving rules life-saving rules to further enhance safety throughout our operations. These rules serve as a foundation for preventing incidents and saving lives, and we are fully dedicated to their strict adherence.

Nakilat has introduced several safety campaigns and learning engagement tools focusing on personal safety and seafarers' well-being. Seafarers' well-being campaign is focused on Fatigue Risk Management, and Head, Heart and Hand campaign aimed to create a culture of safety on board, where knowledge, commitment, and action converge to prevent injuries. A strong safety culture not only ensures the crew's well-being but also impacts our operations' overall efficiency and success.

To achieve reduction of greenhouse gases from vessels, Nakilat has opted for Engines Power Limitation (EPL) solution to be installed on its existing fleet, as well as the digitalization of its vessels' performance monitoring and management. The rollout of

both, EPL and digitalization, has started in 2023 and will continue for EPL in 2024, however roll out for digitalization will be an open-ended journey, as digital tools will become an ever-evolving component within our modern management.

To ensure successful innovation and operational excellence, Nakilat has developed a strategic plan to conform with the requirements of carbon footprint reduction of its vessels through carefully thought approaches and measures to achieve and foster innovation to meet the new provisions on achieving net zero emission by 2050, including a roadmap development with key initiatives to facilitate achieving these goals with safety, reliability and modern management system high on the agenda.

Nakilat's achievement is a result of the hard work and dedications of many people which is aligned with the vision to step-up towards becoming a global leader and provider of choice for energy transportation and maritime services.

The success the company enjoys today is driven by the customers' requirement for excellence. In 2023, Nakilat received an exceptional performance feedback from its customers, who are one of our most valued and vital assets.

CREW WELFARE

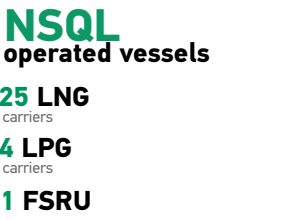
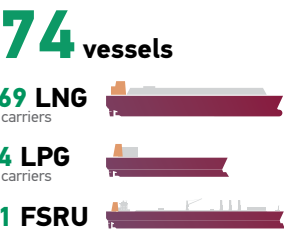
People are the foundation of the organization's success and they contribute to operational excellence. Crew welfare is one of the company's highest priorities. Post-pandemic measures have been put in place in order to further protect our seafarers against covid, which is still present in several areas of the world. Nakilat

has developed initiatives towards improving work-life balance for crew members. We have introduced promotion programs for junior engineers and cadets and improved rotation schedules. We have taken several measures to support improved lifestyle on board. Our seafarers have reliable high-speed internet connection on board to stay in touch with their families, which is provided by communications equipment in combination with effective cybersecurity management.

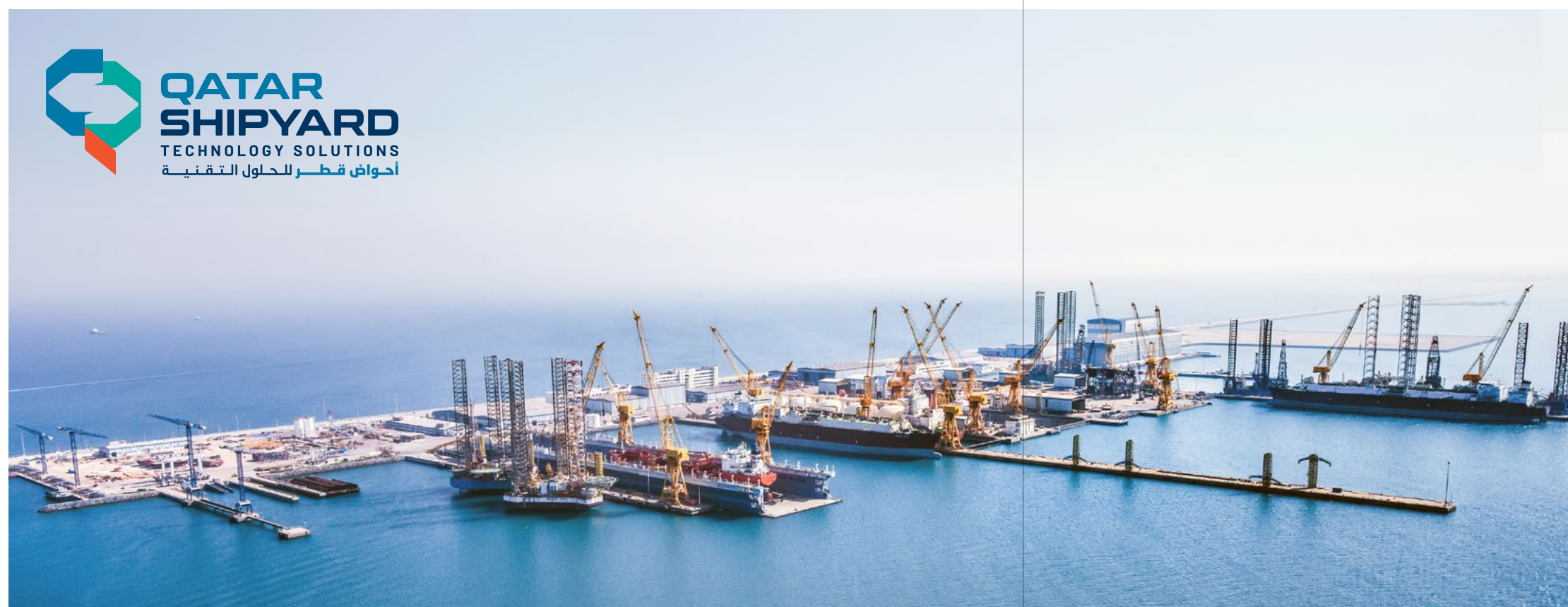
Nakilat continues to monitor and evaluate through an employee feedback survey utilizing an independent third-party professional organization to identify, the perception of our seafarers against the measures we are putting in place for their wellbeing as well as their job satisfaction. This involved introducing healthy mental wellbeing initiatives to support establishing a positive environment onboard. New projects are focused on continuity of improvement of conditions for seafarers. Nakilat continued building high calibre resources in line with our vision on project expansion. 2023 was an exceptional year on training and development of Qatari seafarers, enabling them to reach senior ranks. Furthermore, tailored programs have been completed for national officers covering shore-based training for various ranks on Ship-Simulation, Bridge-Team Management, Navigational-Skills-Assessment & Development Programs.

ONE OF WORLD'S LARGEST GAS FLEET

- Technologically Advanced Ships
- Environmentally Sound
- Cost Efficient
- Majority on Long-Term Charter Agreements







Established in 2008, Qatar Shipyard Technology Solutions, is a leading facility in providing ship maintenance services and marine structures. Located in the strategic Erhama bin Jaber al Jalahma Shipyard at Ras Laffan Industrial City and spanning an area of 50.8 hectares, the company offers a comprehensive range of maintenance and conversion services for marine vessels. The facility has the capability to manufacture marine and terrestrial structures, such as jack-up drilling rigs, exploration drills, boat lifts, and related components.

- Maintained the certification issued by Lloyd's Register for the following Integrated Management Systems (IMS): ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.
- Certified on Information Security Management Systems (ISMS) ISO27001 in May 2023.

## Launching the New Identity



This marks a milestone in the company's development journey, supported by its new vision to "achieve leadership among world-class shipyards"

Registered  
**68** New clients  
Over 3 years



KPI  
**95.7%**  
Customer Satisfaction  
in 2023



**5** Signed Agreements  
for after sales support  
WBTS systems

Ships repaired  
**68** LNG  
**74** Tankers

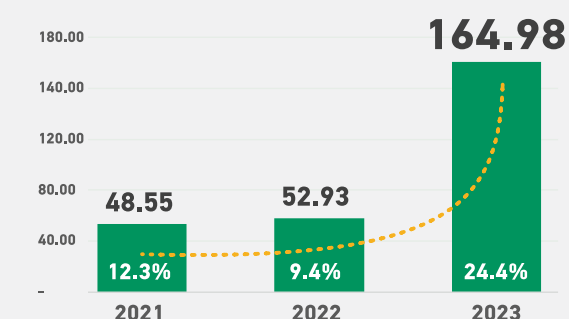


**Awarded**  
the British Safety Council  
**'Sword of Honour'**  
for second consecutive year, in recognition of its implementation of the Occupational Health and Safety Management System



**Achieved**  
**Five Star Grading**  
Occupational Health & Safety Audit  
In the workplace from the British Safety Council for second consecutive year

## Financial performance over three years (million Qatari riyals)



## 2023 OPERATIONAL HIGHLIGHTS

- Completed a total of 170 projects comprising marine vessels, offshore, industrial engineering & rig repairs in 2023.
- Successfully delivered the Outboard Slot (OBS) Module Fabrication project to North Oil Company (NOC).
- Signed Fleet agreements with major international shipping companies.
- Partnerships with major global vendors on Green shipping solutions and services (various MoU's and contract agreements with Kongsberg, CRS CCS Repair Solution, Actemium, BoilerMan, Toroshima, CPR Pump Repairs Ltd., Aegir Marine, MAN, HSD Engine etc.).
- Purchase of Vertidrive robotic machines to focus on adopting technology and incorporating innovations to enhance operations and deliver value-added solution.





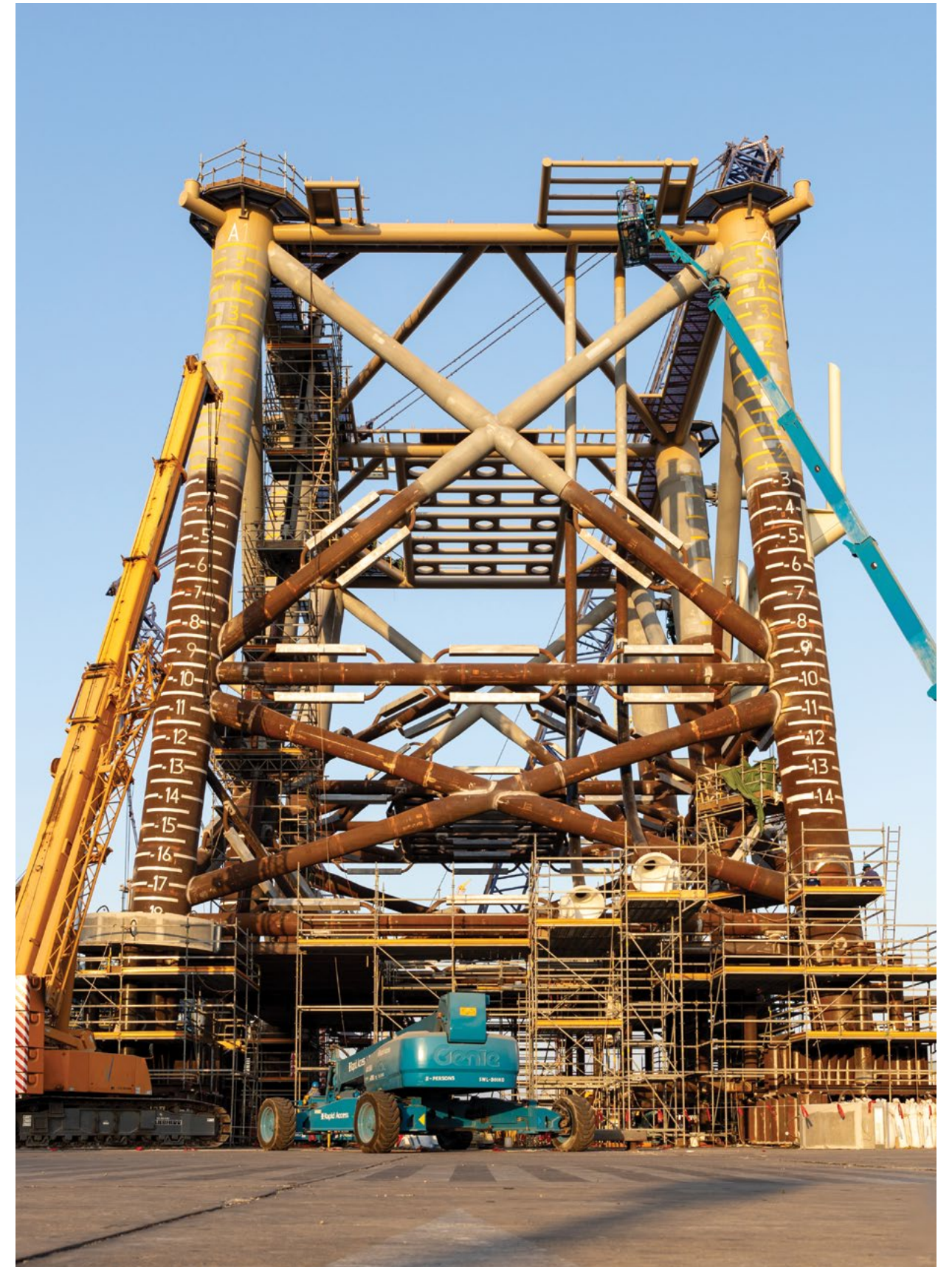
## QATAR FABRICATION COMPANY (QFAB)

Established in 2019, Qatar Fabrication Company (QFAB) is a Qatari joint venture company, 60% owned by Nakilat, Qatar's leading shipping and maritime company.

Strategically located within Erhama Bin Jaber Al Jalahma Shipyard, QFAB is leading the way in Qatar through the delivery of enhanced offshore and onshore energy industry facilities fabrication, construction, and assembly services, supply-chain localisation solutions in line with Tawteen, QatarEnergy In-Country Value (ICV) initiatives and the Qatar National Vision 2030 from the heart of Qatar's oil and gas activities in Ras Laffan Industrial City.

### 2023 OPERATIONAL HIGHLIGHTS

- QatarEnergy LNG North Field Expansion Project / North Field East (NFXP/NFE) - Commenced construction of four wellhead platform topsides and 8,500 tons of subsea structures.
- QatarEnergy LNG North Field South (NFS) Project - Completed the construction of five wellhead platform jackets.
- QatarEnergy LNG North Field Production Sustainability Project (NFPS) - Commenced the construction of one wellhead jacket (WHP13N).
- McDermott International - Delivered two Spent Caustic Treatment Solution Modules (970 tons) for an Ethane Cracker project.
- Achieved 6 million work hours Lost Time Injury (LTI) free, reiterating the company's commitment to safety.
- Secured the globally recognized CE mark following a successful audit by the accredited third-party body, Intertek.







## NAKILAT AGENCY COMPANY (NAC)

Nakilat Agency Company Ltd. (NAC) is a Qatari company, 95% owned by Nakilat and 5% by QatarEnergy. NAC was appointed by and operated under the QatarEnergy Port Agency Shipping License as an exclusive port agent in Ras Laffan and Mesaieed until 2016, representing all vessels calling and operating at Ras Laffan Port and the hydrocarbon vessels at Mesaieed Port. NAC continues to provide agency services at the Ras Laffan and Mesaieed ports as a QatarEnergy-accredited shipping agency since 2016. NAC is also accredited by Qatar Ports Management Company (Mwani) to provide agency services to all local ports under their management.

In 2016, NAC broadened its scope of agency services to cover all ports and terminals in the State of Qatar and to support the offshore oil and gas industry. NAC offers port agency services to ship owners, shippers, ship operators, charterers, local manufacturers, receivers, other agencies, shipping customers and services providers.

### 2023 OPERATIONAL HIGHLIGHTS

- Commemorated 18 years of operations, offering 24/7 agency services to 65,000 vessels without any service failures and Lost Time Incidents (LTIs).
- Completed 4 years of strategic partnership with our largest chartering customer to provide global agency services across both load port in Ras Laffan and over 50 destination ports.
- Won 4 major contracts in support of the North Field Expansion to support Qatar's E&P industry and renewed several others on better terms to support our business strategy.
- Accelerated growth at Doha Heliport, Hamad and Mesaieed ports by adding additional resource to support the development of maritime services in Qatar beyond Ras Laffan.
- Facilitated over 1000 crew movements per month (including medical attendance and ship-to-ship crew transfers) in support of Qatar's hydrocarbon export logistics.



NSW is a joint venture company established in 2006, owned 70% by Nakilat. NSW operates a fleet of 26 vessels, which includes 25 NSW owned vessels. The fleet comprises of tugboats, pilot boats, line boats, crew boats and other harbor crafts, based in the Ras Laffan Port as well as operating in the offshore fields off Halul Island. NSW offers a range of services including towing, escorting, berthing, pilot support, line handling services afloat and ashore, emergency response, and marine maintenance support.

### 2023 OPERATIONAL HIGHLIGHTS

- NSW accrued 14.6 million exposure hours without incurring Loss Time Incidents (LTIs).
- A new record of 14,354 tug jobs were performed for QatarEnergy at Ras Laffan Port, about 2.2 % higher than 2022.
- Maintaining performance of uninterrupted services with a 99.92% technical up time across the fleet.
- The Port of Ras Laffan honored NSW with a Gold Award during its '7 Star Safety Audit'.



## VSU VESSEL SUPPORT SERVICES

Nakilat's Vessel Support Unit (VSU) offers a complete range of chandlery services, storage facilities, logistics and related service support to all vessels operating in Qatari waters, 24 hours a day, seven days a week. With a team of experienced staff and a global network of suppliers, the VSU provides a broad array of material and consumables' supplies and liaison support for repair and maintenance services at Ras Laffan.

The VSU handles all import and export processes interfacing with the Qatar Customs Authorities and other Qatari government entities through its unique 'Ship Spares in Transit' process to ease material movement wherever possible. The VSU also controls the Pool Sharing Agreement (PSA) where all pool participants (Nakilat and its partners) can avail immediate utilization of stocked capital spares to ensure uninterrupted fleet operations.

### 2023 OPERATIONAL HIGHLIGHTS

- Around 3500 orders of various types have been handled by VSU services at Ras Laffan for Nakilat-owned, joint-venture and third-party vessels.
- Clearance and delivery of critical spares to Nakilat and JV vessels at Ras Laffan, an average of 364 movements per month.



**QATAR GAS TRANSPORT COMPANY  
LIMITED (NAKILAT) (QPSC)**  
**DOHA - QATAR**

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**Introduction:**

“Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C.) (“QGTC” or “the company”) is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566 issued by the Ministry of Commerce and Industry. The company is governed by its Articles of Association and the provisions of Qatar Commercial Companies Law. The shares of the company started trading in the Qatar Exchange on April 7, 2005.”

**Date of incorporation:**

June 9, 2004

**Listing Date:**

April 7, 2005

**Website:**

www.nakilat.com

**The main purpose of the company:**

To be a global leader and provider of choice for energy transportation and maritime services.

**Capital Information:**

|                                   |                            |
|-----------------------------------|----------------------------|
| - The nominal value of the share: | 1 Qatari Riyal             |
| - Issued Capital:                 | 5.54 billion Qatari Riyals |

**External Auditor:**

KPMG

**Board of Directors:**

| Board Member  | Competencies, Experience, & Other Board Seats Held   |
|---|--|
| <b>Abdulaziz Jassim Al-Muftah</b><br>Chairman of the Board – Representing QatarEnergy<br>Independent Board Member<br>Member Since Year 2022 | <ul style="list-style-type: none"> <li>Executive Vice President of the Industrial Cities, QatarEnergy</li> <li>Chairman of the Board in the following companies: <ul style="list-style-type: none"> <li>Qatar Petrochemicals Company (QAPCO)</li> <li>Qatofin</li> <li>Qatar Vinyl Company (QVC)</li> </ul> </li> <li>Vice Chairman of Qatar Fuel Company (Woqod)</li> <li>Board member of Mesaieed Petrochemicals Holding Company (MPHC)</li> <li>Bachelor of Science (BSc.) degree in Electrical Engineering from University of Miami, USA</li> </ul>            |
| <b>Ahmad Saif Al-Sulaiti</b><br>Vice Chairman of the Board – Representing QatarEnergy<br>Independent Board Member<br>Member Since Year 2016 | <ul style="list-style-type: none"> <li>Executive Vice President of Operations at QatarEnergy</li> <li>Chairman of the Board in the following companies: <ul style="list-style-type: none"> <li>Mesaieed Petrochemical Holding Company (MPHC)</li> <li>Qatar Fuel Company (Woqod)</li> </ul> </li> <li>H.N.D. in Mechanical Engineering</li> </ul>  |
| <b>HE Eng. Essa Bin Hilal Al-Kuwari</b><br>Independent Board Member<br>Member Since Year 2019   | <ul style="list-style-type: none"> <li>President of Qatar General Electricity &amp; Water Corporation (Kahramaa)</li> <li>Chairman of the Board in the following companies: <ul style="list-style-type: none"> <li>Qatar National Broadband Network Company (QNBN)</li> <li>Gulf Bridge International (GBI)</li> </ul> </li> <li>Board member of Ooredoo</li> <li>MBA from the University of Hull, UK</li> <li>Bachelor's degree in electrical engineering from Qatar University</li> </ul>  |
| <b>Abdulrahman Essa Al-Mannai</b><br>Board Member – Representing Milaha<br>Member Since Year 2017   | <ul style="list-style-type: none"> <li>Chairman of Qatar Quarries &amp; Building Materials</li> <li>Vice Chairman of Qatar Insurance Company</li> <li>Board Member in the following companies: <ul style="list-style-type: none"> <li>QTerminals</li> <li>Al Hosn Investment Company</li> </ul> </li> <li>Degree in Aeronautical Engineering</li> </ul>  |
| <b>Sheikh Hamad Mohamed Al-Thani</b><br>Board Member – Representing Milaha<br>Member Since Year 2021  | <ul style="list-style-type: none"> <li>Chief Executive Officer at Mazaya Qatar</li> <li>Board Member in the following companies: <ul style="list-style-type: none"> <li>Milaha</li> <li>Mazaya Qatar</li> </ul> </li> <li>Specialized Master in Strategic Business Unit Management from HEC Paris</li> <li>Bachelor of Arts in Business Management from Heriot-Watt University</li> </ul>  |
| <b>Khalid Said Al-Rumaihi</b><br>Independent Board Member<br>Member Since Year 2022   | <ul style="list-style-type: none"> <li>Master of Philosophy (MPhil) in Business Administration degree from Nottingham Trent University, UK</li> <li>MBA from the University of Hull, UK</li> <li>Bachelor of Science (BSc.) degree in Petroleum Engineering from the University of Southern California, USA</li> </ul>   |
| <b>Faisal Abdul Wahid Ali Al-Hamadi</b><br>Board Member – Representing Qatar Pension Authority<br>Member Since Year 2018                    | <ul style="list-style-type: none"> <li>Chief Investment Officer – Region, Qatar, Qatar Investment Authority (QIA)</li> <li>Chairman of the Board in the following companies: <ul style="list-style-type: none"> <li>Hassad Food Company</li> <li>Widam Food Company</li> </ul> </li> <li>Board Member of Qatar Fuel Company (Woqod)</li> <li>Master of Science Degree in Finance from Kogod Business School - Washington DC, USA</li> <li>Bachelor's degree in Business Administration from Qatar University</li> <li>Chartered Financial Analyst (CFA)</li> </ul> |



Board of Directors Committees:

Audit Committee

| Name                             | Position |
|----------------------------------|----------|
| Essa Bin Hilal Al-Kuwari         | Chairman |
| Khalid Said Al-Rumaihi           | Member   |
| Faisal Abdul Wahid Ali Al-Hamadi | Member   |

Compensation Committee

| Name                             | Position |
|----------------------------------|----------|
| Ahmad Saif Al-Sulaiti            | Chairman |
| Sheikh Hamad Mohamed Al-Thani    | Member   |
| Faisal Abdul Wahid Ali Al-Hamadi | Member   |

Nomination Committee

| Name                             | Position |
|----------------------------------|----------|
| Faisal Abdul Wahid Ali Al-Hamadi | Chairman |
| Khalid Said Al-Rumaihi           | Member   |
| Abdulrahman Essa Al-Mannai       | Member   |

**Responsibilities:** All board committees abide by their defined charters and the responsibilities dictated in Qatar Financial Markets Authority (QFMA) governance code.

Senior Management Team

| Name                              | Position   |
|-----------------------------------|--|
| Eng. Abdullah Fadhalah Al-Sulaiti | Chief Executive Officer (CEO)                              |
| Samir Bailouni                    | Chief Operation Officer (COO)                              |
| Rashid Hamad Al-Marri             | Chief Administrative Officer (CAO)                         |
| Hani Abuaker                      | Chief Financial Officer (CFO)                              |
| Douglas Harold Grote              | Chief Commercial and Business Development Officer (CC&BDO) |
| Mohammad Siddiqui                 | Chief Treasury Officer (CTO)                               |
| Ronald Jago                       | General Counsel (GC)                                       |
| Jonathan Shea                     | Chief SHEQ Officer (CSHEQO)                                |
| Thorsten Ploss                    | Chief Corporate Planning and Risk Officer (CCPRO)          |
| Hatem Ahmed Elsayed Elsafty       | Chief Internal Auditor (CIA)                               |
| Hamish Bullen                     | Chief Shipyard Management Officer (CSMO)                   |

“Nakilat has issued the corporate governance report for 2023 and it is in compliance with the QFMA’s law and relevant regulations applicable to company including the Code. KPMG, the external auditor of the company has issued a limited assurance report (refer pages: 41-43) on the management assessment on compliance with the QFMA’s relevant regulations including the Code as of 31 December 2023.”

INDEPENDENT ASSURANCE REPORT

TO THE SHAREHOLDERS OF QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)

Report on Compliance with the Qatar Financial Markets Authority’s law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market (“the Code”) issued by the Qatar Financial Markets Authority (“QFMA”), we were engaged by the Board of Directors of Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C) (“the Company”) to carry out a limited assurance engagement over Board of Director’s assessment whether the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation and whether the Company is in compliance with the requirements of the articles of the Code as at 31 December 2023.

Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for preparing the corporate governance report that covers the requirements of Article 4 of the Code that is free from material misstatement and for the information contained therein. The Board of Directors provided their assessment whether the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation and the Company’s compliance with the articles of the Code’ (the ‘Statement’), which was shared with KPMG on 10 January 2024, and to be included as part of the annual corporate governance report.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, whether the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation and whether the Company is in compliance with the requirements of the articles of the Code as at 31 December 2023, as the basis for our limited assurance conclusion.

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Company’s process for compliance with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation, and its compliance with the articles of the Code and other engagement circumstances, and our consideration of areas where material non-compliances are likely to arise.

In obtaining an understanding of the Company’s process for compliance with its Articles of Associations, and the provisions of the QFMA’s law and regulations and other relevant legislation, and its compliance with articles of the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design limited assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company’s process or internal control over the preparation and fair presentation of the Statement.



**INDEPENDENT ASSURANCE REPORT****TO THE SHAREHOLDERS OF QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)**  
**(continued)****Report on Compliance with the Qatar Financial Markets Authority's law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market (continued)**

Our engagement also included assessing the appropriateness of the Company's process for compliance with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation and its compliance with the articles of the Code, the suitability of the criteria used by the Company in preparing the Statement in the circumstances of the engagement, evaluating the appropriateness of the methods, policies and procedures used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by the Board of Directors to comply with the requirements of the articles of the Code.

The procedures performed over the Statement included, but were not limited to:

- Examining the assessment completed by the Board of Directors to validate whether the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation including with the articles of the Code;
- Examining the supporting evidence provided by the Board of Directors to validate the Company's compliance with the articles of the Code; and
- Conducting additional procedures as deemed necessary to validate the Company's compliance with the Code (e.g. review governance policies, procedures and practices, etc.).

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

**Other information**

The Board of Directors is responsible for the other information. The other information comprises the information to be included the Company's annual corporate governance report which is expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

**Characteristics and Limitations of the Statement**

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another, which do not form a clear set of criteria to compare with. Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' assessment on the process in place to ensure compliance with article of association and provisions of the QFMA's law and relevant legislations, including compliance with the Code and the methods used for determining such information. Because of the inherent limitations of internal controls over compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

**Criteria**

The criteria for this engagement is an assessment of the process for compliance with the Company's Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation and compliance with the articles of the Code.

**INDEPENDENT ASSURANCE REPORT****TO THE SHAREHOLDERS OF QATAR GAS TRANSPORT COMPANY LIMITED (NAKILAT) (QPSC)**  
**(continued)****Report on Compliance with the Qatar Financial Markets Authority's law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market (continued)****Conclusions**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Board of Directors' Statement does not present fairly, in all material respects, that the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation, and the Company is compliance with the articles of the Code as at 31 December 2023.

**Restriction of Use of Our Report**

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

28 January 2024  
Doha  
State of Qatar

  
Gopal Balasubramaniam  
KPMG  
Auditor's Registration No. 251  
Licensed by QFMA: External  
Auditor's License No. 120153





**Article 1: Definitions**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | Definitions referred to in the governance code regulated by Qatar Financial Markets Authority (QFMA) | The company has adopted the definitions referred to in the governance code (published in May 2017) for companies listed on the main market, that are regulated by QFMA. | ✓          |

**Article 2: Scope of Implementation**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The principles and provisions of this code shall apply to companies and legal entities listed on the main market, unless there is a special provision on this regard stipulated in any of the authority's legislations. The company shall, in its annual report, disclose its compliance with provisions of this code. In case of non-compliance with any principle or provision for reasons accepted by the authority – taking into account the public interest, the market interest, or the protection of investors – the company shall specify the article or articles that have not been complied with as well as to mention in the governance report the justifications of non-compliance, as the case might be. | The company is in full compliance with all articles in the QFMA governance code. | ✓          |

**Article 3: Compliance with Governance Principles**

| Clause | Description   | Remarks   | Compliance |
|--------|---|---|------------|
| 3-1    | The board shall commit to implementing the governance principles set out in this code, which are: justice and equality among stakeholders without discrimination among them on basis of race, gender, and religion; and transparency, disclosure and providing information to the authority and stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly. The principles also include upholding the values of corporate social responsibility and providing the public interest of the company and stakeholders over the personal interest as well as performing duties, tasks and functions in good faith, integrity, honor and sincerity and taking the responsibility arising there from the stakeholders and society. The board shall constantly and regularly review and update the governance applications, and apply the highest principles of governance when listing or trading any securities in the foreign market, and uphold fair-trading principles among shareholders. The board shall also update professional conduct rules setting forth the company's values and shall constantly and regularly review its policies, charters, and internal procedures of which shall be binding upon the company's board members, the senior executive management, advisors, and employees. These professional conduct rules may include the board charters and committees, the policy of its dealings with related parties, & insiders' trading rules. | The board of directors has worked on ensuring the company is committed to implementing this code and all its provisions and interpretations related to justice, equality, and fair treatment among all stakeholders of the company without any discrimination among them on the basis of race, gender, and religion; as well as, transparency, disclosure and providing information to the authority and stakeholders at the right time and in the manner that enable them to make decisions and undertake their duties properly. In this regard, Nakilat offers stakeholders and shareholders the information needed for well-informed investment decisions. The goal behind maintaining sound disclosure and transparency practices is to ensure that necessary information is made available to the required stakeholders (including disclosure requirements specified by regulators) in a timely, accurate, cost-effective, and understandable manner. The Board upholds values of corporate social responsibility and providing the public interest of the company and stakeholders over the personal interest. This report was approved by the board of directors before it was released. In addition, the board of directors oversees, reviews, develops, and abides by the rules of professional conduct, internal policies, and procedures of the company to ensure that the company always adopts best governance practices in good faith, integrity, honor, sincerity and taking the responsibility arising there from the stakeholders and society. The board also overlooks and monitors the work and activities | ✓          |

|  |  |   |  |
|--|--|---|--|
|  |  | of the board committees and their charters. In addition, the board supervises the internal policies and procedures of the company, including dealings with related parties, and insiders' trading rules, to ensure compliance with the principles stated in the provisions of this article, and update them whenever necessary. Hence, the company achieves the best governance practices at all times. |  |
|--|--|---|--|

**Article 4: Governance Report**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The governance report is an integral part of the company's annual report and shall be attached with it and signed by the chairman. Without prejudice to the provision of article (2) of this code, the governance report must include company's disclosure on its compliance with the provisions of this code. It must also include all the information regarding the implementation of its principles and provisions, which include, but not limited to: | The company conducted a thorough review and vetting process to ensure compliance in preparation of this report. Also, the company has a mechanism in place to ensure the integrity of the governance process, which is always monitored by the board. Also, the company's annual report includes a section to address corporate governance and how Nakilat, as a company, believes that as the global awareness toward governance becomes vital, we aim to undertake every necessary effort to raise awareness and transparency about good governance within the company. Nakilat's corporate governance report is an integral part of the company's annual report and attached with it and signed by the chairman. Nakilat's corporate governance report is submitted to the regulator (QFMA) and aims to ensure a transparent disclosure of the governance practices within Nakilat. It embodies the company's values and policies that all parties must conform to. | ✓          |
| 4-1    | The procedures followed by the company in implementing the provisions of this code.   | The company, with the supervision of the board, took the necessary actions to ensure compliance with QFMA's governance code with clear different policies and procedures to adopt and implement any required changes or amendments.  | ✓          |
| 4-2    | The disclosure of any violations committed during the year including violations and sanctions imposed because of non-compliance with implementation of any of principles or provisions of this code, their reasons, the remedial measures taken and measures to avoid the same in the future  | If there are any violations (including sanctions), the company ensures to disclose them accordingly. There were no violations made during the year.  | ✓          |
| 4-3    | The disclosure of the information relating to board members and its committees, senior executive management in the company, their responsibilities, powers and activities during the year, as well as their remunerations   | Board members, board committees, senior executive management, and their information are disclosed on pages 39 to 40 of this corporate governance report. Both the board and the senior executive management of the company have performed their activities and duties as per defined policies, procedures, and charters. The company's board and senior executive management remunerations are annually disclosed in the financial statements in the company's annual report which is published and endorsed by the general assembly.  | ✓          |



|     |  |  |   |
|-----|--|--|---|
| 4-4 | The disclosure of the procedures of risk management and internal control of the company including the supervision of the financial affairs, investments, and any relevant information.   | The board oversees the company's internal controls that are defined by each department, and the Internal Audit department then ensures that controls are implemented and measures their effectiveness. The company also has a specialized Risk Management department that facilitates comprehensive risk assessments that are conducted for investment opportunities, financial affairs, and any other relevant matters/information, which are reviewed by the board, the company's senior executive management, and specialized risk management committees and sub-committees. Also, the company's top risks are presented to the board during the annual business plan to ensure effective oversight and management of company's risks (including but not limited to emerging risks, environmental/climate change-related risks, and social risks).            | ✓ |
| 4-5 | The committees' works, including number of meetings and their recommendations.   | Board committees perform their duties and tasks as per article (18) of this code and their board charters.<br><br>Summary of the committees work and meetings in 2023:<br><br><u>Audit Committee:</u> Prepared audit reports of the audits conducted for the company's internal controls. The reports identified weaknesses and suggested corrective actions to concerned departments. The Audit Committee held 6 meetings in 2023.<br><br><u>Compensation Committee:</u> Recommended remunerations for board of directors, senior executive management, and employees of the company. The Compensation Committee held 2 meeting in 2023.<br><br><u>Nomination Committee:</u> Conducted the self-annual performance evaluation for the board of directors and presented nomination process for board elections. The Nomination Committee held 1 meeting in 2023. | ✓ |
| 4-6 | Disclosure of the procedures followed by the company in determining, evaluating, and managing risks, a comparative analysis of the company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes. | The company has established an Enterprise Risk Management (ERM) program and governance framework that looks after identifying, measuring, evaluating, and effectively managing any emerging, environmental, social, or any other existing risk that might hinder the company's ability to achieve its needs and objective, through among others, comparative analysis of the company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes.   | ✓ |

|      |  |   |   |
|------|--|---|---|
| 4-7  | Disclosure of the performance assessment of the board, compliance of its members in achieving the company's interest, doing the committee's works, and their attending of board and committees. Disclosure of the performance assessment of the senior executive management in implementing the internal controls system and risk management including identification of number of appeals, complaints, proposals, notifications, and the way used by the board to handle the regulatory issues. | The board and senior executive management performance is in line with the expectations that Nakilat's business plan spells out, and the board Nomination Committee conducts an annual self-assessment evaluation based on pre-defined criteria and targets that measure the board's performance. The board's annual assessments gauge the operative nature of BoD engagement, composition, culture, and effectiveness and allow Nakilat to examine and determine whether its directors are working together effectively and ensure that board members have an avenue for discussing any issues and considerations. All board members are expected to attend board meetings, and board committee meetings, unless they have an acceptable reason of absence in line with the provisions of article (12-1) of this code. The board monitors the performance of internal controls through the Audit Committee and ensures it monitors the mitigations of any gaps or weaknesses identified. In addition, the board oversees the risk management activities on a regular basis, and they have endorsed the company's top risks, which were the company's focus this year. There were no complaints or issues during the year. | ✓ |
| 4-8  | Disclosure of internal controls failures, wholly or partly, or weaknesses in its implementation, contingencies, that have affected or may affect the company's financial performance, and the procedures followed by the company in addressing internal controls failures.   | No internal control failures (wholly or partly) or weaknesses in its implementation, contingencies that affected the company's overall performance during the year.   | ✓ |
| 4-9  | Disclosure of the company's compliance with applicable market listing and disclosure rules and requirements.   | The company prepares and publishes a governance report that is fully in compliance with QFMA's governance code and regulations for entities listed on the main market. The company also ensures its compliance with applicable market listing and disclosure rules and requirements.  | ✓ |
| 4-10 | Disclosure of any conflict or dispute in which the company is a party including arbitration and lawsuits.  | In compliance with IAS 37 accounting standards, any unsettled or ongoing disputes are disclosed in the company's financial statements that are part of the annual report under the "Commitments and Contingencies" section. The annual report is published and endorsed during the annual general assembly by shareholders.   | ✓ |
| 4-11 | Disclosure of operations and transactions entered by the company with any related party.   | Related party transactions, if any, are disclosed in the annual report of the company and referred to it specifically in the Annual General Meeting, if any.  | ✓ |



**Article 5: Requirements for Board Members**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | <p>The board member must be qualified with sufficient knowledge of administrative matters and relevant experience to perform its duties effectively and must devote enough time to do its job with integrity and transparency to achieve the company's interest, goals and objectives.</p> <p>The board member must adhere to the following:</p> <p>1. Not be under twenty-one years old with full capacity.</p> <p>2. Not have been sentenced to criminal penalty, or a crime against honor or integrity, or any of the crimes stipulated in Article (40) of Law No. (8) Of 2012 concerning the Qatar Financial Markets Authority, and articles (334) and (335) of law No. (11) Of 2015 Promulgating Commercial Companies Law, or be prevented from practicing any work in the entities subject to the Authority's jurisdiction under Article (35 paragraph 12) of law No. (8) Of 2012 referred to, or have been bankrupted, unless been rehabilitated.</p> <p>3. Be a shareholder owning, when elected, or within thirty days from its election date, many the company's shares determined by Article of Association. Such shares shall be deposited to the depository within sixty days from starting date of membership with prohibition from trading, mortgage or seize until the end of membership period, approved on the last budget of financial Year of doing business. Such shares shall also be allocated to ensure the rights of the company, shareholders, creditors and third parties for the responsibility of the board members. If the member does not provide the guarantee as mentioned, its membership becomes invalid. The independent member shall be exempted from this requirement.</p> <p>The candidate for board membership shall provide written acknowledgment stating not undertaking any legally prohibited job position to combine it with the Board membership. In all cases, the company shall commit to send a list of names and data of board membership candidates attached with each candidate's curriculum vitae and original copies of candidacy requirements to the authority at least two weeks before the date specified for board election.</p> | <p>The board of directors is equipped with adequate skills, sufficient knowledge, and expertise to perform their expected duties effectively. They also have the right to ask for additional trainings if it is required. In addition, the board members devote enough time to do their job with integrity and transparency to achieve the company's interest, goals and objectives.</p> <p>All Board members have extensive expertise in risk management; as well as extensive industry knowledge and expertise in different operational areas and sectors such as Energy, Oil &amp; Gas, Transportation &amp; Storage. All Board members have acquired the above expertise through their current and past positions in senior management and Boards of large complex multinational companies, including Nakilat.</p> <p>The company's board of directors is following the requirements as per QFMA's guidelines, which are also dictated in the company's Articles of Association. Furthermore, the board of directors submits an annual declaration form, to assure they do not combine any prohibited positions as per the law.</p> <p>The company follows the process of board membership elections as per QFMA's regulations and the Commercial Companies Law. In addition, the company provides all information about membership candidates as per the requirements of QFMA's regulations and Commercial Companies Law.</p> | ✓          |

**Article 6: The Board Composition**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | <p>The board shall be composed pursuant to the law and the company's Articles of Association. At least one-third of the board members shall be independent board members, the majority of the board members shall be non-executive board members; and a seat or more may be allocated to represent the minority and another to represent the company employees. In all cases, the board composition shall ensure that one member or more do not dominate issuing the board decisions.</p> | <p>As per the Article 74 of Articles of Association of the company "The provisions of the Commercial Companies Law promulgated by Law No. (11) for the year 2015 and the provisions of the Governance Code issued by Qatar Financial Market Authority shall apply for matters not addressed in the company's Articles of Association. All amendments to Law or the Governance Code shall be deemed to complement or amend the provisions of this Article of Association" and with reference to the articles stipulated in the Commercial Law regarding the meeting of the Section (3) Management of the company and Sub-Section (1) Board of Directors (Article 97), the company requires one-third of the members of the board of directors shall be independent board members. All of the company's seven BoD members are non-executive board members. Currently, Nakilat has 4 independent board members out of its 7 BoD members. In all cases, the board composition ensures that one member or more do not dominate issuing the board decisions.</p> <p>Names of Independent Board Members:</p> <ol style="list-style-type: none"> <li>Mr. Abdulaziz Jassim Al-Muftah – Chairman</li> <li>Mr. Ahmad Saif Al-Sulaiti – Vice Chairman</li> <li>HE Eng. Essa Bin Hilal Al-Kuwari – Member</li> <li>Mr. Khalid Said Al-Rumaihi – Member</li> </ol> | ✓          |

**Article 7: Prohibition of Combining Positions**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| -      | <p>Without prejudice to the law provisions in this regard, it is prohibited for any one, whether in person or in capacity, neither to be a board chairman or a vice-chairman for more than two companies which their headquarters located in the State, nor to be a board member for more than three shareholding companies which their headquarters located in the State, nor to be a managing director in more than one company which its headquarter is located in the State, nor to combine two memberships of two companies exercising a homogenous activity.</p> | <p>The company requests annually from all of its board of directors to sign the required compliance declaration form in respect of prohibition of combining positions.</p>   | ✓          |
| -      | <p>It is also prohibited to combine the position of the chairman with any other executive position in the company. The chairman shall not to be a member of any of the board committees set out in this Code.</p>  | <p>The chairman of the board of directors is Mr. Abdulaziz Jassim Al-Muftah and he does not hold an executive management position in the company, as shown on page 40 of this report. The chairman of the board of directors is also not part of any board committees, as per the committees' structure on page 40 of this report.</p> | ✓          |
| -      | <p>The chairman and the members of the board must provide an annual acknowledgment that none of them shall combine the prohibited positions according to the Law and this code's provisions. The board secretary shall keep such acknowledgment in the file prepared for this purpose.</p>   | <p>The board of directors annually submits a declaration form acknowledging that they do not combine any conflicting positions as per the law and this code's provisions. The board secretary maintains such declarations at all times.</p>  | ✓          |



**Article 8: Key Functions & Tasks of the Board**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| -      | The board shall prepare a charter called "Board Charter" detailing the board's functions, and rights, duties and responsibilities of the chairman and members, according to the provisions of the Law and this code and shall be published on the company's website. The board charter shall include the board's key functions and responsibilities including, at least the following: | The Board Charter includes all tasks, functions, and responsibilities of the board members, and the charter is published on the company's website as per the requirements.   | ✓          |
| 8-1    | Approving the strategic plan and main objectives of the company and supervising their implementation.  | The board endorses the company's strategy, objectives, and the company's annual business plan as well as supervising their implementation.   | ✓          |
| 8-1-1  | Setting a comprehensive strategy for the company and key business plans and risk management policy, reviewing, and directing them.   | The board is responsible for setting and endorsing the company's strategy, objectives, and business plan. They also ensure all required policies are reviewed and implemented effectively, such as the risk management practices.  | ✓          |
| 8-1-2  | Determining the most appropriate capital structure of the company, its strategies and financial objectives and approving its annual budgets.   | The board is responsible for endorsing and determining the company's most appropriate capital structure, its strategies, and financial objectives as well as approving annual budgets.   | ✓          |
| 8-1-3  | Supervising the main capital expenses of the company and acquisition/disposal of assets.   | The board monitors the company's capital expenses. Any disposals/acquisitions of assets, investments, or other financial affairs, require the board's approval.  | ✓          |
| 8-1-4  | Setting the performance objectives and monitoring the implementation thereof and the overall performance of the company.   | The board endorses the business plan of the company and monitors its overall performance regularly.  | ✓          |
| 8-1-5  | Reviewing and approving the organizational structures of the company on periodic basis to ensure distinct distribution for the functions, tasks and responsibilities of the company especially internal control units.   | The board endorses any changes made to the company's organizational structure on an annual basis, through the annual business plan.  | ✓          |
| 8-1-6  | Approving the procedures manual needed to implement the strategy and objectives of the company, prepared by senior executive management. The manual shall include determining ways and means of the quick contact with the authority and other regulatory authorities as well as all parties concerned to governance, including the appointment of a communication officer.            | The company defines the corporate strategy and objectives and presents them to the board for endorsement. The board of directors appointed the Chief Executive Officer (CEO) of the company to represent the company with all authorities, as he is the official spokesperson of the company.  | ✓          |
| 8-1-7  | Approving the annual plan of training and education in the company that includes programs introducing the company, its activities and governance, according to this Code.  | The board ensures the continuous learning and development of all employees and allocates budgets for such activities. Nakilat's group employees, receive training on Nakilat's Code of Business Ethics and Conduct (including, but not limited to anti-corruption and bribery policy). Furthermore, the company provides yearly sessions to all employees to ensure compliance with Nakilat's Code of Business Ethics and Conduct. | ✓          |
| 8-2    | Setting the rules and procedures for internal control and supervising them.  | The board oversees the company's internal controls that are defined by each department, and the Internal Audit department then ensures controls are implemented and measures their effectiveness and reports any weaknesses or gaps to the board.  | ✓          |

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| 8-2-1 | Developing a written policy that would regulate conflict of interest and remedy any possible cases of conflict by board members, senior executive and shareholders. This includes misuse of the company's assets and facilities and the mismanagement resulting from transactions with related parties.   | Board members annually submit a declaration form acknowledging that no potential conflict of interest shall arise. If any conflicts come to place, it is discussed with the board chairman and secretary to take necessary actions and decisions. In addition, the company has developed a conflict-of-interest policy to regulate conflict of interest and to remedy any possible cases of conflict.  | ✓ |
| 8-2-2 | Developing full disclosure system as to achieve justice and transparency and to prevent conflicts of interest and exploiting the insider information. Such system shall include procedures followed when dealing in securities by insiders and identify prohibited periods of their trading in securities of the company or any company of its group, as well as preparing and updating a list of Insiders to provide a copy to the board and the market upon adoption or update. | The company has an insider trading policy and procedure that regulates the disclosure system with the company's securities. All Nakilat's board members, senior executives, and insiders including their spouses and minor children, are required to disclose the number of company shares that they own. Prohibited periods of trading in the company's securities are also announced and enforced to Nakilat board, executive management team, and all employees as per the requirements prior to the disclosure of any financial results to the Qatar Stock Exchange. As per the requirements, the list of all insiders is always updated, monitored, and shared with the required parties. | ✓ |
| 8-2-3 | Ensuring the integrity of the financial and accounting rules, including rules related to the preparation of financial reports.  | The board reviews and approves financial reports on periodic intervals, which are always prepared as per applicable accounting standards and rules.  | ✓ |
| 8-2-4 | Ensuring the implementation of control systems appropriate for risk management by generally forecasting the risks that the company may encounter and disclosing them transparently.   | The board ensures that the company adopts leading risk management practices and establishes a governance framework that helps in identifying, measuring, and managing risks. Part of the risk management practices in the company is disclosing all the risk assessments, including forecasting risks, conducted to specialized risk committees that consist of senior managers in the company from all departments and functions. The company's top risks are also presented to the board in the annual business plan to ensure effective oversight and management of risks.  | ✓ |
| 8-2-5 | Reviewing annually the effectiveness of the company's internal control procedures.  | The Internal Audit department prepares internal audit reports on a regular basis that are reported to the board Audit Committee for their review. The reports include audit findings that address all matters related to identifying risks, and various weaknesses in internal controls, and suggest corrective actions to the concerned departments.  | ✓ |
| 8-3   | Drafting a governance code for the company that does not contradict with the provisions of this code, supervising and monitoring in general the effectiveness of this code and amending it whenever necessary.  | The board ensures that the company has a governance code that discloses compliance with QFMA's governance code, and it does not contradict with the provisions of this code.   | ✓ |
| 8-4   | Setting forth specific and explicit policies, standards and procedures for the board membership and implementing them after approval by the general assembly.   | The election of board members is conducted in accordance with the requirements of QFMA and the company's Articles of Association, as referred to in Appendix (A) of this report.   | ✓ |



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| 8-5   | Developing a written policy that regulates the relationship among the stakeholders to protect them and their respective rights.   | The company protects the stakeholders' rights, and the Legal department of the company ensures to resolve disputes between stakeholders, if any. In addition, the company's Governance Charter regulates the relationship among the stakeholders to protect them and their respective rights.  | ✓ |
| 8-5-1 | Indemnifying mechanisms of the stakeholders in case of contravening their rights pursuant to the law and their respective contracts.  | The company protects the stakeholders' rights. In case their rights were violated, the dispute is handled by the company's Legal department which ensures fair treatment for all parties involved.   | ✓ |
| 8-5-2 | Mechanisms of complaints or disputes that might arise between the company and the stakeholders.   | The company's Legal department has a defined policy in place with specific procedures to be carried out in case a dispute arises between the company and any stakeholder.<br><br>The company also has whistleblowing mechanisms in place for all stakeholders to disclose any complaints or unethical acts, and their confidentiality/anonymity will be legally protected if they wish so, through reporting to the designated authorities or Nakilat's whistleblowing channel at <a href="mailto:compliance_reporting@nakilat.com">compliance_reporting@nakilat.com</a>   | ✓ |
| 8-5-3 | Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.  | As an ISO 27001 certified company, Nakilat has a dependent Information Security division responsible for overseeing and managing the implemented Information Security Management System (ISMS). ISMS is designed to align with the enterprise risk management function to effectively address assessed information security risks by implementing appropriate controls in accordance with the company's risk appetite. One of the primary objectives of the ISMS is to safeguard the company's information assets, including client and customer data, to ensure confidentiality, integrity, and availability by protecting against theft, abuse, misuse, and damage to any company assets. Nakilat maintains compliance with Qatari Data Privacy Protection Laws through the implementation of relevant security controls, ensuring the protection of personal information. Additionally, the company has established data classification policies and technical controls for information protection to safeguard the company. Various policies and processes, such as supplier evaluations, contract reviews, vendor cyber risk assessments, and the use of Non-Disclosure Agreements (NDAs) with third parties, including confidentiality clauses in contracts, are in place to further enhance information security. | ✓ |
| 8-5-4 | Put a code of conduct for the company's executives and employees compatible with the proper professional and ethical standards and regulate their relationship with the stakeholders and mechanisms for supervising this code and ensuring compliance there with. | The company has a Code of Ethics and Business Conduct, which is published on the company's website and is acknowledged by all employees, including the company's executives. Every employee must submit a signed declaration of the company's Code of Ethics and Business Conduct to the Human Resources department on an annual basis.  | ✓ |

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| 8-5-5 | The company's social contributions.   | <p>The company's Public Relations policies and procedures states that the company plans for Corporate Social Responsibility (CSR) activities in the yearly event calendar of the company and organize them by targeting four main pillars which are: community development, promoting education, raising awareness for healthy living, or preservation of the environment.</p> <p>In pursuant to Qatar Law no. 13 of 2008 and further clarifications for the law issued in 2010 regarding social and sports fund contribution, the company has contributed approximately QAR 38.9 million representing 2.5% of the net consolidated profit for the year ended December 31, 2023.</p> <p>The board also ensures the company always strives to take an active role in the community and puts the effort into giving its best to the community by effective and meaningful participations.</p> <p>In March 2023, Nakilat's JV teams contributed to the clean-up of the Ras Laffan Industrial City beach area to support the preparation of the Hawksbill Turtle nesting season. The company puts emphasis on its environmental sustainability program aligned with Qatar Vision 2030.</p> <p>This year Nakilat launched its first Little Employee Day in collaboration with Qatar Career Development Center aimed at familiarizing students with the professional work environment and allowing them to gain firsthand experience and insights into the intricacies of the industry. As part of its annual social commitment, Nakilat sponsors the children's playground at the National Museum of Qatar to add the recreation element within the museum tour and showcase the rich maritime history of the country. To enrich its community engagement, Nakilat invited its fleet officers for a tour of the 3-2-1 Sports Museum as part of the country's cultural exchange, held in conjunction with the bi-annual fleet officers meeting.</p> <p>The company had 3 CSR activities in 2023, and the aim is to enhance the company's social responsibility.</p> | ✓ |
| 8-6   | Setting policies and procedures to ensure the company's compliance with the laws and regulations and the company's obligation to disclose material information to shareholders, creditors and other stakeholders. | The company has developed a compliance policy to ensure compliance with the required laws and regulations. In addition, there is a dedicated team (Corporate Planning & Risk department (CPR)) that oversees and confirms compliance with respective departments. Further, the company's Investor Relations team discloses all required information to all stakeholders. Information is also available on the company's website.  | ✓ |



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| 8-7  | Inviting all shareholders to attend the general assembly meeting in the way charted by law. The invitation and the announcement shall include a thorough summary of the general assembly agenda, including the item of discussing and approving the governance report.   | The board invites the shareholders to attend the general assembly as required by the law. The invitation and agenda are published on local newspapers, company's website, and Qatar Stock Exchange (QE) website. The governance report is included in the agenda of the company's ordinary general assembly and a copy is distributed among the participants during the general assembly.   | ✓ |
| 8-8  | Approving the nominations for appointment in functions of senior executive management, and the succession planning concerning the management.  | The board ensures the company has a succession planning system concerning the management.   | ✓ |
| 8-9  | Developing a mechanism for dealing and cooperating with providers of financial service, financial analysis, credit rating and other service providers as well as the entities that identify standards and indices of financial markets to provide their services for all shareholders in a quick manner with integrity and transparency. | The company has an Investor Relations program in place that ensures effective communication with all financial service providers and shareholders, through the company's Investor Relations team.   | ✓ |
| 8-10 | Developing awareness programs necessary for spreading the culture of self-control and risk management of the company.  | Risk management practices in the company include establishing an awareness program aimed to embed risk management consciousness in the company. During 2023, the Risk department arranged risk, business continuity and information security knowledge-sharing sessions for all employees to enhance their knowledge about risk management in Nakilat. Moreover, the Risk department has circulated related Risk and Business Continuity awareness in 2023 to all Nakilat employees via the company's internal information platform "SharePoint" and via NICE sessions. In addition, the Risk department extensively discusses the risk with the departmental Risk Champions every 6 months, and exclusively discuss the Top risks with the Risk Management committee and Risk sub-committees. Risk team conducts training/orientation sessions to all the employees in the organization, new Risk Champions, new joiner in the organization. | ✓ |

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| 8-11 | Setting a clear and written policy that defines the basis and method of granting remuneration for the board members, in addition to incentives and rewards of senior executive management and the company's employees in accordance with the principles of this code without any discrimination based on race, gender or religion. Such policy shall be submitted yearly to the general assembly for approval. | The board has a Compensation Committee, and its charter has been approved. The Compensation Committee determines the policies of remuneration for board members, and ensures it is in line with article (42) of company's Articles of Association, and as well as the executive management compensation, and endorses the remuneration of employees through setting economic, financial, social and environment performance targets, in addition to the operational performance targets. The company's success is defined by company's approved business plan which has specific corporate objectives, KPIs, and milestones that every employee (including Senior Executive Management), without any type of discrimination based on race, gender or religion, has to achieve during the mid-year and annual year performance appraisal period in order to be considered for any reward/incentive/bonus etc.<br><br>Furthermore, Nakilat's has a pension and end-of-service scheme to retain and motivate its employees. | ✓ |
| 8-12 | Developing a clear policy for contracting with the related parties and presenting it to the general assembly for approval.   | The company has a policy in relation to related party. The related party policy of the company is in Appendix (B) of this report.  | ✓ |
| 8-13 | Setting foundations and standards for evaluating the performance of the board and the senior executive management.   | The board sets pre-defined criteria and targets for the evaluation of their performance, which is the duty of the board's Nomination Committee, where they conduct a board self-assessment evaluation on an annual basis, and present to the board if there are any gaps that need to be addressed. The board also ensures the senior management team is evaluated based on the defined initiatives, milestones, and objectives that have been approved as part of the company's annual business plan, which includes economic, financial, social, environmental and operational performance targets.  | ✓ |

#### Article 9: Board Responsibilities

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | The board represents all shareholders; therefore, the board must exert more due diligence and care in managing the company in an effective and productive manner to achieve the interest of the company, partners, shareholders and stakeholders, and to achieve the public interest and investment development in the State as well as community development. The board shall also bear the responsibility to protect shareholders from illegal or abusive practices and business, or any acts or decisions that may be harmful to them, discriminate among them, or let a group dominate another. The responsibilities of the board must be clearly stated in the company's Articles of Associations and in the board charter referred to in the previous article. Without violating the provisions of the law, the board must carry out its functions and duties, and bear responsibility according to the following: | The board of directors always acts on an informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders to achieve the public interest and investment development in the State as well as community development.<br><br>The responsibilities of the board are clearly stated in the Articles of Association of the company (Chapter Four – Company's Management: Article 27-42) and in the Board of Directors Charter that is published on the company's website and available for all shareholders and stakeholders. | ✓          |

|     |   |   |   |
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| 9-1 | The board must carry out its duties in a responsible manner, in good faith and with due diligence. Its decisions should be based on sufficient information from the executive management, or from any other reliable source.  | The board of directors performs their duties in a sincere and caring approach. They ensure that they receive sufficient information from the senior executive management team of the company.   | ✓ |
| 9-2 | A board member represents all shareholders and shall commit to carry out whatever might be in the interest of the company, and not in the interests of the group it represents or that which has voted in favor of its appointment to the board.  | The board of directors represents all shareholders and owes the company the fiduciary duties of care, loyalty, and compliance, as well as protecting the company's interest.  | ✓ |
| 9-3 | The board shall determine the powers to be delegated to the executive management and the procedures for taking any action and the validity of such delegation. It shall also determine matters reserved for decision by the board. The executive management shall submit to the board periodic reports on the exercise of the delegated powers.   | The board delegates some of its powers to the Chief Executive Officer (CEO) of the company and his executive management team. Subsequently, the management of the company regularly reports and updates the board on matters within their power.  | ✓ |
| 9-4 | The board shall ensure that procedures are laid down for orienting the new board members of the company's business and the financial and legal aspects, in addition to their training, where necessary.   | The board of directors ensures that a new board member receives orientation and induction session to be familiarized with the company's businesses, practices and operations (including financial and legal aspects). Trainings are also available to all board members if they require any.  | ✓ |
| 9-5 | The board shall ensure that sufficient information about the company is made available to all board members, generally, and to the non-executive members, to enable them to discharge their duties and responsibilities in an effective manner.   | All Board members have full and immediate access to information, documents, and records pertaining to the company. The company's senior executive management shall provide the board and its committees with all requested documents and information to enable them to discharge their duties and responsibilities in an effective manner.  | ✓ |
| 9-6 | The board shall not enter loans that spans more than three years and shall not sell or mortgage real estate of the company, or drop the company's debts, unless it is authorized to do so by the company's Articles of Association. In the case where the company's Articles of Association includes no provisions to this respect, the board should not act without the approval of the General Assembly, unless such acts fall within the normal scope of the company's business. | The board of directors ensures the company's operations and business are always conducted as stipulated in company's Articles of Association. As per Article (33) of the company's Articles of Association, the board of directors has the broadest powers to manage the company and undertake all works and actions required by such management as per its purpose, including long-term loans that span for more than three years. | ✓ |

**Article 10: Tasks Delegation**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| 10-1   | The board shall assume all the necessary competencies and powers for the company's management, without injustice to the powers of the general assembly. The board may delegate to its committees to exercise some of such powers and may form a special committee or more to carry out specific tasks to be stipulated in the decision of formation the nature of those tasks. The ultimate responsibility for the company rests with the board even if it sets up committees or delegates some of its powers to a third party. The board shall avoid issuing a general or an open-ended delegation. | <p>The board established three board committees and delegated some of its powers to them as dictated in their charters that are approved by the board. The committees are:</p> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Compensation Committee</li> <li>• Nomination Committee</li> </ul> <p>The committees look after the tasks defined in their charters. However, the ultimate responsibility of the company rests with the board, where the board of directors endorses all decisions made by these committees.</p> | ✓          |

**Article 11: Duties of the Board Chairman**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The chairman is the president of the company, represents it front of the others and in front of the judiciary and is primarily responsible for ensuring the proper management of the company in an effective and productive manner and working to achieve the interest of the company, partners, shareholders and stakeholders. The board charter must include tasks and responsibilities at least the following: | The chairman is the president of the company and represents the company in front of the courts and third parties (Article: 31 – company's AoA) and is responsible for achieving the best interest of the company, partners, shareholders and its stakeholders. The board charter includes the duties and responsibilities of the board chairman.   | ✓          |
| 11-1   | Ensuring that the board discusses all the key issues in an efficient and timely manner.   | The board discusses all key issues in an efficient and timely manner.  | ✓          |
| 11-2   | Approving the agenda of the board meeting taking into consideration any matter proposed by any other board member.  | Chairman of the board approves the agenda of each board meeting taking into consideration any matter proposed by any other Board member.   | ✓          |
| 11-3   | Encouraging all board members to collectively and effectively participate in dealing with the board affairs for ensuring that the board is working to achieve the best interest of the company.   | Chairman of the board encourages all board members to participate fully and effectively and ensure that they achieve the best interest of the company.   | ✓          |
| 11-4   | Making available for the board members all data, information, documents and records of the company, and of the board and its committees.  | Board members have full, unrestrictive, and immediate access to information, documents, and records pertaining to the company, as per regulatory requirements. The company's senior executive management shall always provide the board and its committees with all requested documents, records and information.  | ✓          |
| 11-5   | Creating effective communication channels with shareholders and making their opinions heard to the board.   | Chairman of the board ensures effective communication with shareholders, through the company's Investor Relations team. In addition, Nakilat conducts quarterly earnings results conference calls in which all participants (including Investors and shareholders) can ask any relevant question to Nakilat's senior management. All quarterly IR call recordings and transcripts are available on Nakilat's website and accessible to all stakeholders. Moreover, all shareholders also have the right to raise any concerns or questions during the general assembly, and the board shall hear their concerns and answer them accordingly. | ✓          |
| 11-6   | Allowing effective participation of the non-executive board members and promoting constructive relations between executive and non-executive board members  | The chairman of the board encourages all board members, without any exception (executive and non-executive board members), to participate fully and effectively and promote constructive relations between them.   | ✓          |
| 11-7   | Keeping the members constantly informed about the implementation of the provisions of this code, the chairman may authorize Audit Committee or other committee in this mission.   | The chairman of the board is constantly informed about any updates or changes to the provisions of this code and updates the other board members accordingly.  | ✓          |
| -      | The vice-chairman shall replace the chairman during his absence, and the chairman may authorize other board members to some of his/her powers.  | As per the company's Articles of Association (Article: 31), the vice-chairman of the board shall replace the chairman during his absence. As per the company's Articles of Association (Article: 31), the chairman of the board is also entitled to delegate some of his/her powers to other board members.  | ✓          |



**Article 12: Board Members Obligations**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| 12-1   | Attend meetings of the board and committees regularly, and not withdrawing from the board except when needed.  | The board members attend all board meetings and board committee meetings and are only absent with a reason accepted by the board.   | ✓          |
| 12-2   | Give priority to the interest of the company, shareholders and all stakeholders over their own interest.   | The board ensures the interest of the company, its shareholders, and all stakeholders are prioritized over their personal own interest.   | ✓          |
| 12-3   | Provide opinion on the company's strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments, and operation standards.   | The board supervises the operations of the company and ensures the company follows the right milestones to achieve its strategy and objectives, including opinion on the company's strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments, operation standards and review different reports that are prepared by the Internal Audit department, including the oversight of the Internal Audit department.  | ✓          |
| 12-4   | Monitor the company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the company's annual, half yearly and quarterly reports.  | The board reviews the company's performance, objectives, and financial reports, on regular intervals.   | ✓          |
| 12-5   | Supervise the development of the procedural rules for the company's governance to ensure their implementation in an optimal manner in accordance with this code.   | The board of directors ensures all necessary actions are taken by the company to comply in accordance with this code.   | ✓          |
| 12-6   | Using their diversified skills and experience with diversified specialties and qualifications through an effective and productive management of the company, and working to achieve the interests of the company, partners, shareholders and other stakeholders.   | The board of directors has a balanced and right mixture of skillset, education, knowledge, and expertise to effectively manage the company and protect its best interest of company, partners, shareholders and other stakeholders. All Board members have expertise in the Oil & Gas and Transportation industry; as well as Environment, Social and Governance expertise through their current and past positions in management and Boards of large complex multinational companies, including Nakilat. | ✓          |
| 12-7   | Effective participation in the company's general assemblies, and address the demands raised by participants in a balanced and fair manner.   | The board invites the shareholders to the general assembly and all board members shall be present and effectively participate. During the assembly, the shareholders have the right to raise any concerns or questions, and the board shall hear their concerns and answer them in a balanced and fair manner accordingly.  | ✓          |
| 12-8   | Not to make any statements, data or information without prior written permission from the chairman, and the board shall appoint an official spokesperson for the company   | The board of directors appointed Eng. Abdullah Al-Sulaiti, company's CEO, as the official spokesperson of the company. The board does not make any statements, data or information without prior written permission from the chairman.  | ✓          |
| 12-9   | Disclosure of financial and trade relations, and litigants, including the judicial, which may affect negatively on carrying out the tasks and functions assigned to them.<br><br>The board members, at the company's expense, may request an opinion of an independent external consultant in issues relating to any of the company's affairs. | As part of the annual board declaration form, the board discloses financial trades that conflict with the company's interest, if any. The board is also allowed to consult an external independent party, and the expenses shall be paid by the company.  | ✓          |

**Article 13: Invitation for Meeting**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The board shall meet upon an invitation by the chairman, and pursuant to what is stipulated in the company's Articles of Associations. The chairman may call the board for the meeting upon a request by at least two of its members. The invitation, accompanied with the agenda, shall be sent to each member at least one week prior to the meeting date; the member may request to add an item or more to the agenda. | The chairman invites the board of directors to the board meeting as per the provisions of QFMA's governance code and as stipulated in article (35) of the company's Articles of Association. | ✓          |

**Article 14: Board Meetings**

| Clause | Description   | Remarks   | Compliance |
|--------|---|---|------------|
| -      | The board shall convene at least six meetings during the year and three months must not elapse without convening a meeting.   | The board of directors held 6 meetings during 2023 and issued additional board resolutions by circulation, which counts as meetings as stipulated in article (35) of the company's Articles of Association.<br><br>The Board's percentage of attendance in the year 2023 reached 100%.  | ✓          |
| -      | The board meeting shall be deemed valid if attended by most of the members, provided that either the chairman or the vice-chairman attends the meeting.   | As dictated in article (35) of company's Articles of Association, the board meeting is only valid if attended by the majority of board members, provided chairman or vice-chairman is one of them.  | ✓          |
| -      | The absent member may, by written request, delegate any other board member to represent it in attendance and voting. A board member cannot represent more than one member. If the board member is absent from attending three consecutive meetings or four non-consecutive meetings without a reason acceptable to the board, the board member shall be deemed as resigned. | Any absent board member has the right to delegate another board member to represent him/her attendance and voting. As dictated in article (35) of company's Articles of Association, a board member cannot represent more than one member. The board member shall not be absent for more than 3 consecutive or 4 non-consecutive meetings, without an acceptable reason to the board. | ✓          |
| -      | Participation in the board meeting may be done by any secure and known means of technology that enable the participant to hear and actively participate in the board meeting discussions and make decisions.  | As dictated in article (35) of company's Articles of Association, participation in board meetings can be done through any modern means of technology which enables the members of the meeting to hear one another and effectively take part in the Board's actions.   | ✓          |

**Article 15: Board Decisions**

| Clause | Description   | Remarks   | Compliance |
|--------|---|---|------------|
| -      | Without violating the provisions of the law in this regard, the board shall pass its decisions by majority votes of attendants and representatives. In case of a tie, the chairman shall cast the deciding vote. A minute shall be prepared for each meeting, including names of the attendees and absent members, as well as the meeting discussions. The chairman and secretary shall sign on the minute and if there is any member, who does not agree on any decision taken by the board, he shall state his objection in the meeting minutes.<br><br>The board, if necessary or urgent, may issue some decisions by passing the subject for written approval of all its members to the decision, and it shall be presented during the next board meeting to include them in its minutes. | Voting during board meetings is done as dictated in the board charter. Board secretary minutes all discussions, decisions, attendees, absences, and any objections. The minutes are then signed by the chairman and secretary. The board can also issue decisions by circulating board resolutions, as long as approval of all board members is obtained. | ✓          |

**Article 16: Board Secretary**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| -      | The board shall issue a decision naming the board secretary. A priority shall be for a person who holds a university degree in law or accounting from a recognized university or equivalent, and for who has at least three years' experience in handling the affairs of a listed company. The secretary may, upon the chairman approval, require the assistance of any employee of the company to perform its duties. | The board secretary, Mr. Sami Nabawi, was appointed based on a board resolution. He is equipped with the expertise to fulfill his complete duties, and he is currently a legal advisor at QatarEnergy. The company provides its full support to the board secretary whenever required. | ✓          |

**Article 17: Tasks and Duties of the Secretary**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| 17-1   | Recording the minutes of the board meetings setting out names of the attendees and absent members and the meeting discussions and prove members objections to any decision issued by the board.  | The board secretary takes the minutes of the board meetings which include absent/present members, objections, and topics of discussion.   | ✓          |
| 17-2   | Recording the board decisions in the register prepared for this regard as per issuance date.   | Board decisions are documented in minutes of meetings or through board resolutions and recorded in a register as per issuance date.   | ✓          |
| 17-3   | Recording the meeting held by the board in a serial numbered register prepared for this regard arranged as per the holding date setting out names of the attending and absent members, the meeting discussions and the members objections, if any.                   | Board secretary minutes all discussions, decisions, attendees/absences, and any objections. The minutes are then signed by the chairman of the board and recorded in a serial numbered register as per the holding date.  | ✓          |
| 17-4   | Safekeeping the board meetings' minutes, decisions, reports, all board records and correspondence, and its writings in paper and electronic records.   | Board secretary always ensures that he/she keeps all minutes, board resolutions, reports, and records.  | ✓          |
| 17-5   | Sending to the board members and participants - if any - the meeting invitations accompanied with the agenda at least two weeks prior to the meeting specified date and the receiving members may request to add an item or more to the agenda with submission date. | The board secretary prepares the agenda, ensures board members can propose items of discussion in the agenda if needed, and then sends it to all board members prior to the board meeting, as per the provisions of this article. The board secretary also prepares the meeting package, board resolutions, and any material needed, as well as taking the minutes of meeting which includes all topics, discussions, and record approvals or objections, if any. | ✓          |

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|------|--|--|---|
| 17-6 | Making full coordination between the chairman and the members, among members themselves, as well as between the board and the related parties and stakeholders in the company including shareholders, management, and employees. | The board secretary ensures coordination between the chairman and the members, among members themselves, as well as between the board and the related parties and all relevant stakeholders.   | ✓ |
| 17-7 | Enabling the chairman and the members to have timely access to all information, documents, and data pertaining to the company.   | Board members have full, unrestricted, and immediate access to information, documents, and records pertaining to the company, as per the provisions of this article. The board secretary and the company's executive management shall provide the board and its committees with all requested documents and information. | ✓ |
| 17-8 | Safekeeping the board members' acknowledgments of not combining prohibited positions pursuant to the law and the provisions of this code.  | The board annually submits a declaration form including acknowledgments of not combining prohibited positions pursuant to the law and the provisions of this code which will be always maintained by the board secretary.  | ✓ |

**Article 18: Board Committees**

| Clause | Description   | Remarks   | Compliance |
|--------|---|---|------------|
| 18-1   | Nomination Committee: chaired by one of the board members and a membership of at least two. When selecting the committee members, the board shall consider the experience necessary for exercising the committee's functions, which are - at least - the following: | The Nomination Committee is composed of 3 members of the board, and they have the experience necessary for exercising the committee's functions.                                      | ✓          |
| 18-1-1 | Developing general principles and criteria used by the General Assembly members to elect the fittest among the candidates for board membership.   | The Nomination Committee ensures the shareholders have criteria in place to help them in electing fittest among the candidates for board membership.                                  | ✓          |
| 18-1-2 | Nominating whom it deems fit for the board membership when any seat is vacant.  | The Nomination Committee is responsible to recommend nominees for board membership whenever required.   | ✓          |
| 18-1-3 | Developing draft of succession plan for managing the company to ensure the speed of a suitable alternative to fill the vacant jobs in the company.  | The committee ensures that the company has a succession planning system in place.   | ✓          |
| 18-1-4 | Nominating whom it deems fit to fill any job of the senior executive management.  | When it is required, the Nomination Committee may assist in nominating candidates competent to be part of the senior executive management of the company.                             | ✓          |
| 18-1-5 | Receiving candidacy requests for the board membership.  | The Nomination Committee handles board candidacy requests.  | ✓          |
| 18-1-6 | Submitting the list of board membership candidates to the board, including its recommendations in this regard, and sending a copy to the authority.   | The Nomination Committee recommends to the board suitable candidates. They also send a copy of the candidates to the authority.   | ✓          |
| 18-1-7 | Submitting an annual report to the board including a comprehensive analysis of the board performance to identify the strengths, weaknesses, and proposals in this regard.   | The Nomination Committee conducts annual self-assessment of the board's performance, and then presents its evaluation to the board identifying gaps and areas of improvement, if any. | ✓          |



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|--------|--|--|---|
| 18-2   | Compensation Committee: chaired by one of the board members and a membership of at least two. When selecting the committee members, the board shall consider the experience necessary for exercising the committee's duties, which are – at least – the following:   | The Compensation Committee is composed of 3 members of the board, and they have the experience necessary for exercising the committee's functions.   | ✓ |
| 18-2-1 | Setting the company's remuneration policy yearly including the way of identifying remuneration of the chairman and all board members. The board members' yearly remuneration shall not exceed 5% of the company's net profit after deduction of reserves, legal deductions, and distribution of the dividends to shareholders.   | The Compensation Committee's key role is setting the remuneration policy of the company including remuneration of the chairman and all board members, as stipulated in article (42) of the company's Articles of Association and in compliance with this article's requirements. | ✓ |
| 18-2-2 | Setting the foundations of granting allowances and incentives in the company, including issuance of incentive shares for its employees.  | The company's management has adopted a remuneration mechanism, which provides incentives and granting allowances for the employees and management of the company to always perform in the best interests of the company in the long term.  | ✓ |
| 18-3   | Audit Committee: chaired by an independent board member and a membership of at least two. When selecting the committee members, the board shall consider that: the majority of them shall be independent board members; any person who has previously conducted audit for the company within the previous two years shall not be a candidate, directly or indirectly, for the committee membership; and they shall have the experience necessary for exercising the committee's duties, which are – at least – the following:  | The Audit Committee is chaired by an independent board member and a membership of two board members and the company is in compliance with this article's requirements.   | ✓ |
| 18-3-1 | Preparing and presenting to the board a proposed internal control system for the company upon constitution and conducting periodic audits whenever necessary.  | The Audit Committee is responsible to conduct regular audits and present audit reports to the board highlighting observations and corrective actions.  | ✓ |
| 18-3-2 | Setting the procedures of contracting with and nominating the external auditors and ensuring their independence while performing their work.   | Audit Committee evaluates the independence of the external auditor and reviews the procedures of contracting with external auditors.   | ✓ |
| 18-3-3 | Overseeing the company's internal controls, following the external auditor's work, making coordination between them, ensuring their compliance with the implementation of the best international standards on auditing and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS/IAS) and (ISA) and their requirements; verifying that the external auditor's report include an explicit mention if it had obtained all the necessary information and the company's compliance with international standards (IFRS/IAS), or whether the audit was conducted based on International Standards on Auditing (ISA) or not. | The Internal Audit department ensures that they oversee the entire company's internal controls and evaluates the external audits reports and ensures it includes that external auditor has obtained all information to ensure the company complies with international standards. | ✓ |
| 18-3-4 | Overseeing and reviewing the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports.  | The Audit Committee reviews the accuracy and validity of the financial statements periodically.  | ✓ |
| 18-3-5 | Considering, reviewing and following up the external auditor's reports and notes on the company financial statements.  | The Audit Committee reviews the external auditor's report.   | ✓ |
| 18-3-6 | Ensuring the accuracy about and reviewing the disclosed numbers, data and financial statements and whatever submitted to the General Assembly.   | The Audit Committee ensures the accuracy and integrity of financial reports and compliance with any disclosure requirements.   | ✓ |

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|---------|--|--|---|
| 18-3-7  | Making coordination among the board, senior executive management, and the internal controls of the company.  | The Internal Audit department reports to Audit Committee and ensures that the board and senior management team are aware of any weaknesses in the company's controls.  | ✓ |
| 18-3-8  | Reviewing the systems of financial and internal control and risk management.   | The Audit Committee reviews the financial reports and internal controls and risk management system.  | ✓ |
| 18-3-9  | Conducting investigations in financial control matters requested by the board.   | Audit Committee conducts investigations and audits whenever requested by the board.  | ✓ |
| 18-3-10 | Making coordination between the Internal Audit unit in the company and the external auditor.   | Audit Committee ensures coordination between the internal auditor and the external auditor.  | ✓ |
| 18-3-11 | Reviewing the financial and accounting policies and procedures of the company and expressing an opinion and recommendation to the board on this regard.  | Audit Committee delegates the Internal Audit department to review financial and accounting policies and shares recommendations with the board, if any.   | ✓ |
| 18-3-12 | Reviewing the company's dealings with the related parties and making sure whether such dealings are subject to and comply with the relevant controls.  | Internal auditors and external auditors review related party transactions as part of their review of the financial reports, if any, in compliance with the relevant controls.  | ✓ |
| 18-3-13 | Developing and reviewing regularly the company's policies on risk management, considering the company's business, market changes, investment trends and expansion plans of the company.  | The Internal Audit department audits the Risk Management department to ensure the effectiveness of its framework. An audit report was then prepared and submitted to Audit Committee considering the company's business, market changes, investment trends and expansion plans of the company.   | ✓ |
| 18-3-14 | Supervising the training programs on risk management prepared by the company.  | The Internal Audit department is aware of the risk-awareness program in the company.   | ✓ |
| 18-3-15 | Preparing and submitting periodic reports about risks and their management in the company to the board – at a time determined by the board – including its recommendations and preparing reports of certain risks at the request of the board or the chairman. | The Internal Audit department represents the audit committee. The Audit department has a risk-based approach. Firstly, Internal Audit department identifies company's risks through its own audits across the entire company's departments and operations. These audits cover but not limited to the company's entire operations, ethical standards, and anti-corruption policies. Secondly, Internal Audit department conducts periodic reviews of the company's Risk Management department to ensure the effectiveness of its framework. The Audit department reviews the entire risk register of the Risk Management department in order to identify further potential risks for the company. Thirdly, the Audit department conducts interviews with the executive management to explore other potential risks (operational, financial etc.). Last but not least, the Internal Audit department also reviews any other emerging risk for the company. After this holistic risk-based process, the Internal Audit department prepares its annual audit plan which is built on risk-based approach and does the required internal audits across the company. The Internal Audit department provides the required reports to Audit Committee. They also consider and perform any request from the board. | ✓ |

|         |  |   |   |
|---------|--|---|---|
| 18-3-16 | Implementing the assignments of the board regarding the company's internal controls.   | Audit committee considers all issues raised by the board to the committee and implements necessary actions accordingly.   | ✓ |
| 18-3-17 | Conducting a discussion with the external auditor and senior executive management about risk audits especially the appropriateness of the accounting decisions and estimates and submitting them to the board to be included in the annual report. | Audit committee, through Internal Audit department, discusses with the external auditor and senior executive management about risk audits. External auditor report is disclosed in the annual report. | ✓ |

**Article 19: Board Committees Work**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| -      | The board shall issue a decision to nominate the chairman and members of each committee, identifying its responsibilities, duties and work provisions and procedures.  | The board established three board committees: <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Compensation Committee</li> <li>Nomination Committee</li> </ul> Each committee developed a charter that dictates their roles, duties and responsibilities  | ✓          |
| -      | Audit Committee shall meet at least six meetings a year.   | Audit Committee held 6 meetings in 2023.   | ✓          |
| -      | It is prohibited to chair more than one committee composed by the board, and it is not permissible to combine the chair of the Audit Committee and the membership of any committee. The Nomination Committee and Remuneration Committee may be combined in one committee called "Nomination and Remuneration Committee". | Board Committees are structured in a way that: <ul style="list-style-type: none"> <li>No member chairs more than one committee</li> <li>Chairman of Audit Committee is not a member of any other committee</li> </ul> Nakilat has separate Nomination committee and compensation committee   | ✓          |
| -      | The committee's meeting shall be deemed valid if attended by its chairman and the majority of the members. A minute shall be prepared for each meeting including the meeting discussions signed by the committee's chairman.   | Board charter dictates that the quorum for any committee meeting requires 2 out of 3 members, provided the chairman of the committee is one of them. Secretaries of board committees are responsible for taking the minutes that are then signed by the chairman of the committee.   | ✓          |
| -      | Each committee shall submit an annual report to the board including its work and recommendations. The board shall review and evaluate the committees' achievements and include it in the governance report.  | Each committee submits to the board an annual report of its activities, and recommendations, if any. Summary of the board committees and their activities are disclosed in article (4-5) of this governance report. The board performance is in-line with the expectations which Nakilat's business plan spells out.<br><br>Committee achievements among others: <ul style="list-style-type: none"> <li><b>Audit Committee:</b> <ul style="list-style-type: none"> <li>Present and discuss 2022 Financial statements with the Board</li> <li>Recommended to the Board appointment of the external Auditor for year 2023</li> <li>Provide an update to the Board of directors on the 2022 Governance Report</li> <li>Follow up with the Audit Reports and endorse audit plans</li> </ul> </li> <li><b>Compensation Committee:</b> <ul style="list-style-type: none"> <li>Recommended remunerations for board of directors, senior executive management, and employees of the company</li> </ul> </li> </ul> | ✓          |

|  |  |  |  |
|--|--|--|--|
|  |  | <ul style="list-style-type: none"> <li><b>Nomination Committee:</b> <ul style="list-style-type: none"> <li>Conducted and Recommended to the Board, Board of Directors' 2022 annual Self-assessment Performance</li> <li>Discussed and reviewed Nomination Committee 2022 annual activities report and sought board approval</li> </ul> </li> </ul> |  |
|--|--|--|--|

**Article 20: Internal Control**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | The board shall adopt a proposal submitted by the Audit Committee on the company's internal control. The proposal shall include control mechanism, duties and functions of the company's departments and sections, its provisions and procedures of responsibility, and awareness and education programs for employees about the importance of self-control and internal controls.<br><br>The above-mentioned proposal shall include the company's plan in risk management that at least includes identifying major risks that may impact the company especially those related to recent technology, the company's ability to take risks, put in risks identification mechanisms to ensure its qualification and implement awareness programs and ways to mitigate them. | The Internal Audit department looks after internal controls in the company, that are defined by each department, and submits periodic reports to the board's audit committee. Further, the company established an Enterprise Risk Management (ERM) program and developed its governance and framework that solidifies the process of identifying, evaluating, measuring, and managing risks. Risk appetite and tolerance levels have also been defined as part of ERM practices and approved by the risk management committee. In addition, the company's top risks have been presented to the board and mitigating actions have also been identified. Lastly, the company has introduced risk-awareness programs that are aimed at embedding risk management consciousness within the company as well as sharing insightful information about ERM practices. | ✓          |

**Article 21: Internal Control Unit**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| 21-1   | Internal control system of the company shall include establishing one or more effective and independent unit(s) for assessment and management of risk, financial audit and overseeing the company's compliance with the controls of financial transactions, especially those done with any related party. This unit shall be managed by one or more internal auditor(s) who has qualification and experience in financial audit, performance assessment and risk management, and has access to all company's department to follow-up the unit work. The board shall issue a decision on appointing and determining functions and remuneration of the internal auditor and shall be responsible before the board. | The company has a specialized department responsible for facilitating and presenting comprehensive risk assessments that are conducted for investment opportunities and other matters, which are reviewed by the company's senior executive management and specialized risk committees. In addition, the Internal Audit department looks after internal controls in the company, which are defined by each department, and submits periodic reports to the audit committee. The Chief Internal Auditor of the company has been appointed by the audit committee chairman who met him and assessed his capabilities as part of the hiring process, and his compensation as per the company's remuneration policy. Internal auditor is responsible to report to the board. | ✓          |

**Article 22: Internal Control Reports**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| -      | Every three months, the internal auditor shall submit to the Audit Committee a report on the internal control achievements in the company. | The Internal Audit department submits every three months reports to the audit committee. | ✓          |



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|------|---|---|---|
| 22-1 | Procedures of control and supervision in respect of financial affairs, investments, and risk management.  | The company has a specialized Enterprise Risk Management (ERM) program and practices responsible for facilitating and presenting comprehensive risk assessments that are conducted for investment opportunities and other matters, which are reviewed by the company's senior executive management and specialized risk committees. The company's top risks are also presented to the board of directors in the annual business plan, for continuous oversight and management of risks. | ✓ |
| 22-2 | Review of the development of risk factors in the company and the appropriateness and effectiveness of the systems in the company to face the drastic or unexpected changes in the market. | The company has established an Enterprise Risk Management (ERM) program and governance framework that look after identifying, measuring, and effectively managing any potential risks that might hinder the company's ability to achieve its objective. The Internal Audit department also reviews all departmental risk registers on a regular basis to measure the effectiveness of the controls identified.  | ✓ |
| 22-3 | Comprehensive assessment of the company's performance regarding its implementation of the internal control system in compliance with provisions of this code.                             | Internal Audit department audits the company's internal controls.   | ✓ |
| 22-4 | The company's compliance with applicable market listing and disclosure rules and requirements.  | The company ensures that it is in compliance with applicable market listing and disclosure rules and requirements.  | ✓ |
| 22-5 | The company's compliance with internal control systems when determining and managing risks.   | The company's Internal Audit department reviews the internal controls related to risk management.   | ✓ |
| 22-6 | The risks faced the company, their types, causes and the actions taken in this regard.  | All risks are disclosed to relevant risk committees and senior management of the company, and if needed, escalated to the board of directors.   | ✓ |
| 22-7 | The suggestions for addressing the violations and mitigating the risks.   | Part of the risk assessment analysis the company conducts is the identification of mitigating controls and actions that will treat the risk.  | ✓ |

**Article 23: External Control**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The Audit Committee shall review and consider offers of external auditors registered in the external auditors list of the Authority, and then submit to the board a recommendation with reasons to choose one offer or more for appointment of the company's external auditor. Immediately, after the board's approval of the recommendation, it shall be included in the company's General Assembly agenda. The General Assembly shall appoint an External Auditor or more for one Year, renewable for a similar period or other similar periods up to a maximum of five consecutive Years, provided that the re-appointment shall not be before passing two consecutive Years. The external auditor and its employees are prohibited neither to reveal the company secrets, nor to combine between its assigned business, functions and duties and any other business in the company, nor to work at the company before at least one year from the date of relations end with such company. | The Audit Committee recommends to the board the appointment of external auditor. After approval, the appointment is announced in the general assembly. The appointment and renewal of the external auditor is according to QFMA's requirements which are stipulated in Article (60) of company's Articles of Association. The external auditors do not reveal any information about the company and abides by what is dictated in QFMA's governance code.<br><br>Nakilat's 2023 external auditor KPMG has been appointed in 2023 after AGM's approval. | ✓          |

**Article 24: Functions & Responsibilities of the External Auditor**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | The external auditor shall inform the board - in writing - about any risk to which the company exposed or expected to be exposed, and about all the violations immediately upon identification, as well as send a copy of that notice to the Authority. In this case, the external auditor shall have the right to invite the General Assembly to convene pursuant to the Law provisions in this regard, provided that informing the authority thereof.<br><br>The external auditor - even if they are more - shall submit one report to the General Assembly and read it, as well as shall send a copy to the authority with responsibility for the validity of data contained therein. Each shareholder of the General Assembly has the right to discuss with the external auditor and seek clarification in any matter of the report. | The external auditor conducts semi-annual reviews and annual audits for all Nakilat's entire operations. The external auditor prepares a report that is attached to the annual report and disclosed during the general assembly. The Articles of Association of the company (Article: 63) guarantees shareholders the right to ask questions or discuss any matters in the external auditor's report. | ✓          |
| 24-1   | Appropriateness and effectiveness of internal control systems implemented in the company   | The Internal Audit department periodically audits the internal controls, and the external auditor also reviews the internal control. The external auditor abides by his duties dictated in QFMA's governance code. The external auditor also states his opinion regarding the appropriateness and effectiveness of the internal controls.   | ✓          |
| 24-2   | The company's ability in continuous engaging activities and implementation of its obligations; that is evaluated independently of what is shown by the board.  | The external auditor states his opinion regarding this matter in the external auditor report that is disclosed in the company's annual report.  | ✓          |
| 24-3   | The company's compliance to develop all types of internal policies and procedures, and the appropriateness of them with the Company 'status, as well as its compliance with their implementation.  | The company ensures compliance with all policies and procedures for all Nakilat's operations in line with Internal Control Over Financial Reporting (ICOFR) assurance duties.   | ✓          |
| 24-4   | The company's compliance with its Articles of Associations and its compliance with the provisions of the Law and the Authority's relevant legislations, including the provisions of this Code.   | The external auditor provides his opinion on compliance with the company's Articles of Association and governance code.   | ✓          |
| 24-5   | The company's compliance with the implementation of the best international standards in auditing and the preparation of financial reports as well as its compliance with international audit and accounting standards (IFRS / IAS) and (ISA) and their requirements.   | The external auditor conducts semi-annual reviews and annual audits for all Nakilat's operations. The external Auditor prepares a report that is attached to the annual report and disclosed during the general assembly which includes its compliance with international audit and accounting standards and their requirements.  | ✓          |
| 24-6   | The company's cooperation with the External Auditor in providing access to the necessary information to complete its duties.   | The company ensures that it provides the external auditor with the information it requires to complete its audit.   | ✓          |

**Article 25: Disclosure**

| Clause   | Description   | Remarks   | Compliance                            |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |
|--|---|---|---------------------------------------|--------|---------------------------------------|--------|-------------------------------|---------|------------------------|---------|-------------|--------|--------|---------------|--|-------------|---|
| 25-1   | <p>The company must comply with disclosure requirements, including the financial reports, the number of shares owned by each of the chairman and the board members, senior executive management, and major shareholders or controlling shareholders.</p> <p>The company must also comply with disclosure about information related to the chairman, members, and committees of the board as well as their scientific and practical experiences as in the Curriculum Vitae (CV), and whether one of them is a board member, senior executive management of another company or a member of any of their board committees.</p> <p>The company must determine its policy on dealing with rumors by denying or proving, and on how to disclose clearly in writing without inconsistency with the Authority's relevant legislations. The board must ensure the accuracy and truth of the company's disclosure and its compliance with all disclosure rules.</p> | <p>The company follows all disclosure requirements. The financial reports are disclosed on a quarterly basis, and annual basis during the General Assembly, and attached to the annual report. The board ensures the accuracy and integrity of all disclosures and compliance requirements. Board members, board committees, and their information are disclosed on pages 39 to 40 of this report.</p> <p>Board members and senior executive management of the company, including their spouses and minor children, who own shares in the company as of 31<sup>st</sup> December 2023, are disclosed below:</p> <table><tr><td>Abdulaziz Jassim Al-Muftah (Chairman)</td><td>16,920</td></tr><tr><td>Ahmad Saif Al Sulaiti (Vice-Chairman)</td><td>10,020</td></tr><tr><td>Sheikh Hamad Mohamed Al-Thani</td><td>100,000</td></tr><tr><td>Khalid Said Al-Rumaihi</td><td>118,220</td></tr></table> <p>Shareholders who own, directly or indirectly (5%) or more of company's capital as of 31<sup>st</sup> December 2023 – Source: Edaa</p> <table><tr><th>Shareholder</th><th>Shares</th></tr><tr><td>Milaha</td><td>2,008,106,480</td></tr><tr><td>General Retirement &amp; Social Insurance Authority - Civil Fund</td><td>791,404,719</td></tr></table> <p>The company's Public Relations department deals with any rumors by denying or proving and works towards ensuring that issues are immediately rectified with concerned parties.</p> | Abdulaziz Jassim Al-Muftah (Chairman) | 16,920 | Ahmad Saif Al Sulaiti (Vice-Chairman) | 10,020 | Sheikh Hamad Mohamed Al-Thani | 100,000 | Khalid Said Al-Rumaihi | 118,220 | Shareholder | Shares | Milaha | 2,008,106,480 | General Retirement & Social Insurance Authority - Civil Fund | 791,404,719 | ✓ |
| Abdulaziz Jassim Al-Muftah (Chairman)                        | 16,920  |   |                                       |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |
| Ahmad Saif Al Sulaiti (Vice-Chairman)                        | 10,020  |   |                                       |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |
| Sheikh Hamad Mohamed Al-Thani                                | 100,000   |   |                                       |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |
| Khalid Said Al-Rumaihi                                       | 118,220   |   |                                       |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |
| Shareholder  | Shares  |   |                                       |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |
| Milaha   | 2,008,106,480   |   |                                       |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |
| General Retirement & Social Insurance Authority - Civil Fund | 791,404,719   |   |                                       |        |                                       |        |                               |         |                        |         |             |        |        |               |  |             |   |

**Article 26: Conflicts of Interest**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | <p>Without prejudice to the provisions of the Law in this regard, the board shall comply with the principles of this Code and with the disclosure for dealings and transactions, which the company enters with any "Related Party" and in which such Related Party has an interest that may conflict with the company's interest.</p> <p>Prior at least a week from the date of holding the General Assembly called for considering the company's budget and the board's report, the board must disclose in detail for the shareholders about the abovementioned dealings and transactions and must disclose them in the company's annual report. In all cases, the company must not carry out any dealing or enter into any transaction with any "Related Party" only after the approval of the General Assembly of the company and must be included in the agenda of the next General Assembly to complete the procedures.</p> | <p>The board complies with the principles of this Code and with the disclosure for dealings and transactions, which the company enters with any "Related Party" and in which such Related Party has an interest that may conflict with the company's interest.</p> <p>The company has a policy related to dealings and transactions with related party. Related party transactions are disclosed in the annual report of the company and present it specifically in the Annual General Meeting, if any.</p> | ✓          |

**Article 27: Transparency and Upholding the Company's Interest**

| Clause | Description   | Remarks   | Compliance |
|--------|---|---|------------|
| 27-1   | Any related party, which is a party, has a relation with a business dealing, or has a relation with or a transaction entered into by the company, shall not attend the board meeting while discussing that dealing, relationship or transaction. Such Related Party shall not be entitled to vote on what issued by the board regarding these relationships or transactions. In all cases, all relationships held by the company with others must serve the company's interest, as well as all transactions shall be made according to market prices and on arm's length basis and shall not involve terms that are contrary to the company's interest. | The approval of related-party transactions, if any, requires the approval of majority of board members and without the participation of relevant members who have conflict of interest in the voting process. All relationships held by the company with others serve the company's interest, as well as all transactions are made according to market prices and on arm's length basis and do not involve terms that are contrary to the company's interest. | ✓          |

**Article 28: Disclosure of Securities Trading**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The board members, senior executive management, all insiders, their spouses and minor children must disclose any trading and transaction they carry out involving the company's shares and any other securities, and the board shall adopt clear rules and procedures regulating trading of the insiders in securities issued by the company. | The company has an insider trading policy and procedure that regulates the disclosure system with the company's securities. All Nakilat's board members, senior executives, and insiders including their spouses and minor children, are required to disclose the number of company's shares that they own. Insider trading black-out dates are communicated to Nakilat board, executive management team, and all employees as per the requirements prior to the disclosure of any financial results to the Qatar Stock Exchange. As per the requirements, the list of all insiders is always updated, monitored, and shared with the required parties. In addition, the Board of directors, through the executive management of the company, has adopted clear rules and procedures regulating trading of the insiders in securities issued by the company. | ✓          |

**Article 29: Shareholders Equality in Rights**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | <p>Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the law, regulations and relevant decisions.</p> <p>The company's Articles of Associations and by-laws shall include procedures and guarantees needed for all shareholders to exercise their rights. The rights to dispose of shares, obtain the determined dividends, attend the general assembly and participate in its deliberations and voting on decisions, as well as the right to access to information and request it with no harm to the company's interests.</p> | All Shareholders have equal rights to vote, obtaining dividends, attending general assemblies, and all other rights as dictated by the company's Articles of Association (Articles: 20, 21, and 63 among others) and also, as per article 74 of the company articles of association, Nakilat complies with Commercial Companies Law including articles 89, 128 and 149 among others, which guarantees the rights of the shareholder in this regard. To keep our shareholders well informed about all material information, the company publishes all material and necessary information on its company's website and on Qatar Exchange's website. | ✓          |



**Article 30: Access to Ownership Register**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The company shall submit, monthly, an application to the depositary to get updated copy of shareholder's register and maintain it all times | The company's Investors Relation team requests Edaa a copy of shareholders registers as needed.<br><br>In addition, Nakilat receives on a monthly basis an updated shareholders' list from Edaa. | ✓          |

**Article 31: Shareholders Right to Access Information**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | The company's Articles of Associations and by-laws shall include procedures of access to Information that enable the shareholder to exercise full rights without prejudice to other shareholders' rights or harm the company's interest. The company shall comply to check and update the Information regularly, and to provide the shareholders with all Information they deemed important and enable them to exercise their rights fully, using new and modern technologies. | All Shareholders have the right to access the information they need as dictated by the company's Articles of Association (Articles: 63-64 among others) and also, as per article 74 of the company Articles of Association, Nakilat complies with Commercial Companies Law including articles 122, 184 and 196 among others, which guarantees the rights of the shareholder in this regard. All materials are disclosed on the company's website and Qatar Stock Exchange website. The company is also in compliance with disclosure requirements and bylaws of Qatar Stock Exchange. | ✓          |

**Article 32: Shareholders' Rights Related to General Assembly**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| 32-1   | The shareholder(s) who owns at least (10%) of the company's capital shall, for serious grounds, be entitled to request an invitation to convene general assembly. The shareholders representing at least (25%) of the company's capital shall be entitled to invite extraordinary general assembly to convene pursuant to the procedures prescribed by the Law and the regulations in this regard. | The board of directors gives the right for shareholders to call for a general assembly or an extraordinary general assembly in accordance to the conditions as per article (32-1) of QFMA governance code, which is also stipulated in articles (50) and (52) of the company's Articles of Association.   | ✓          |
| 32-2   | The right to request including certain issues in the General Assembly's agenda to be discussed in the meeting if the board do not include such issues and the Assembly decided that.   | Shareholders who own at least 5% of company's capital can add items to the agenda of the general assembly meeting as per article 55 in the company's Articles of Association.   | ✓          |
| 32-3   | The right to attend meetings of the General Assembly, and to allow the opportunity to effectively participate in them and in its deliberations as well as discuss matters listed in the agenda, and to facilitate knowing date and place of the Assembly and the issues listed in the agenda as well as the rules governing the discussions and asking questions.                                  | All shareholders have the right to attend and participate in the general assembly. The invitation and agenda are disclosed on the website of Qatar Exchange and the website of the company and be either published in daily newspapers or sent to the shareholders in any way that confirms knowledge of meeting 21 days before the general assembly. | ✓          |
| 32-4   | A shareholder shall – in writing and upon a power of attorney- be entitled to appoint another shareholder who is not a board member to attend the General Assembly on his behalf; if shareholder by proxy shall not own more than (5%) of the company's capital shares.  | The Articles of Association of the company (Article 45) dictates shareholders rights to appoint another shareholder to attend the General Assembly. In addition, proxy voting is permitted. The form is attached to the general assembly invitation published in local newspapers for the shareholders to use as needed.                              | ✓          |
| 32-5   | The right of minors and shareholders restricted to attend the general assembly meeting, to be represented by their legal attorneys.  | The Articles of Association of the company (Article 45) guarantees minors and restricted shareholders shall be represented accordingly. The company's Articles of Association dictates that minors shall be represented by their legal representatives during the general assembly.   | ✓          |

|      |   |  |   |
|------|---|--|---|
| 32-6 | The shareholder shall be entitled to ask questions to the board members and shall be answered in a manner that does not prejudice the company's interests and shall be entitled to appeal to the general assembly if the answer considered as not sufficient.   | The Articles of Association of the company (Article 57) guarantees the right of all shareholders to have the right to ask questions that are answered by the board of directors during the general assembly. If the shareholder found the answer to be insufficient, his appeal shall be recorded in the minutes of the general assembly.  | ✓ |
| 32-7 | The right to vote on general assembly decisions, and to facilitate all information about the rules and procedures governing the voting process.   | Voting is a shareholder right and it is done as dictated by article (46) of the company's Articles of Association. Proxy voting is also permitted.   | ✓ |
| 32-8 | The shareholder shall be entitled to object to any decision deemed for the interest or harm of a certain group of shareholders; or brings a special benefit for board members or others without regard to the company's interests and be entitled to demonstrate this in the meeting minutes and to invalidate the objection according to the provisions of the law in this regard. | The Articles of Association of the company guarantees the right of the shareholder in this regard, through the articles mentioned in Chapter Five "General Assembly" (Article 43 to Article 59). As per the Article 74 of Articles of Association of the company "The provisions of the Commercial Companies Law promulgated by Law No. (11) for the year 2015 and the provisions of the Governance Code issued by Qatar Financial Market Authority shall apply for matters not addressed in the company's Articles of Association." And with reference to the articles stipulated in the Commercial Law regarding the meeting of the General Assembly (Article 123 to 136), each shareholder has the right to attend the meetings of the General Assembly and the right to discuss the topics listed on the agenda of the General Assembly and directing questions to the members of the board of directors and register their objection. As per the law, it is also permissible to invalidate every decision issued in the interest of a certain group of shareholders or harm them or bring a special benefit to the members of the board of directors or others without taking into account the interest of the company.<br><br>Any objections in the general assembly by shareholders are captured in the minutes of meeting which shall be signed by the chairman of the meeting, BoD Secretary, Vote collector, and the auditors. | ✓ |

**Article 33: Facilitating Effective Participation in General Assembly**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The company shall choose the most appropriate place and time of the general assembly and shall use new and modern technologies in communicating with shareholders to facilitate the effective participation of the greatest number of them in the general assembly.<br><br>The company shall enable shareholders to know the matters listed on the agenda and any new matters accompanied by sufficient information that enable them to make their decisions and shall also enable them to pursue the general assembly minutes. The company shall disclose the results of the general assembly immediately upon finishing and send a copy of such minutes to the authority immediately upon approval. | The company ensures that it hosts the general assembly in an appropriate place and time for the shareholders. The invitation and agenda are disclosed on the website of Qatar Exchange and the website of the company and be either published in a daily newspaper or sent to the shareholders in any way that confirms knowledge of meeting 21 days before the general assembly.<br><br>The board secretary is responsible for taking the minutes of the general assembly and sending a copy to relevant authorities. | ✓          |

**Article 34: Shareholders' Rights Related to Voting**

| Clause | Description  | Remarks  | Compliance |
|--------|--|--|------------|
| -      | Voting is a shareholder's right - can be exercised in person or by a legal representative - which shall not be waived or denied. The company is prohibited to put any limitations or take any action might hamper the use of the shareholder's voting right. The shareholders shall be afforded all possible assistance as may facilitate to exercise of the right to vote, using the new and modern technologies. | Voting is a shareholder right and it is done as dictated by article (46) of the company's Articles of Association. Proxy voting is also permitted. | ✓          |

**Article 35: Shareholders' Rights Related to Board Members Election**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The company shall comply with disclosure requirements relating to board members' candidates and shall inform in sufficient time the shareholders all the information of all candidates and their knowledge and practical experiences as in their Curriculum Vitae before the date determined for convening the General Assembly. The General Assembly shall elect the board members by secret ballot in accordance with the Cumulative Voting method. | In the case of an election, all necessary information related to the candidates for board membership are disclosed to the shareholders, in sufficient time as per regulatory requirements. Voting for board membership election is done in accordance to the method followed by Qatar Financial Markets Authority. | ✓          |

**Article 36: Shareholders' Rights Regarding Dividends Distribution**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | The company's Articles of Associations shall determine - without prejudice to the company's ability to fulfill its obligations to third parties - the minimum percentage of net dividends that should be distributed to shareholders. The board shall lay down a clear policy for the distribution of such dividends, in a manner that may realize the interests of the company and shareholders; shareholders shall be informed of that policy during the General Assembly and reference thereto shall be made in the board report. The dividends approved by the General Assembly for distribution, whether they be in cash or bonus shares shall be given, as of right, to shares owners who are listed in the register kept at the depository at the end of trading session on the day on which the General Assembly is convened. | The company ensures that it adopts a clear dividend distribution policy, as per article (67) of company's Articles of Association, that is in the best interest of the company and the shareholders. The dividend distribution policy is part of the company's Articles of Association that was disclosed to the shareholders in the general assembly. Annual dividends are announced during the general assembly that gets approved by shareholders. The amount of the annual dividend distribution is also disclosed in the board's report which is part of the company's annual report. | ✓          |

**Article 37: Shareholders' Rights Related to Major Transactions**

| Clause   | Description   | Remarks  | Compliance  |        |        |               |  |             |   |
|--|---|--|-------------|--------|--------|---------------|--|-------------|---|
| -  | The company's Articles of Associations shall include a specific mechanism for the protection of shareholders' rights in general and minorities if the company conducted major transactions that might harm their interests or prejudice the ownership of the company's capital. In all cases, the company must disclose its capital structure, any agreement concluded thereto, and the shareholders who own, directly or indirectly, (5%) or more of the shares. | <p>As per the Article 74 of Articles of Association of the company "The provisions of the Commercial Companies Law promulgated by Law No. (11) for the year 2015 and the provisions of the Governance Code issued by Qatar Financial Market Authority shall apply for matters not addressed in the company's Articles of Association" And with reference to the articles stipulated in the Commercial Law regarding which included many mechanisms to protect the rights of shareholders in general and minorities in particular in the event the company concludes major transactions that might harm their interests or prejudice the ownership of the company's capital, including the following articles: (136, 166, 198, 195, 192, 137, 132 etc.). The company's Articles of Association has mechanism for the protection of shareholders' rights in general and minorities if the company conducted major transactions that might harm their interests or prejudice the ownership of the company's capital.</p> <p>Shareholders who own, directly or indirectly (5%) or more of company's capital as of 31<sup>st</sup> December 2023 – Source: Edaa</p> <table><tr><th>Shareholder</th><th>Shares</th></tr><tr><td>Milaha</td><td>2,008,106,480</td></tr><tr><td>General Retirement &amp; Social Insurance Authority - Civil Fund</td><td>791,404,719</td></tr></table> | Shareholder | Shares | Milaha | 2,008,106,480 | General Retirement & Social Insurance Authority - Civil Fund | 791,404,719 | ✓ |
| Shareholder  | Shares  |  |             |        |        |               |  |             |   |
| Milaha   | 2,008,106,480   |  |             |        |        |               |  |             |   |
| General Retirement & Social Insurance Authority - Civil Fund | 791,404,719   |  |             |        |        |               |  |             |   |

**Article 38: The Stakeholders' Rights (Non-Shareholders)**

| Clause | Description   | Remarks  | Compliance |
|--------|---|--|------------|
| -      | <p>The company shall maintain and respect the stakeholders' rights. Each stakeholder in the company may request the Information related to his interest with attaching a proof of capacity, and the company shall provide the requested information in a timely manner and in a way, that does not threaten the others' interests or prejudice the company's interests.</p> <p>The board shall establish, in writing, a mechanism that defines procedures of the stakeholders' appeals against the decisions and actions of the company's officials and senior executive management, and other procedures to receive and consider their complaints, proposals and notifications regarding all aspect's affecting the company's interests and funds. The mechanism shall state the confidentiality of content of such complaint, proposal or notification, and shall protect the applicant, and deadlines to decide on appeals and response to complaints and proposals.</p> | <p>Stakeholders' rights are always respected by the company and managed by our Public Relations department as dictated in the policies and procedures. Nakilat has established, in writing different mechanisms that define procedures of the stakeholders' appeals against the decisions and actions of the company's officials and senior executive management, and other procedures to receive and consider their complaints, proposals and notifications regarding all aspects affecting the company's interests and funds.</p> <p>The company's website also acts as platform for any stakeholder that wishes to communicate with the company. In addition, the company has whistleblowing mechanisms for all stakeholders to disclose any complaints or unethical acts, and their confidentiality/anonymity will be legally protected if they wish so, through reporting to the designated authorities or Nakilat's whistleblowing channel at <a href="mailto:compliance_reporting@nakilat.com">compliance_reporting@nakilat.com</a></p> | ✓          |



**Article 39: The Community's Right**

| Clause | Description  | Remarks   | Compliance |
|--------|--|---|------------|
| -      | The company shall do its part in community development and promotion, and the environment preservation through effective and meaningful participation system of corporate social responsibility. | <p>The company's Public Relations policies and procedures states that the company plans for Corporate Social Responsibility (CSR) activities in the yearly event calendar of the company and organize them by targeting four main pillars which are: community development, promoting education, raising awareness for healthy living, or preservation of the environment.</p> <p>The board also ensures the company always strives to take an active role in the community and puts the effort into giving its best to the community by effective and value-adding contribution.</p> <p>The company had 3 CSR activities in 2023, and the aim is to enhance the company's social responsibility.</p> | ✓          |

**Abdulaziz Jassim Al-Muftah**  
Chairman of the Board

**Appendix (A): Board Elections Process and Criteria****Process**

Elections for board membership are held every three years, or when there's a vacancy within Nakilat's board of directors due to any reason. In all cases, the board's nomination committee will be responsible for handling candidacy applications and recommending who deems fit as per the requirements specified by Qatar Financial Markets Authority (QFMA).

| Step | Action  |
|------|---|
| 1    | Opening of election periods will be announced on local newspapers and Qatar Exchange (QE) website to allow enough time for candidates to apply.   |
| 2    | Nakilat to provide to all eligible candidates the application forms to nominate themselves for board membership election. All forms shall be filled by each candidate at Nakilat's head office.             |
| 3    | Nakilat to send all filled candidates' application forms to Ministry of Commerce and Industry(C&I) and QFMA for their approval, at least two weeks before the date specified for board membership election. |
| 4    | Elections will be done during the upcoming General Assembly for shareholders to elect the candidates.   |
| 5    | Voting will be done through secret ballot, and in accordance to QFMA rules and requirements.  |
| 6    | On election day, quorum must be achieved for casting the ballot.  |
| 7    | Announcement made for election results and new board members announced.   |

**Criteria**

All candidates must adhere with the requirements of board membership eligibility as per the Governance Code and Commercial Companies Law, to be considered for appointment.

| # | Criteria   |
|---|--|
| 1 | Shall not be less than twenty-one (21) years old and shall have full legal capacity.   |
| 2 | Should not have been convicted of a felony or a crime in breach of honor or trust, or any of the crimes stipulated in Articles No. (334) and (335) of the Commercial Companies Law, or been declared bankrupt unless he has been rehabilitated, and Article (40) of Qatar Financial Markets Authority 2012 Law.  |
| 3 | Should own 23,000,000 (Twenty-three million) shares of the company shares. These shares shall be deposited with the depository or in one of the approved banks, within sixty days from the membership date, and shall be deposited without being subject to negotiation or mortgage or attachment until the expiry of the director's membership and the financial statement of the last financial year in which the member carried out his business is approved. These shares shall be assigned to the security of the rights of the company, shareholders, creditors and third parties against the responsibilities assumed by members of the Board of Directors. |
| 4 | Board member shall submit a declaration form acknowledging that he/she does not combine legally prohibited positions with Nakilat's board membership as per QFMA's governance code and Commercial Companies Law.   |
| 5 | For independent board member, it should be in compliance with QFMAs requirements   |

If a member of the Board of Directors missed one of these conditions, the membership status will be ceased from the date of losing such condition.

Independent members and members of representing employees of the company are exempted from the company's possession of the company's shares provided for in item (3) above.

Appendix (B): Related Party Policy

Purpose

The purpose of this procedure is to define the roles and responsibilities and establish governance and due process for dealing with any situation where a Related Party Transaction, including Major Transaction as defined hereunder, is deemed to exist or likely to exist to ensure that all such transactions have been identified, disclosed, managed and reported in a fair, reasonable and consistent manner thus eliminating a potential conflict of interest, and always for the best interest of the company and its stakeholders and in accordance with the applicable legal and accounting frameworks.

Scope

The scope of this procedure includes the authority, responsibilities, duties, processes and functions specific to any transaction pertaining to a Related Party only.

Definitions

As used in this procedure, the terms shall have the following meanings:

- “Commercially Sensitive Information” means information, which is confidential to company in relation to shipping, vessel management, financial, commercial and marketing information in connection with LNG, liquefied petroleum gas, condensate, sulphur, helium, and all by-products relating to the transportation of LNG.
- “Contract” shall be construed to also include “Purchase Orders” and “Contract Work Orders” for procurement of goods and services.
- “company” means Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C.
- “BOD” means the Board of Directors of Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C.
- “Related Party” means a person that is a Board member of the company or a company of its group; is a Member of the Senior Executive Management of the company or any company of its group; owns at least (5%) of the company shares or any of its group; or is a family member or relative of any of the former mentioned to the second degree. It includes the legal persons controlled by a member of the Board of the company or any company of its group or of Senior Executive Management and their relatives to the second degree, or that participated in a project or a partnership of any kind with the company or any company of its group.
- “Senior Executive Management” means Chief Executive Officer (CEO) and other executive managers reporting directly to CEO and additionally Chief Internal Auditor of the company.
- “Transaction with Related Party” or “Related Party Transaction” means, for the purposes of this P&P, any Transaction between the company and a Related Party that would be required to be disclosed and includes, but is not limited to, any financial transaction, arrangement or relationship including indebtedness and guarantees of indebtedness or any series of similar transactions, arrangements or relationships in which the company is a participant and any Related Party had or will have a direct or indirect material interest being as the owner, board member, officer, director or nominee for a supplier, vendor, contractor, entity, organization or third party for which there is a commercial and/or financial transaction pertaining to an order, contract agreement, warranty or any other form of award including, but not limited to, lease transactions, sale or purchase transactions, contracts, agreements, commitments, creditor/debtor transactions or guarantees.
- “Major Transaction” means any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the company or assets to be acquired by the company or transactions which would change the essential nature of the company business; or those whose gross value exceeds ten percent (10%) of the lesser of either the company’s market value or the net value of the company’s assets according to the latest announced financial statements.

Policy and Procedure

General

It is the policy of the company, as approved by BOD, that all Transactions with Related Parties, as those terms are defined above in this P&P, shall be subject to declaration (disclosure), approval or ratification in accordance with this P&P.

Information and terms of any contemplated transaction, including, but not limited to, conflict of interest, whether direct or indirect personal interest, access to Commercially Sensitive and/or Confidential Information, shall be declared as far in advance as practicable to allow adequate consideration of the proposed transaction.

In all cases, all relationships held by the company with others must serve the company’s interest, as well as all transactions shall be made according to the market prices and on ‘arm’s length’ basis and shall not involve terms that are contrary to the company’s interest.

Related Party Transaction – Employees

In the event of an employee of the company is the Related Party in the proposed Related Party Transaction , including the Major Transaction, with the company, the matter shall always be governed, resolved and managed, including undertaking of the subsequent steps, in strict accordance and full compliance with the company’s Code of Ethics and Conflict of Interest provisions as included in Employee Relations P&P and other applicable Supply, Finance and Audit P&Ps, including Consolidated Tender Committee P&P and TOFA.

Related Party Transaction – Members of BOD and/or Senior Executive Management

Declaration of Related Party Transaction

In the event of a member of BOD and/or Senior Executive Management is the Related Party in the proposed Related Party Transaction with the company, the member is required to declare and disclose the relationship in writing to the Chairman of the Audit Committee of BOD advising the potential transaction and all proposed terms of the subject transaction for consideration.

The formal enquiry (invitation to tender or any formal solicitation) documents issued by the company for the required materials and services (or combined) shall include the necessary provisions requiring a disclosure and declaration of a Related Party status and/or any potential conflict of interest as part of the offer submission by the third-party suppliers and contractors.

Supply Manager shall, on annual basis, report all Related Party Transactions to:

- Chief Financial Officer in order to disclose those transactions in the annual Governance Report; and
- Chief Internal Auditor in order to report those transactions to the BOD Audit Committee.
- The company shall notify BOD of the proposed Related Party Transaction in the event of the potential conflict of the interest and/or whenever the company interests so require.

Review of Related Party Transaction

In the event of a member of BOD and/or Senior Executive Management is the Related Party in the proposed transaction with the company, the BOD, may decide on the format of consideration, including the requirement for BOD meeting whenever the company interests so require.

During the review of the Transaction with the Related Party, the BOD shall, at its discretion, consider the factors, including but not limited to:

- Business rationale for the transaction;
- Commercial reasonableness and fairness of the terms of the proposed transaction as if the proposed transaction does not involve the Related Party;
- Conflict of Interest and potential impact on the independence of the Related Party;
- Legal, financial and regulatory requirements applicable to the proposed transaction; etc.

Any Related Party, which is a party, has a relation with a business dealing or has a relation with or a transaction entered into by the company, shall not attend the Board meeting while discussing that dealing, relationship or transaction.

Related Party Major Transaction

In all cases, the company must not carry out any dealing or enter into any Major Transaction (as defined above in this P&P) with any Related Party only after the approval of the General Assembly of the company and must be included in the agenda of the upcoming General Assembly to complete procedures.



**QATAR GAS TRANSPORT COMPANY  
LIMITED (NAKILAT) (QPSC)**

**DOHA - QATAR**

Consolidated financial statements for the year ended  
December 31, 2023

Together with independent auditor's report

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To the Shareholders of Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C)

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market (“the Code”) issued by the Qatar Financial Markets Authority (“QFMA”), we were engaged by the Board of Directors of Qatar Gas Transport Company Limited (Nakilat) (Q.P.S.C) (“the Company”) and its subsidiaries (together referred to as “the Group”) to carry out a reasonable assurance engagement over Board of Directors’ description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Group’s internal controls over financial reporting (the ‘ICOFR’) as at 31 December 2023 (the “Statement”).

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing and fairly stating the Statement that is free from material misstatement and for the information contained therein.

The Statement, which was signed by the Board of Directors and shared with KPMG on 02 January 2024 and is to be included in the annual report of the Group, includes the following:

- the Board of Directors’ assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of revenue, operating and general expenses, treasury, inventory, property and equipment, human resources and payroll, general ledger, financial reporting, entity level controls, information technology general controls, and disclosure controls;
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
- planning and performance of the management’s testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO” or “COSO Framework”).

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Group’s ICOFR.

The Board of Directors is also responsible for preventing and detecting fraud and for identifying and ensuring that the Group complies with laws and regulations applicable to its activities. The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Group and to issue a report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Statement is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the suitability of the design, implementation and operating effectiveness of the Group’s internal controls over financial reporting, whether due to fraud or error.

Our engagement also included assessing the appropriateness of the Group’s ICOFR, and the suitability of the criteria used by the Group in preparing and presenting the Statement in the circumstances of the engagement,, evaluating the overall presentation of the Statement, and whether the internal controls over financial reporting are suitably designed, implemented and are operating effectively as of 31 December 2023 based on the COSO Framework. Reasonable assurance is less than absolute assurance.

The procedures performed over the Statement include, but are not limited to, the following:

- Conducted inquiries with management of the Group to gain an understanding of the risk assessment and scoping exercise conducted by management;
- Examined the in-scope areas using materiality at the Group’s consolidated financial statement level;
- Assessed the adequacy of the following:
  - Process level control documentation and related risks and controls as summarized in the Risk & Control Matrix (“RCM”);
  - Control Environment, Risk Assessment, Monitoring, and Information and Communication (CERAMIC) controls documentation and related risks and controls as summarized in the RCM;
  - Risk arising from Information Technology and controls as summarized in the RCM;
  - Disclosure controls as summarized in the RCM.
- Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;
- Inspected the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
- Assessed the significance of any internal control weaknesses identified by management;
- Assessed the significance of any additional gaps identified through the procedures performed.
- Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;
- Examined the management’s testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
- Re-performed tests on key controls to gain comfort on the management testing of operating effectiveness.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

We have made such enquiries of the auditors of significant components within the Group concerned and have reviewed their work to the extent necessary to form our conclusion. We remain solely responsible for our conclusion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information to be included in the Group’s annual report which is expected to be made available to us after the date of this report. The Statement and our reasonable assurance report thereon will be included in the annual report. When we read the annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors’ Report on Internal Controls over Financial Reporting and the methods used for determining such information. Because of the inherent limitations of internal controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met. Also, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Furthermore, the controls activities designed, and operated as of 31 December 2023 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting prior to the date those controls were placed in operation.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Group, based on the criteria established in the COSO Framework.



Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors' Statement fairly presents that the Group's ICOFR were properly designed and implemented and are operating effectively in accordance with the COSO framework as at 31 December 2023.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company own internal purposes) or in part, without our prior written consent.

28 January 2024  
Doha  
State of Qatar

  
Gopal Balasubramaniam  
KPMG  
Auditor's Registration No. 251  
Licensed by QFMA: External  
Auditor's License No. 120153  


General

The Board of Directors of Qatar Gas Transport Company Limited (QPSC) ("Nakilat") and its consolidated subsidiaries (together "the Group") is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR") as required by Qatar Financial Markets Authority ("QFMA"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

Risks in Financial Reporting

The main risks in financial reporting are that either the consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the consolidated financial statements.

To confine those risks of financial reporting, the Group has established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Group's ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence - assets and liabilities exist and transactions have occurred;
- Completeness - all transactions are recorded, account balances are included in the consolidated financial statements;
- Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;
- Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities; and
- Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Organization of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business and support functions with an involvement in reviewing the reliability of the books and records that underlie the consolidated financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the consolidated financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual consolidated financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the consolidated financial statements themselves. Controls which have an indirect effect on the consolidated financial statements include entity level controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2023, the Group has undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- The risk of misstatement of the consolidated financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and
- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Revenue, Operating Expenses, Treasury, Inventory, Property, Plant and Equipment, Human Resources and Payroll, General Ledger and Financial Reporting. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls, Information Technology General Controls, and Disclosure Controls.

As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of December 31, 2023.

To the Shareholders of

Qatar Gas Transport Company Limited (Nakilat) Q.P.S.C

Opinion

We have audited the consolidated financial statements of Qatar Gas Transport Company Limited (Nakilat) Q.P.S.C (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, 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.

| Carrying value of property and equipment  |  |
|---|--|
| See Note 4 to the consolidated financial statements   |  |
| The key audit matter  | How the matter was addressed in our audit  |
| <p>We focused on this area due to:</p> <ul style="list-style-type: none"><li>• the carrying value of the Group's property and equipment as at 31 December 2023 was QR 21,002 million (2022: QR 21,327 million) and the related depreciation charge for the year was QR 941 million (2022: QR 953 million) respectively. This represent 66% and 60% of the Group's total assets and the net profit respectively, hence a material portion of the consolidated financial position and consolidated income.</li><li>• the useful life of the vessels including estimation of residual values for the purpose of depreciation charge are reviewed annually by the management with reference to available facts and circumstances. This involves management judgement and estimates, hence, we considered this to be a key audit matter.</li></ul> | <p>Our audit procedures in this area included the following, among others:</p> <ul style="list-style-type: none"><li>• testing the design, implementation, and operating effectiveness of key controls around the processes of estimating useful lives and residual values;</li><li>• assessing the reasonableness of Group management's assertions and estimates regarding estimated useful lives and residual values based on our knowledge and experience of the industry;</li><li>• assessing the criteria used for recognizing costs incurred and capitalized during the year, ensuring alignment with the relevant accounting standards and verifying the additions to source documents through a sample-based approach;</li><li>• recalculating the depreciation charge, on a sample basis;</li><li>• challenging the Group's assessment of possible internal and external indicators of impairment in relation to the vessels, such as obsolescence, decline in market value, operating losses etc., based on our knowledge and experience of the industry and understanding of the charter hire agreements, and</li><li>• evaluating the adequacy of the disclosures in the consolidated financial statements including disclosures of key assumptions and judgments.</li></ul> |



| Investments in joint venture companies  |  |
|---|--|
| See Note 5 to the consolidated financial statements.  |  |
| The key audit matter  | How the matter was addressed in our audit  |
| <p>We focused on this area due to:</p> <ul style="list-style-type: none"><li>the Group has investments in joint ventures whose operations are spread across Qatar and outside Qatar.</li><li>the carrying value of investments in joint ventures and the Group's share of results in the joint ventures represents 18% and 50% of the Group's total assets and the net profit respectively, hence a material portion of the consolidated financial position and consolidated income, hence, we considered this to be a key audit matter.</li></ul>  | <p>Our audit procedures in this area included the following, among others:</p> <ul style="list-style-type: none"><li>assessing the audited financial information submitted by the joint ventures for consistency with the accounting policies of the Group;</li><li>obtaining the Group's joint venture financial information to confirm whether the Group's interests in the profits, other comprehensive income and net assets were accounted in accordance with the Group's participatory interests in the joint ventures; and</li><li>assessing the adequacy of the Group's disclosures in relation to the investments in joint ventures by reference to the requirements of the relevant accounting standards.</li></ul>  |
| Fair valuation and hedge effectiveness of cash flow hedges  |  |
| See Note 14 to the consolidated financial statements.   |  |
| The key audit matter  | How the matter was addressed in our audit  |
| <p>We focused on this area due to:</p> <ul style="list-style-type: none"><li>the Group entered into a number of interest rate swaps agreements to hedge its exposure to interest rate risk. These hedge transactions gave rise to derivative financial liabilities of QR 414 million as at 31 December 2023 (2022: QR 509 million). This represents 2% of the Group's total liabilities, hence a material portion of the consolidated financial statements.</li><li>the hedging instruments are required to be fair valued at each reporting date. The valuation of the hedging instruments and forming a conclusion that hedge continues to be effective involve a significant degree of complexity and judgement, hence, we considered this to be a key audit matter.</li></ul> | <p>Our audit procedures in this area included the following, among others:</p> <ul style="list-style-type: none"><li>assessing the design, implementation and operating effectiveness of management's key internal controls over interest rate swaps and the related hedge accounting.</li><li>assessing whether the hedge instruments are correctly classified as cash flow hedges by reference to the requirements of the relevant accounting standards;</li><li>involving our own specialists to assist us in challenging the valuations produced by the Group and assessing the appropriateness of the hedge effectiveness methodology;</li><li>reconfirming the counter-parties' valuation from the independent source on a sample basis; and</li><li>evaluating the adequacy of the disclosures in the consolidated financial statements including disclosure of key assumptions, judgments and sensitivities.</li></ul> |

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 13 February 2023.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

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

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

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

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

**Report on Other Legal and Regulatory Requirements**

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

1. We have obtained all the information and explanations we considered necessary for the purposes of our audit.
2. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
3. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company.
4. Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.
5. We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2023.

28 January 2024  
Doha  
State of Qatar

  
Gopal Balasubramaniam  
KPMG  
Qatar Auditors Registry Number 251  
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Auditor's License No. 120153



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS OF DECEMBER 31, 2023****(Amount Expressed in Thousands of Qatari Riyals)**

|                                       | <b>Note</b> | <b>December 31,<br/>2023</b> | December 31,<br>2022 |
|---------------------------------------|-------------|------------------------------|----------------------|
| <b>ASSETS</b>                         |             |                              |                      |
| <b>Non-Current Assets:</b>            |             |                              |                      |
| Property and equipment                | 4           | 21,002,072                   | 21,327,349           |
| Investment in joint venture companies | 5           | 5,680,500                    | 5,289,960            |
| Loans to joint venture companies      | 6           | 89,750                       | 68,484               |
| Equity investments                    | 7           | 142,288                      | 138,687              |
| <b>Total Non-Current Assets</b>       |             | <b>26,914,610</b>            | 26,824,480           |
| <b>Current Assets:</b>                |             |                              |                      |
| Inventories                           |             | 17,665                       | 26,300               |
| Trade and other receivables           | 8           | 792,331                      | 729,993              |
| Due from joint venture companies      | 17(b)       | 27,560                       | 55,448               |
| Cash and cash equivalents             | 9           | 2,439,551                    | 1,586,724            |
| Deposits and other balances           | 9.1         | 1,784,895                    | 2,973,320            |
| <b>Total Current Assets</b>           |             | <b>5,062,002</b>             | 5,371,785            |
| <b>Total Assets</b>                   |             | <b>31,976,612</b>            | 32,196,265           |



The accompanying notes 1-27 form an integral part of these consolidated financial statements.




## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)


AS OF DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

|  | Note      | December 31,<br>2023 | December 31,<br>2022 |
|--|-----------|----------------------|----------------------|
| <b>EQUITY AND LIABILITIES</b>  |           |                      |                      |
| <b>EQUITY:</b>   |           |                      |                      |
| Share capital  | 10        | 5,540,264            | 5,540,264            |
| Legal reserve  | 11        | 1,512,433            | 1,356,650            |
| Fair value reserve   |           | 30,875               | 27,274               |
| Retained earnings  |           | 5,215,379            | 4,572,508            |
| <b>Equity before hedging reserve and non-controlling interests</b>       |           | <b>12,298,951</b>    | <b>11,496,696</b>    |
| <b>Hedging reserve</b>   | <b>12</b> | <b>(214,747)</b>     | <b>(247,730)</b>     |
| <b>Equity after hedging reserve and before non-controlling interests</b> |           | <b>12,084,204</b>    | <b>11,248,966</b>    |
| <b>Non-Controlling Interests</b>   |           | <b>5,686</b>         | <b>5,709</b>         |
| <b>LIABILITIES:</b>  |           |                      |                      |
| <b>Non-Current Liabilities:</b>  |           |                      |                      |
| Borrowings   | 13        | 16,495,364           | 17,721,586           |
| Fair value of interest rate swaps  | 14        | 401,135              | 253,784              |
| Lease liability  |           | 35,286               | 41,005               |
| Provision for employees' end of service benefits                         |           | 41,743               | 38,411               |
| Other liabilities  | 15.1      | 231,878              | 146,798              |
| <b>Total Non-Current Liabilities</b>                                     |           | <b>17,205,406</b>    | <b>18,201,584</b>    |
| <b>Current Liabilities:</b>  |           |                      |                      |
| Borrowings   | 13        | 1,125,406            | 1,085,201            |
| Fair value of interest rate swaps  | 14        | 13,170               | 256,001              |
| Lease liability  |           | 6,078                | 5,930                |
| Trade and other payables   | 15        | 1,536,662            | 1,392,874            |
| <b>Total Current Liabilities</b>   |           | <b>2,681,316</b>     | <b>2,740,006</b>     |
| <b>Total Equity and Liabilities</b>                                      |           | <b>31,976,612</b>    | <b>32,196,265</b>    |



  
Abdulaziz Jassim Al-Muftah  
Chairman

  
Ahmad Saif Al-Sulaiti  
Vice Chairman

  
Abdullah Fadhalah Al-Sulaiti  
Chief Executive Officer

The accompanying notes 1-27 form an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

|   | Note  | For the Year Ended<br>December 31,<br>2023 | For the Year Ended<br>December 31,<br>2022 |
|---|-------|--|--|
| <b>Income:</b>  |       |  |  |
| Revenue from wholly owned vessels                                   |       | 3,565,148                                  | 3,550,096                                  |
| Share of results from joint ventures                                | 5     | 784,916                                    | 689,373                                    |
| Income from marine and agency services                              |       | 60,407                                     | 55,430                                     |
| Interest income on loans to joint ventures                          | 17(a) | 20,789                                     | 12,833                                     |
| Interest, dividend and other income                                 |       | 221,355                                    | 93,765                                     |
| <b>Total Income</b>   |       | <b>4,652,615</b>                           | <b>4,401,497</b>                           |
| <b>Expenses:</b>  |       |  |  |
| Operating and maintenance of vessels                                |       | (795,029)                                  | (764,023)                                  |
| General, employee and administrative                                | 25    | (114,150)                                  | (112,118)                                  |
| Depreciation of property and equipment                              | 4     | (935,338)                                  | (946,617)                                  |
| Finance charges   |       | (1,249,287)                                | (1,139,356)                                |
| <b>Total Expenses</b>   |       | <b>(3,093,804)</b>                         | <b>(2,962,114)</b>                         |
| <b>Profit for the year</b>  |       | <b>1,558,811</b>                           | <b>1,439,383</b>                           |
| <b>Attributable to:</b>   |       |  |  |
| Owners of the Company   |       | 1,557,834                                  | 1,438,918                                  |
| Non-controlling interests   |       | 977  | 465  |
| <b>Total</b>  |       | <b>1,558,811</b>                           | <b>1,439,383</b>                           |
| Basic and diluted earnings per share<br>(expressed in QR per share) | 19    | 0.28                                       | 0.26                                       |



The accompanying notes 1-27 form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amount Expressed in Thousands of Qatari Riyals)

|   | Note | For the Year Ended<br>December 31,<br>2023 | For the Year Ended<br>December 31,<br>2022 |
|---|------|--|--|
| <b>Profit for the year</b>  |      | <b>1,558,811</b>                           | 1,439,383                                  |
| <b>Other comprehensive income</b>   |      |  |  |
| <i>Items that will not be reclassified to statement of income:</i>                      |      |  |  |
| Changes in fair value of equity investments-at FVOCI                                    | 7    | 3,601                                      | (24,015)                                   |
| <i>Items that may be reclassified subsequently to statement of income:</i>              |      |  |  |
| Changes in fair value of cash flow hedging derivatives                                  |      | 95,481                                     | 1,475,240                                  |
| Group's share of joint ventures' changes in fair value of cash flow hedging derivatives |      | (62,498)                                   | 295,782                                    |
| <b>Total comprehensive income for the year</b>  |      | <b>1,595,395</b>                           | 3,186,390                                  |
| <b>Total comprehensive income for the year attributable to:</b>                         |      |  |  |
| Owners of the Company   |      | 1,594,418                                  | 3,185,925                                  |
| Non-controlling interests   |      | 977  | 465  |
| <b>Total</b>  |      | <b>1,595,395</b>                           | 3,186,390                                  |



The accompanying notes 1-27 form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(Amount Expressed in Thousands of Qatari Riyals)

|   | Share Capital | Legal Reserve | Fair Value Reserve | Retained Earnings | Equity Before Hedging Reserve and NonControlling Interests | Hedging Reserve | Non-Controlling Interests |
|---|---------------|---------------|--------------------|-------------------|--|-----------------|---------------------------|
| <b>Balance as of January 01, 2022</b>   | 5,540,264     | 1,212,758     | 51,289             | 3,978,287         | 10,782,598   | (2,018,752)     | 7,644                     |
| Profit for the year 2022  | -             | -             | -                  | 1,438,918         | 1,438,918  | -               | 465                       |
| Other comprehensive income for the year 2022:   | -             | -             | (24,015)           | -                 | (24,015)   | -               | -                         |
| - Changes in fair value of equity investments -at FVOCI                                   | -             | -             | -                  | -                 | -  | 1,475,240       | -                         |
| - Changes in fair value of cash flow hedging derivatives                                  | -             | -             | -                  | -                 | -  | -               | -                         |
| - Group's share of joint ventures' changes in fair value of cash flow hedging derivatives | -             | -             | -                  | -                 | -  | 295,782         | -                         |
| Total comprehensive income for the year 2022  | -             | -             | (24,015)           | 1,438,918         | 1,414,903  | 1,771,022       | 465                       |
| Transfer to legal reserve   | -             | 143,892       | -                  | (143,892)         | -  | -               | -                         |
| Social and sports fund contribution 2022 (note 16)  | -             | -             | -                  | (35,973)          | (35,973)   | -               | -                         |
| Dividend declared for 2021  | -             | -             | -                  | (664,832)         | (664,832)  | -               | (2,400)                   |
| <b>Balance as of December 31, 2022</b>  | 5,540,264     | 1,356,650     | 27,274             | 4,572,508         | 11,496,696   | (247,730)       | 5,709                     |
| Profit for the year 2023  | -             | -             | -                  | 1,557,834         | 1,557,834  | -               | 977                       |
| Other comprehensive income for the year 2023:   | -             | -             | 3,601              | -                 | 3,601  | -               | -                         |
| - Changes in fair value of equity investments -at FVOCI                                   | -             | -             | -                  | -                 | -  | 95,481          | -                         |
| - Changes in fair value of cash flow hedging derivatives                                  | -             | -             | -                  | -                 | -  | -               | -                         |
| - Group's share of joint ventures' changes in fair value of cash flow hedging derivatives | -             | -             | -                  | -                 | -  | (62,498)        | -                         |
| Total comprehensive income for the year 2023  | -             | -             | 3,601              | 1,557,834         | 1,561,435  | 32,983          | 977                       |
| Transfer to legal reserve   | -             | 155,783       | -                  | (155,783)         | -  | -               | -                         |
| Social and sports fund contribution 2023 (note 16)  | -             | -             | -                  | (38,946)          | (38,946)   | -               | -                         |
| Dividend declared for 2022 (note 10.1)  | -             | -             | -                  | (720,234)         | (720,234)  | -               | (1,000)                   |
| <b>Balance as of December 31, 2023</b>  | 5,540,264     | 1,512,433     | 30,875             | 5,215,379         | 12,298,951   | (214,747)       | 5,686                     |

The accompanying notes 1-27 form an integral part of these consolidated financial statements.





## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

|   | Note  | For the Year Ended<br>December 31,<br>2023 | For the Year Ended<br>December 31,<br>2022 |
|---|-------|--|--|
| <b>Cash Flows from Operating Activities:</b>              |       |  |  |
| Profit for the year                                       |       | 1,558,811                                  | 1,439,383                                  |
| Adjustments for:  |       |  |  |
| Depreciation of property and equipment                    | 4     | 935,338                                    | 946,617                                    |
| Finance charges   |       | 1,249,287                                  | 1,139,356                                  |
| IFRS 16 lease classification                              |       | 7,575                                      | 7,766                                      |
| Share of results from joint ventures                      | 5     | (784,916)                                  | (689,373)                                  |
| Interest income on loans to joint ventures                | 17(a) | (20,789)                                   | (12,833)                                   |
| Interest, dividend and other income                       |       | (221,355)                                  | (93,765)                                   |
| Allowance for expected credit loss                        | 8     | -  | 9,418                                      |
| Provision for slow moving inventories                     |       | 8,228                                      | -  |
| Provision for employees' end of service benefits          |       | 6,406                                      | 7,130                                      |
|   |       | 2,738,585                                  | 2,753,699                                  |
| <b>Working Capital Changes:</b>                           |       |  |  |
| Inventories   |       | 407  | 2,431                                      |
| Trade and other receivables                               |       | (60,350)                                   | 77,160                                     |
| Trade and other payables                                  |       | 274,365                                    | 60,218                                     |
| Other liabilities   |       | 85,080                                     | 14,519                                     |
| Due from joint venture companies                          |       | 11,908                                     | (5,824)                                    |
| Cash generated from operations                            |       | 3,049,995                                  | 2,902,203                                  |
| Finance charges paid                                      |       | (1,229,548)                                | (1,054,041)                                |
| Employees' end of service benefits paid                   |       | (3,074)                                    | (3,739)                                    |
| <b>Net Cash from Operating Activities</b>                 |       | <b>1,817,373</b>                           | <b>1,844,423</b>                           |
| <b>Cash Flows from Investing Activities:</b>              |       |  |  |
| Loans to joint venture companies                          |       | (25,650)                                   | 578,837                                    |
| Additional investment in a joint venture                  | 5     | -  | (58,694)                                   |
| Dividend income received from joint ventures              | 5     | 197,473                                    | 563,012                                    |
| Cash received from winding down of a joint venture        |       | 5,114                                      | -  |
| Acquisition of property and equipment                     | 4     | (616,123)                                  | (97,961)                                   |
| Investment income received                                |       | 244,543                                    | 87,672                                     |
| Time deposits maturing after ninety days                  |       | 1,203,984                                  | (1,020,347)                                |
| Changes in restricted cash                                |       | (25,302)                                   | 89,956                                     |
| <b>Net Cash from Investing Activities</b>                 |       | <b>984,039</b>                             | <b>142,475</b>                             |
| <b>Cash Flows from Financing Activities:</b>              |       |  |  |
| Dividend paid to shareholders                             |       | (729,890)                                  | (660,206)                                  |
| Dividend paid against non-controlling interests           |       | (1,000)                                    | (2,400)                                    |
| Unpaid dividend transferred to separate bank account      |       | (13,624)                                   | (15,242)                                   |
| Payment of lease liability                                |       | (7,083)                                    | (7,083)                                    |
| Costs incurred on refinancing                             |       | (28,298)                                   | (37,905)                                   |
| Proceeds from borrowings                                  |       | 2,669,424                                  | 3,710,719                                  |
| Repayments of borrowings                                  |       | (3,838,114)                                | (4,789,023)                                |
| <b>Net Cash used in Financing Activities</b>              |       | <b>(1,948,585)</b>                         | <b>(1,801,140)</b>                         |
| <b>Net Increase in Cash and Cash Equivalents</b>          |       | <b>852,827</b>                             | <b>185,758</b>                             |
| <b>Cash and Cash Equivalents at Beginning of the Year</b> |       | <b>1,586,724</b>                           | <b>1,400,966</b>                           |
| <b>Cash and Cash Equivalents at End of the Year</b>       | 9     | <b>2,439,551</b>                           | <b>1,586,724</b>                           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 1. Reporting Entity:

Qatar Gas Transport Company Limited (Nakilat) (QPSC) ("Nakilat" or "the Company") is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566 issued by the Ministry of Economy and Commerce (currently 'Ministry of Commerce and Industry'). The shares of the Company started trading in the Qatar Exchange on April 7, 2005.

The main purpose of the Company is to work in the industry of gas transport either through direct acquisition of ocean-going vessels or by investing in joint ventures with other parties.

The Company operates either directly or through its subsidiaries and joint venture companies (collectively referred to as the "Group"). The operations of the Group are conducted within the economic environment in the State of Qatar.

Although most of the joint venture entities are located abroad, their trading activities are mainly derived from contracts with local companies in Qatar. The Group can be therefore viewed to provide services within the same economic environment and subject to the same economic risk.

These consolidated financial statements were approved by the Board of Directors on **January 28, 2024**.

### 2. Application of new and revised International Financial Reporting Standards (IFRSs):

#### 2.1 New standards, amendments and interpretations adopted by the Group

The Group adopted below new and amended International Financial Reporting Standards ("IFRS") and interpretations that are effective for the annual reporting period beginning on 1 January 2023:

#### New Standards, amendments and Interpretations

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- 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)

The adoption of these new standards, amendments and interpretations had no significant impact on the consolidated financial statements of the Group.

#### 2.2 Amendments to standards not yet effective, but available for early adoption

The table below lists the amendments to International Financial Reporting Standards ("IFRS" or "standards") that are issued and are effective from annual periods beginning after 1 January 2023 and that are available for early adoption:

| Effective dates  | Amendments to standards  |
|--|--|
| Effective for the year beginning on or after 1 January 2024            | <ul style="list-style-type: none"> <li>- Non-current Liabilities with Covenants (Amendments to IAS 1)</li> <li>- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</li> <li>- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</li> <li>- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)</li> </ul> |
| Effective for the year beginning on or after 1 January 2025            | <ul style="list-style-type: none"> <li>- Lack of Exchangeability (Amendments to IAS 21)</li> </ul>   |
| Effective date deferred indefinitely / available for optional adoption | <ul style="list-style-type: none"> <li>- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</li> </ul>   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 2. Application of new and revised International Financial Reporting Standards (IFRSs) (Continued):

#### 2.2 Amendments to standards not yet effective, but available for early adoption (continued)

Management does not expect that the adoption of the above amendments to standards will have a significant impact on the Group's consolidated financial statements.

### 3. Basis of Preparation and Material Accounting Policies:

#### 3.1 Basis of Preparation

##### a) Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and in compliance with Qatar Commercial Law No. 11 of 2015, whose certain provisions were subsequently amended by Law no.8 of 2021, as applicable.

##### b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for equity investments and cash flow hedging derivatives which are carried at fair value.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

##### c) Functional and presentation currency

The consolidated financial statements are presented in Qatari Riyals, which is the Company's presentation currency. All financial information presented in Qatari Riyals has been rounded to the nearest thousands, except when otherwise indicated. The currency of the primary economic environment in which the Company operates (the "functional currency") is United States Dollar (USD).

##### d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in **note 23** to these consolidated financial statements.

### 3.2 Material Accounting Policies

The following material accounting policies have been applied in the preparation of these consolidated financial statements.

#### a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) and its share of movements in equity of joint venture entities collectively referred to as the "Group". Refer to **notes no. 5 and 18** for details.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 3 Basis of Preparation and Material Accounting Policies (continued)

#### 3.2 Material Accounting Policies (continued)

##### a) Basis of Consolidation (continued)

##### i) Investment in Subsidiary Companies

Subsidiaries are entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to effect its returns.

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

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

##### ii) Investment in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. 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 results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

##### b) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including the capitalized borrowing costs (if any). Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in consolidated statement of income as the expense is incurred. An item of property and equipment 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 is included in consolidated statement of income in the year the asset is derecognized. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and where the carrying value of an asset exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

Dry-docking costs incurred on the vessels are capitalized and amortised over a period of five years.

Residual value of vessels is calculated based on the tonnage value of vessels.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 3 Basis of Preparation and Material Accounting Policies (continued)

#### 3.2 Material Accounting Policies (continued)

##### b) Property and Equipment (continued)

Depreciation is charged following the straight-line method over the estimated useful lives of the related assets as follows:

|                           |              |
|---------------------------|--------------|
| Vessels (i)               | 2.5% to 20%  |
| Furniture and fixtures    | 15%          |
| Others (ii)               | Up to 33.33% |
| Right of use assets (iii) |              |

- (i) It includes vessels, vessels upgrade and dry-docking costs.
- (ii) It includes computers, office & telecom equipment. Also includes capital work in progress.
- (iii) Depreciation on right of use asset is charged on a straight-line basis over the lease term.

#### Favorable and unfavorable lease assets

Favorable and unfavorable lease terms consist of above and below market charters. When vessels are acquired with charters attached and the charter rate on such charters is above or below then-current market rates, fair value is allocated to these charters. The fair value is determined, where possible, using a third-party valuation of the vessel with and without the charter at the time of acquisition. The asset or liability recorded is amortized over the remaining period of the charter.

##### c) Financial Instruments

#### Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

#### Non-derivative financial assets and liabilities

Non-derivative financial assets include equity investments, loans to joint ventures, trade and other receivables, due from joint venture companies and cash and bank balances. Non-derivative financial liabilities comprise trade and other payables, borrowings and due to related parties.

#### Classification and subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified at:

- *amortised cost* – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 3 Basis of Preparation and Material Accounting Policies (continued)

#### 3.2 Material Accounting Policies (continued)

##### c) Financial Instruments (continued)

- *Fair Value Through Other Comprehensive Income (FVOCI)* – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- *Fair Value Through Profit or Loss (FVTPL)* – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group has classified on initial recognition its trade and other receivables, loans to joint venture companies, due from joint venture companies and its cash at bank at amortised cost. The Group does not hold any other financial assets at amortised cost.

#### Financial assets – Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

#### Financial assets – Subsequent measurement and gains and losses:

|  |   |
|--|---|
| <i>Financial assets at amortised cost</i>  | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.  |
| <i>Equity investments at Fair Value Through Other Comprehensive Income (FVOCI)</i> | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss. The fair value changes recognized through OCI in the fair value reserve. |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 3 Basis of Preparation and Material Accounting Policies (continued)

#### 3.2 Material Accounting Policies (continued)

##### c) Financial Instruments (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### i) Equity Investments

Equity investments are non-derivative financial assets that are designated as an investment at fair value through other comprehensive income and are not classified as an investment at fair value through profit or loss. Equity investments are equity securities and are initially recognised at cost, being the fair value of the consideration given plus any directly attributable transaction costs. After initial recognition, they are remeasured at fair value. Unrealised gains and losses are recognized in other comprehensive income and presented as a separate component of equity.

For investments traded in active markets, fair value is determined by reference to quoted market bid prices at the close of business on the date of the statement of financial position.

##### ii) Trade and Other Receivables

Trade receivables is initially recognised at the transaction price i.e., original invoice amount which is subsequently reduced by impairment losses. The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. Loss allowances are always measured at an amount equal to lifetime ECLs. Bad debts are written off as incurred.

##### iii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, current and call accounts with banks and bank deposits having maturities of less than 90 days.

##### iv) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether billed by the supplier or not.

##### v) Interest bearing Loans and Borrowings

Interest bearing loans and borrowings are recognized initially at fair value of the amounts borrowed, less directly attributable transaction costs. Subsequent to initial recognition, interest bearing loans and borrowings are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Installments due within one year at amortized cost are shown as a current liability.

##### De-recognition of financial assets

A financial asset is de-recognized where:

- the right to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and
- either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.
- the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 3. Basis of Preparation and Material Accounting Policies (continued)

#### 3.2 Material Accounting Policies (continued)

##### c) Financial Instruments (continued)

##### De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) recognized in the consolidated statement of income.

##### Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has an enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### d) Inventories

Inventories include spares and consumables and are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. Net realisable value is based on estimated replacement cost.

##### e) Provisions

Provisions are recognized when the Group has an obligation either legal or constructive arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

##### f) Revenue and other income

The Group accounts for time charter revenue under IFRS 16 – Leases. A time charter contract involves placing a vessel at the charterer's disposal for a period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Under time charters, operating costs such as for crews, maintenance and insurance are typically paid by the owner of the vessel. Charter income (net of any incentives given to lessees and any off-hire period) is recognized on a straight-line basis over the lease term of the respective time charter contract.

Revenue from marine and agency services is recognized as and when the services are rendered (over the time).

Revenue from vessel sub-chartering is recognized on an accrual basis.

Interest income is recognized on an accrual basis, taking into account the interest rate applicable and principal outstanding.

Dividend income from investments is recognized when the shareholder's right to receive payment is established.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amount Expressed in Thousands of Qatari Riyals)

3. **Basis of Preparation and Material Accounting Policies (continued)**  
3.2. **Material Accounting Policies (continued)**  
g) **Impairment**  
**Impairment of Financial Assets**

*Non-derivative financial assets*

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be 'BBB' or higher per accredited rating agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of ECLs*

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

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer or issuer;
- a breach of contract such as a default or being more than 360 days past due; or
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the customer will enter bankruptcy or other financial reorganization.
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amount Expressed in Thousands of Qatari Riyals)

3. **Basis of Preparation and Material Accounting Policies (continued):**  
3.2 **Material Accounting Policies (continued)**  
g) **Impairment (continued)**

*Presentation of allowance for ECL in the consolidated statement of financial position*

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

*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**Impairment of Non-Financial Assets**

The carrying amounts of the Group's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized in the consolidated statement of income, whenever the carrying amount of an asset exceeds its recoverable amount.

The impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

- h) **Foreign Currencies**

Foreign currency transactions are recorded in Qatari Riyals at the rate of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Qatari Riyals at the rate of exchange prevailing at the year end. The resultant exchange difference is included in the consolidated statement of income.

The individual financial statements of subsidiaries and joint ventures in the Group are presented in the currency of the primary economic environment in which they operate (functional currency). For the purpose of these consolidated financial statements, the results and financial position of each entity are expressed in the presentation currency of the parent company.

- i) **Derivative Financial Instruments and Hedging Activities**

The Group entered into a number of derivative financial instruments to manage its exposure against adverse movement in interest rate.

Derivatives are initially recognized at fair value on the date the derivative contracts are entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has designated its interest rate swaps as hedges of the exposure to variability in cash flows (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

In circumstances where derivative financial instruments do not qualify as effective hedges, they are marked to market at each period end and changes in fair value are recorded in consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

3. Basis of Preparation and Material Accounting Policies (continued):

3.2 Material Accounting Policies (continued)

j) Capital work in progress

Capital work in progress includes direct cost incurred in building assets, interest capitalized and other costs necessary to bring the assets in the location and condition to be capable of operating in the manner intended by the management. The cost is transferred to property and equipment when the assets are ready for their intended use.

k) Leases

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

*Group as a lessee*

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of lease liability adjusted for any lease payment made at or before the commencement date.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use reflects that the Group will exercise a purchase option. In that case, the right of use will be depreciated over the useful life of the underlying asset which is determined on the same basis as that of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot readily be determined, the Group 's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group presents the right of use assets in property and equipment.

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

The Group has elected not to recognize the right of use assets or lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*Group as a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating 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 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 applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

3. Basis of Preparation and Material Accounting Policies (continued):

3.2 Material Accounting Policies (continued)

l) Operating Segments

Wholly owned gas transportation vessels are the group's primary operating segment based on the nature of the services provided. Other segments including agency and marine services are immaterial and not reportable. These consolidated financial statements are therefore prepared on a single reportable segment basis.

m) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

n) Current versus non-current classifications

The Group presents assets and liabilities based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised 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.

All other liabilities are classified as non-current.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 4. Property and Equipment:

|   | <i>Vessels</i>    | <i>Furniture and Fixtures</i> | <i>Right of Use Assets</i> | <i>Others *</i>  | <i>Total</i>      |
|---|-------------------|-------------------------------|----------------------------|------------------|-------------------|
| <b>Cost:</b>                                |                   |                               |                            |                  |                   |
| At January 1, 2022                          | 31,509,776        | 41,512                        | 60,620                     | 53,261           | 31,665,169        |
| Additions during the year 2022              | -                 | -                             | -                          | 97,961           | 97,961            |
| Transfer from capital work in progress      | 82,708            | -                             | -                          | (82,708)         | -                 |
| Disposals /adjustments during the year 2022 | (80,136)          | -                             | -                          | (5,062)          | (85,198)          |
| At December 31, 2022                        | 31,512,348        | 41,512                        | 60,620                     | 63,452           | 31,677,932        |
| Additions during the year 2023              | -                 | -                             | -                          | <b>616,123</b>   | <b>616,123</b>    |
| Transfer from capital work in progress      | <b>622,120</b>    | -                             | -                          | <b>(622,120)</b> | -                 |
| Disposals /adjustments during the year 2023 | <b>(519,465)</b>  | -                             | -                          | -                | <b>(519,465)</b>  |
| <b>At December 31, 2023</b>                 | <b>31,615,003</b> | <b>41,512</b>                 | <b>60,620</b>              | <b>57,455</b>    | <b>31,774,590</b> |
| <b>Accumulated Depreciation:</b>            |                   |                               |                            |                  |                   |
| At January 1, 2022                          | 9,308,160         | 41,512                        | 9,093                      | 39,928           | 9,398,693         |
| Charge for the year 2022 **                 | 944,962           | -                             | 6,062                      | 1,655            | 952,679           |
| Disposals /adjustments during the year 2022 | 16                | -                             | -                          | (805)            | (789)             |
| At December 31, 2022                        | 10,253,138        | 41,512                        | 15,155                     | 40,778           | 10,350,583        |
| Charge for the year 2023 **                 | <b>934,104</b>    | -                             | <b>6,062</b>               | <b>1,234</b>     | <b>941,400</b>    |
| Disposals /adjustments during the year 2023 | <b>(519,465)</b>  | -                             | -                          | -                | <b>(519,465)</b>  |
| <b>At December 31, 2023</b>                 | <b>10,667,777</b> | <b>41,512</b>                 | <b>21,217</b>              | <b>42,012</b>    | <b>10,772,518</b> |
| <b>Net Carrying amount:</b>                 |                   |                               |                            |                  |                   |
| <b>At December 31, 2023</b>                 | <b>20,947,226</b> | -                             | <b>39,403</b>              | <b>15,443</b>    | <b>21,002,072</b> |
| At December 31, 2022                        | 21,259,210        | -                             | 45,465                     | 22,674           | 21,327,349        |

\*This includes capital work in progress amounting to **QR 10 million** (2022: QR 16 million).

\*\* **QR 6 million** depreciation is classified under G&A (2022: QR 6 million)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 5. Investment in Joint Venture Companies:

|  |                  |
|--|------------------|
| Balance – January 01, 2022   | 4,900,345        |
| Additional investment in a joint venture                               | 58,694           |
| Share of results for the year  | 689,373          |
| Loss adjusted against loan to joint ventures                           | 21,197           |
| Adjustment against additional liability for losses from joint ventures | (112,419)        |
| Share of hedging reserve for the year                                  | 295,782          |
| Dividend received  | (563,012)        |
| Balance – December 31, 2022  | 5,289,960        |
| Share of results for the year  | <b>784,916</b>   |
| Loss adjusted against loan to joint ventures                           | <b>4,383</b>     |
| Adjustment against additional liability for losses from joint ventures | <b>(138,788)</b> |
| Share of hedging reserve for the year                                  | <b>(62,498)</b>  |
| Dividend received  | <b>(197,473)</b> |
| <b>Balance – December 31, 2023</b>                                     | <b>5,680,500</b> |

Details of the Group's joint venture companies on **December 31, 2023** are as follows:

| <i>Name of Joint Ventures</i> | <i>Place of Incorporation</i> | <i>Proportion of Ownership Interest</i> | <i>Principal Activity</i> |
|-------------------------------|-------------------------------|---|---------------------------|
| Maran Nakilat Company Ltd.    | Cayman Islands                | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 1 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 2 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 3 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 4 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 5 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 6 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 7 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |
| J5 Nakilat No. 8 Ltd.         | Marshall Islands              | 40%                                     | Chartering of vessels     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 5. Investment in Joint Venture Companies (continued):

| <u>Name of Joint Ventures</u>                                     | <u>Place of Incorporation</u> | <u>Proportion of Ownership Interest</u> | <u>Principal Activity</u>                  |
|---|-------------------------------|---|--|
| Peninsula LNG Transport No. 4 Ltd.                                | Marshall Islands              | 30%                                     | Chartering of vessels                      |
| Teekay Nakilat Corporation  | Marshall Islands              | 30%                                     | Chartering of vessels                      |
| Pronav:   |                               |   |  |
| - Neptana Schiffsbetriebsgesellschaft mbH & Co. TS "Alexandra" KG | Germany                       | 45%                                     | Chartering of vessels                      |
| - Nausola Schiffsbetriebsgesellschaft mbH & Co. TS "Britta" KG    | Germany                       | 45%                                     | Chartering of vessels                      |
| - Nauranto Schiffsbetriebsgesellschaft mbH & Co. TS "Gabriela" KG | Germany                       | 45%                                     | Chartering of vessels                      |
| - Neptora Schiffsbetriebsgesellschaft mbH & Co. TS "Julia" KG     | Germany                       | 45%                                     | Chartering of vessels                      |
| Teekay Nakilat (III) Corporation (1)                              | Marshall Islands              | 60%                                     | Chartering of vessels                      |
| Nakilat Excelerate LLC (1)  | Marshall Islands              | 55%                                     | Chartering of vessels                      |
| Global Shipping Company Ltd (1)                                   | Cayman Islands                | 60%                                     | Chartering of vessels                      |
| India LNG Transport Company No.3 Limited                          | Malta                         | 20%                                     | Chartering of vessels                      |
| Nakilat Svitserwijmuller WLL (1)                                  | Qatar                         | 70%                                     | Chartering of vessels                      |
| Gulf LPG Transport Company WLL                                    | Qatar                         | 50%                                     | Chartering of vessels                      |
| Qatar Shipyard Technology Solutions (1)(2)                        | Qatar                         | 80%                                     | Operate and maintain the Ship Repair Yard. |
| Qatar Fabrication Company (1)                                     | Qatar                         | 60%                                     | Fabrication activities                     |

(1) Although the Group holds more than half of the equity shares in these entities, it does not exercise control over the entities. Decisions need unanimous consent of both parties. The Group does not have any contractual rights to the assets and obligations for the liabilities relating to these joint ventures. Consequently, the above joint ventures are accounted for using the equity method in these consolidated financial statements.

(2) Formerly known as Nakilat-Keppel Offshore & Marine Limited (QPJSC).

### 5.1 Summarized financial information of joint ventures:

Summarized financial information in respect of the Group's joint venture companies represents amounts shown in the financial statements of respective joint ventures prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes wherever the financial reporting framework is not IFRS).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 5. Investment in Joint Venture Companies (continued):

#### 5.1 Summarized financial information of joint ventures (continued):

| <u>As of December 31, 2023:</u>                           | <u>Maran Nakilat Company</u> | <u>Shipping Joint Ventures</u> | <u>Marine Joint Ventures</u> | <u>Shipyard Joint Ventures *</u> | <u>Total</u>      |
|---|------------------------------|--------------------------------|------------------------------|----------------------------------|-------------------|
| Current assets  | 921,351                      | 2,229,940                      | 115,701                      | 521,549                          | 3,788,541         |
| Non-current assets  | 8,587,221                    | 15,995,551                     | 220,477                      | 208,786                          | 25,012,035        |
| Current liabilities                                       | (2,155,738)                  | (1,422,057)                    | (6,891)                      | (437,031)                        | (4,021,717)       |
| Non-current liabilities                                   | (2,823,482)                  | (9,192,019)                    | (346)                        | (612,851)                        | (12,628,698)      |
| <b>Net assets</b>   | <b>4,529,352</b>             | <b>7,611,415</b>               | <b>328,941</b>               | <b>(319,547)</b>                 | <b>12,150,161</b> |
| <b>Group's share of net assets</b>                        | <b>1,893,674</b>             | <b>3,556,568</b>               | <b>230,258</b>               | <b>-</b>                         | <b>5,680,500</b>  |
| <b>Net profit</b>   | <b>736,210</b>               | <b>805,056</b>                 | <b>25,532</b>                | <b>169,104</b>                   | <b>1,735,902</b>  |
| <b>Other comprehensive income/(loss)</b>                  | <b>(22,046)</b>              | <b>(130,031)</b>               | <b>-</b>                     | <b>-</b>                         | <b>(152,077)</b>  |
| <b>Group's share of net profit</b>                        | <b>294,018</b>               | <b>338,620</b>                 | <b>17,872</b>                | <b>134,406</b>                   | <b>784,916</b>    |
| <b>Group's share of other comprehensive income/(loss)</b> | <b>(8,817)</b>               | <b>(53,681)</b>                | <b>-</b>                     | <b>-</b>                         | <b>(62,498)</b>   |
| <b>Other disclosures:</b>                                 |                              |                                |                              |                                  |                   |
| <b>Revenues</b>   | <b>1,707,867</b>             | <b>2,557,261</b>               | <b>98,093</b>                | <b>978,473</b>                   | <b>5,341,694</b>  |
| <b>Cash &amp; cash equivalents</b>                        | <b>598,977</b>               | <b>1,537,438</b>               | <b>42,647</b>                | <b>117,258</b>                   | <b>2,296,320</b>  |

| <u>As of December 31, 2022:</u>                    | <u>Maran Nakilat Company</u> | <u>Shipping Joint Ventures</u> | <u>Marine Joint Ventures</u> | <u>Shipyard Joint Ventures *</u> | <u>Total</u>      |
|--|------------------------------|--------------------------------|------------------------------|----------------------------------|-------------------|
| Current assets                                     | 537,435                      | 2,666,899                      | 113,378                      | 324,820                          | 3,642,532         |
| Non-current assets                                 | 8,636,314                    | 16,147,188                     | 216,574                      | 228,254                          | 25,228,330        |
| Current liabilities                                | (63,618)                     | (1,837,512)                    | (6,033)                      | (435,564)                        | (2,342,727)       |
| Non-current liabilities                            | (5,294,941)                  | (9,653,517)                    | (510)                        | (619,968)                        | (15,568,936)      |
| <b>Net assets</b>                                  | <b>3,815,190</b>             | <b>7,323,058</b>               | <b>323,409</b>               | <b>(502,458)</b>                 | <b>10,959,199</b> |
| <b>Group's share of net assets</b>                 | <b>1,608,473</b>             | <b>3,455,101</b>               | <b>226,386</b>               | <b>-</b>                         | <b>5,289,960</b>  |
| <b>Net profit</b>                                  | <b>479,950</b>               | <b>816,760</b>                 | <b>33,344</b>                | <b>106,104</b>                   | <b>1,436,158</b>  |
| <b>Other comprehensive income</b>                  | <b>82,710</b>                | <b>627,750</b>                 | <b>-</b>                     | <b>-</b>                         | <b>710,460</b>    |
| <b>Group's share of net profit</b>                 | <b>194,474</b>               | <b>380,337</b>                 | <b>23,341</b>                | <b>91,221</b>                    | <b>689,373</b>    |
| <b>Group's share of other comprehensive income</b> | <b>33,084</b>                | <b>262,698</b>                 | <b>-</b>                     | <b>-</b>                         | <b>295,782</b>    |
| <b>Other disclosures:</b>                          |                              |                                |                              |                                  |                   |
| <b>Revenues</b>                                    | <b>1,478,621</b>             | <b>2,302,206</b>               | <b>98,890</b>                | <b>620,107</b>                   | <b>4,499,824</b>  |
| <b>Cash &amp; cash equivalents</b>                 | <b>219,562</b>               | <b>1,604,386</b>               | <b>70,028</b>                | <b>120,805</b>                   | <b>2,014,781</b>  |

\* Mainly includes Qatar Shipyard Technology Solutions (formerly known as Nakilat-Keppel Offshore & Marine Limited (QPJSC)).

### 6. Loans to Joint Venture Companies:

|  | <u>December 31, 2023</u> | <u>December 31, 2022</u> |
|--|--------------------------|--------------------------|
| India LNG Transport Company No. 3 Limited                      | 68,185                   | 68,484                   |
| Qatar Shipyard Technology Solutions (previously known as NKOM) | 17,942                   | -                        |
| Qatar Fabrication Company                                      | 3,623                    | -                        |
| <b>Total</b>   | <b>89,750</b>            | <b>68,484</b>            |

The interest-bearing loans have been given to the joint ventures and repayment is subject to liquidity of the joint venture companies. The weighted average interest rate at **December 31, 2023** is **6.35%** (2022: 1.17%).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 7. Equity Investments:

|                               | December 31,<br>2023 | December 31,<br>2022 |
|-------------------------------|----------------------|----------------------|
| Equity investments -at FVOCI  | 138,687              | 162,702              |
| Changes in fair value         | 3,601                | (24,015)             |
| <b>Balance at December 31</b> | <b>142,288</b>       | <b>138,687</b>       |

Equity investments represent investment in listed securities in the Qatar Exchange.

### 8. Trade and Other Receivables:

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| Trade receivables                        | 73,519               | 95,508               |
| Less: Allowance for expected credit loss | (16,109)             | (17,370)             |
|  | 57,410               | 78,138               |
| Accrued income                           | 44,312               | 48,164               |
| Other receivables*                       | 690,609              | 603,691              |
| <b>Total</b>                             | <b>792,331</b>       | <b>729,993</b>       |

\* Other receivables and related advances from the customers (note 15) mainly pertain to unbilled invoices, upon receipt of which, these balances will be offset against each other.

The Group has provided fully for all receivables where collection of the amount is no longer probable.

The average credit period is approximately 60 days.

As at **December 31, 2023** the ageing of trade receivables and movement in the provision for doubtful receivables are as follows:

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| <b>(i) Ageing of neither past due nor impaired</b> |                      |                      |
| Less than 60 days                                  | 30,067               | 26,519               |

#### (ii) Ageing of past due but not impaired

|               |        |        |
|---------------|--------|--------|
| 61-90 days    | 1,070  | 2,963  |
| 91-180 days   | 9,857  | 2,754  |
| 181-270 days  | 60     | 2,000  |
| 271-360 days  | 705    | 27,714 |
| Over 360 days | 15,651 | 16,188 |

|              |               |               |
|--------------|---------------|---------------|
| <b>Total</b> | <b>27,343</b> | <b>51,619</b> |
|--------------|---------------|---------------|

#### (iii) Ageing of impaired trade receivables

|               |        |        |
|---------------|--------|--------|
| Over 360 days | 16,109 | 17,370 |
|---------------|--------|--------|

#### (iv) Movement in allowance for expected credit loss:

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 17,370        | 10,002        |
| Additions during the year            | -             | 9,418         |
| Written off during the year          | (1,261)       | (2,050)       |
| <b>Balance at end of the year</b>    | <b>16,109</b> | <b>17,370</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 9. Cash and Cash Equivalents:

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| Cash on hand                           | 507                  | 490                  |
| Cash at bank-Call and current accounts | 765,727              | 1,223,900            |
| Cash at bank-Time deposits (c)         | 3,335,056            | 3,202,755            |
| Other bank balances (a)                | 20,171               | 20,258               |
| Other bank balances (b)                | 102,985              | 112,641              |

|  |                  |                  |
|--|------------------|------------------|
| <b>Total</b>                                 | <b>4,224,446</b> | <b>4,560,044</b> |
| Less: Deposits and other balances (note 9.1) | (1,784,895)      | (2,973,320)      |

|  |                  |                  |
|--|------------------|------------------|
| <b>Cash and cash equivalent -Total</b> | <b>2,439,551</b> | <b>1,586,724</b> |
|--|------------------|------------------|

### 9.1 Deposits and Other Balances:

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| Other bank balances (a)                  | 20,171               | 20,258               |
| Other bank balances (b)                  | 102,985              | 112,641              |
| Time deposits maturing after ninety days | 1,489,865            | 2,693,849            |
| Restricted cash                          | 171,874              | 146,572              |
|  | <b>1,784,895</b>     | <b>2,973,320</b>     |

(a) Cash payable to shareholders for unclaimed proceeds of their shares auctioned related to the second IPO call.

(b) Cash payable to shareholders for unclaimed dividend.

(c) The effective interest and profit rates on the time deposits varies between **4.1%** to **6.5%** (2022: 0.44% to 6.5%).

### 10. Share Capital:

|   | December 31,<br>2023        | December 31,<br>2022    |
|---|-----------------------------|-------------------------|
|   | <b>Number of<br/>Shares</b> | <b>Number of Shares</b> |
| Authorized, Issued, and subscribed share capital                                  | 5,540,263,600               | 5,540,263,600           |
|   | <b>Amount</b>               | <b>Amount</b>           |
| <b>Issued, subscribed and paid-up share capital with a par value of QR 1 each</b> | <b>5,540,264</b>            | <b>5,540,264</b>        |

### 10.1 Proposed Cash Dividend:

The Board of Directors has proposed a cash dividend of **QR 0.14** per share totaling **QR 776 million** for the current year (2022: QR 0.13 per share totaling QR 720 million) which is subject to the approval of shareholders in the Annual General Meeting. The cash dividend for 2022 was approved by the shareholders at the Annual General Meeting held on March 13, 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### 11. Legal Reserve:

The Articles of Association of the Company require the Company to provide for a legal reserve at 10% of net profit for each year until it reaches 50% of paid-up share capital. This reserve is not available for distribution except for circumstances specified in the Articles of Association.

### 12. Hedging Reserve:

This represents the Group's share of the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge that was recognized by its subsidiaries and its share from the joint venture companies.

The hedging reserve represents an accounting entry from the revaluation to fair value the interest rate swaps. The hedging reserve is expected to decrease over time as loans are repaid and the notional amount of the swaps decreases. The reserve on designated hedges is not expected to impact either consolidated statement of income or retained earnings. The hedge reserve arises on interest rate swaps that relate to variable interest-bearing loans taken to build vessels. The Group also enters into long-term time charter agreements to lock in the future cash inflows from vessels. This strategy is expected to result in a more stable stream of cash flows in the future and minimize uncertainties associated with shipping spot rate movements or interest rate movements.

### 13. Borrowings:

These consist of the following:

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| Loan - <b>note (a)</b>   | 1,479,372            | 1,570,410            |
| Senior bank facilities - <b>note (b)</b>                           | 9,347,836            | 9,976,097            |
| Subordinated bank facilities - <b>note (c)</b>                     | 1,064,973            | 1,138,748            |
| Senior bonds – Series "A" - <b>note (d)</b>                        | 2,577,426            | 2,760,420            |
| Subordinated bonds Series "A" - <b>note (e)</b>                    | 656,721              | 702,811              |
| Loan - <b>note (f)</b>   | 910,383              | 910,383              |
| Borrowings acquired through business combination - <b>note (g)</b> | 1,116,624            | 1,256,328            |
| Loan - <b>note (h)</b>   | 539,402              | 546,230              |
| Less: Issuance costs of bonds                                      | (14,011)             | (15,412)             |
| Less: Costs incurred for financing under note (a)                  | -                    | (1,793)              |
| Less: Transaction costs of refinancing (Tranche 5)                 | (21,132)             | (24,838)             |
| Less: Transaction costs of refinancing (Tranche 6)                 | (26,220)             | -                    |
| Less: Costs incurred for loan under note (g)                       | (10,604)             | (12,597)             |
| <b>Total</b>   | <b>17,620,770</b>    | <b>18,806,787</b>    |
| <b>Classified as:</b>  |                      |                      |
| Current liability  | 1,125,406            | 1,085,201            |
| Non-current liability  | 16,495,364           | 17,721,586           |

#### Note (a):

Represents USD 406.25 million against the financing facility. The repayment began in June 2020 and will end in June 2029. During the year ballon repayment which was due in June 2024 has been refinanced and now it will be due in June 2029.

#### Note (b):

Represents USD 1,431.54 million against the senior bank facility Tranche I, USD 532 million against the senior bank facility Tranche V and USD 603.47 million against the senior bank facility Tranche VI. The repayment of Tranche I began in December 2010 and will end in December 2025. The repayment of Tranche V began in June 2023 and will end in December 2033. During the year, Tranche II has been refinanced and replaced with Tranche VI. The repayment of Tranche VI began in December 2023 and will end in December 2033.

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### 13. Borrowings (continued):

#### Note (c):

Represents USD 112.40 million against the subordinated bank facility Tranche I, USD 99.36 million against the subordinated bank facility Tranche V and USD 80.68 million against the subordinated bank facility Tranche VI. The repayment of Tranche I began in December 2010 and will end in December 2025. The repayment of Tranche V began in June 2023 and will end in December 2033. During the year, Tranche II has been refinanced and replaced with Tranche VI. The repayment of Tranche VI began in December 2023 and will end in December 2033.

#### Note (d):

Represents the senior bonds issued under the Tranche I financing program. The repayment began in June 2021 and will end in December 2033.

#### Note (e):

Represents the subordinated bonds issued under the Tranche I financing program. The repayment began in December 2010 and will end in December 2033.

#### Note (f):

Represents USD 250 million against the financing facility. The balloon repayment which was due in May 2024 has been refinanced during the year and now it will be due in May 2029.

#### Note (g):

The borrowing relates to a subsidiary which was acquired as a result of a business combination. The repayment of the loan began in January 2023 and will end in October 2031.

#### Note (h):

Represents USD 148.13 million against a loan facility. The repayment began in December 2023 and will end in December 2027.

#### Note (i):

The table below shows the changes in liability arising from financing activities.

| Particulars | As at 01 January<br>2023 | Cash flow changes | Non-cash changes - Transaction cost | As at 31 December<br>2023 |
|-------------|--------------------------|-------------------|-------------------------------------|---------------------------|
| Borrowings  | 18,806,787               | (1,196,988)       | 10,971                              | 17,620,770                |

The weighted average interest rate on short / long term facilities (excluding hedge), loans and bonds as above at **December 31, 2023** is **6.56%** (2022: 3.48%).

The bank facilities and bonds have been used to finance the acquisition of the vessels.

The Group's obligation under the facilities is secured by a charge over the vessels and guarantees issued by each of the Group's subsidiaries who have irrevocably and unconditionally guaranteed the punctual payments of the debts.

The bank facilities and bonds are further secured against accounts and all permitted investments made from the funds received against the initial draw down, shares in each of the subsidiary, all the insurance policies entered by the Company or any of the subsidiary and insurance proceeds. These are also secured by Company's right, title and interest in any contract, intercompany loans and floating charges over the Company's other assets and any other contract in which each of the subsidiary is a party.

All these securities are subject to first priority to senior debts and bonds and second priority to subordinated debts and bonds.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 14. Fair Value of Interest Rate Swaps:

The Group has entered into interest rate swap agreements with several financial institutions. As of **December 31, 2023** the outstanding notional amount of swap agreements is **QR 7,719 million** (2022: QR 8,165 million) and net fair value is negative **QR 414.3 million** (2022: negative QR 509.8 million).

### 15. Trade and Other Payables:

|   | December 31,<br>2023 | December 31,<br>2022 |
|---|----------------------|----------------------|
| Trade payables                                | 152,798              | 103,767              |
| Advances from customers (note 8)              | 472,714              | 602,415              |
| Accrued liabilities                           | 737,376              | 358,102              |
| Payable to shareholders (1)                   | 20,171               | 20,258               |
| Other liabilities-current portion (note 15.1) | 9,706                | 5,868                |
| Social and sports fund contribution (note 16) | 38,946               | 35,973               |
| Due to joint venture companies (note 17b)     | 1,966                | 928                  |
| Dividend payable                              | 102,985              | 112,641              |
| Deferred liabilities (2)                      | -                    | 152,922              |
| <b>Total</b>                                  | <b>1,536,662</b>     | <b>1,392,874</b>     |

(1) This represents cash payable to shareholders for unclaimed proceeds of their shares auctioned related to the second IPO call.

(2) This represents the Group's share of additional losses from joint ventures and fully adjusted during the year against the profits of the same joint ventures.

### 15.1 Other Liabilities:

This includes deferred income relating to Ballast water treatment costs and proceeds from MEGI project. The proceeds from MEGI project & Ballast water treatment will be amortized over the useful life of related assets. The balance of non-current portion is **QR 231,878** thousands (2022: QR 146,798 thousands).

### 16. Social and Sports Fund Contribution:

Qatar Law no. 13 of 2008 requires Qatari listed shareholding companies with IPO to pay 2.5% of net profit to a social and sports fund. In pursuant to this Law and further clarifications for the Law issued in 2010, the Group has made an appropriation of **QR 38,946** thousands representing **2.5%** of the net consolidated profit of the Group for the year ended **December 31, 2023** (December 31, 2022: QR 35,973 thousands). This appropriation has been presented in the consolidated statement of changes in equity.

### 17. Related Party Disclosures:

|   | For the<br>year ended<br>December 31,<br>2023 | For the<br>year ended<br>December 31,<br>2022 |
|---|---|---|
| (a) Transactions with related parties during the year are as follows: |   |   |
| Loans to joint ventures   | (25,650)                                      | 578,837                                       |
| Interest income on loans to joint ventures                            | 20,789  | 12,833  |
| (b) Balances with related parties are as follows:                     |   |   |
| Due from joint venture companies                                      | 27,560  | 55,448  |
| Due to joint venture companies  | 1,966   | 928   |
| (c) Key management compensation:                                      |   |   |
| Compensation of key management personnel                              | 10,847  | 10,323  |
| Board of Directors' remuneration accrued                              | 5,900   | 5,900   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 18. Subsidiaries:

Details of the Company's subsidiaries at **December 31, 2023** are as follows:

| Name of Subsidiaries                                      | Place of<br>Incorporation (or<br>registration) | Proportion of<br>Ownership &<br>Voting Interest | Principal Activity         |
|---|--|---|----------------------------|
| Nakilat Agency Company Navigation Limited<br>(Q.P.J.S.C.) | Qatar  | 95%   | Agency services            |
| Nakilat Inc.  | Marshall Islands                               | 100%  | Holding Company            |
| -Nakilat Haloul Inc.                                      | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat Umm Slal Inc.                                    | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat Bu Samra Inc.                                    | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1694 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1695 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1696 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1697 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat H.H.I. 1908 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat H.H.I. 1909 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat H.H.I. 1910 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat Al Ghuwairiya Inc.                               | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat Lijmiliya Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat Al Samriya Inc.                                  | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat DSME 2264 Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat DSME 2265 Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat DSME 2266 Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1726 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1751 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1752 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1753 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat S.H.I. 1754 Inc.                                 | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat DSME 2283 Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat DSME 2284 Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat DSME 2285 Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Nakilat DSME 2286 Inc.                                   | Marshall Islands                               | 100%  | Chartering of vessels      |
| Nakilat Marine Services Limited *                         | Marshall Islands                               | 100%  | Holding Company            |
| -Nakilat Maritime Corporation                             | Marshall Islands                               | 100%  | Holding Company            |
| -Overseas LNG H1 Corporation                              | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Overseas LNG H2 Corporation                              | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Overseas LNG S1 Corporation                              | Marshall Islands                               | 100%  | Chartering of vessels      |
| -Overseas LNG S2 Corporation                              | Marshall Islands                               | 100%  | Chartering of vessels      |
| QGTC Nakilat (1643-6) Holding Corporation *               | Marshall Islands                               | 100%  | Holding Company            |
| QGTC Nakilat (2245-8) Investment Limited *                | Marshall Islands                               | 100%  | Holding Company            |
| Nakilat Shipping (Qatar) Limited                          | Qatar  | 100%  | Ship Management<br>Company |
| QGTC Shipping (M.I.) Inc.                                 | Marshall Islands                               | 100%  | Shipping Company           |
| -QGTC Cyprus Limited                                      | Cyprus   | 100%  | Shipping Company           |

\* Share capital in these subsidiaries was issued at no par value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(Amount Expressed in Thousands of Qatari Riyals)

### 19. Earnings Per Share:

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

|   | For the year<br>ended December<br>31, 2023 | For the year<br>ended December<br>31, 2022 |
|---|--|--|
| Profit for the year attributable to the owners of the Company           | 1,557,834                                  | 1,438,918                                  |
| Weighted average number of shares outstanding during the year           | 5,540,263,600                              | 5,540,263,600                              |
| <b>Basic and diluted earnings per share (expressed in QR per share)</b> | <b>0.28</b>                                | <b>0.26</b>                                |

There were no potentially dilutive shares outstanding at any time during the year and hence the diluted earnings per share are equal to the basic earnings per share.

### 20. Financial Risk Management:

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

- I Market risk
- II Liquidity risk
- III Credit risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and internal audit activities. A risk management committee has been established which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the CEO and the Board of Directors on its activities.

#### I Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments.

#### (a) Interest Rate Risk

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by the use of interest rate swap contracts. The Group's policy is to use interest rate swap instruments on certain of its borrowings. The difference between the fixed-rate interest cost (payment) and the variable-rate interest cost (receipt) is settled periodically.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge interest rate fluctuation risk exposure. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on interest rate risk, credit risk and the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Treasury function reports periodically to the Group's management that monitors risks and policies implemented to mitigate risk exposures.

##### (i) Interest Rate Sensitivity Analysis

The Group is exposed to interest rate risk on its bank balances, loans to joint ventures and borrowings. The table below demonstrates the sensitivity of the Group's profit to possible changes on the Group's floating interest rate of financial assets and liabilities held on **December 31, 2023**.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (Amount Expressed in Thousands of Qatari Riyals)

### 20. Financial Risk Management (continued):

#### I Market Risk (continued)

##### (a) Interest Rate Risk (continued)

##### (i) Interest Rate Sensitivity Analysis (continued)

The Group's sensitivity analysis has been determined based on exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating liabilities, the amount of the liability outstanding at the end of the reporting period was assumed outstanding for the whole year. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest on borrowings.

The Group's exposure to interest rate risk and the effective interest rates on its financial assets and liabilities are summarized below:

|   | December 31, 2023         |                              |                             |                     | December 31, 2022         |                             |                     |
|---|---------------------------|------------------------------|-----------------------------|---------------------|---------------------------|-----------------------------|---------------------|
|   | Fixed<br>interest<br>rate | Floating<br>interest<br>rate | Non-<br>interest<br>bearing | Total               | Fixed<br>interest<br>rate | Non-<br>interest<br>bearing | Total               |
| <b>Financial assets</b>                   |                           |                              |                             |                     |                           |                             |                     |
| Cash and cash equivalents                 | -                         | 2,170,141                    | 269,410                     | 2,439,551           | -                         | 217,366                     | 1,586,724           |
| Deposits and other balances               | -                         | 1,784,895                    | -                           | 1,784,895           | 2,973,320                 | -                           | 2,973,320           |
| Loans to joint ventures                   | -                         | 89,750                       | -                           | 89,750              | 68,484                    | -                           | 68,484              |
|   | -                         | 4,044,786                    | 269,410                     | 4,314,196           | 4,411,162                 | 217,366                     | 4,628,528           |
| <b>Financial liabilities</b>              |                           |                              |                             |                     |                           |                             |                     |
| Interest bearing loans and borrowings     | (3,220,136)               | (6,681,250)                  | -                           | (9,901,386)         | (7,193,627)               | -                           | (10,641,446)        |
| Interest rate swap                        | (7,719,384)               | -                            | -                           | (7,719,384)         | -                         | -                           | (8,165,341)         |
|   | (10,939,520)              | (6,681,250)                  | -                           | (17,620,770)        | (7,193,627)               | -                           | (18,806,787)        |
| <b>Net financial assets/(liabilities)</b> | <b>(10,939,520)</b>       | <b>(2,636,464)</b>           | <b>269,410</b>              | <b>(13,306,574)</b> | <b>(2,782,465)</b>        | <b>217,366</b>              | <b>(14,178,259)</b> |

If interest rates had been 50 basis points lower / higher and all other variables were held constant, the net effect on the profit for the year ended **December 31, 2023** would be an increase / decrease by **QR 13.2 million** (December 31, 2022: QR 13.9 million).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### 20. Financial Risk Management (continued):

#### I Market Risk (continued)

##### (a) Interest Rate Risk (continued)

###### (ii) Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

#### Cash flow hedges

|   | <u>Average contracted<br/>fixed interest rate</u> |      | <u>Notional<br/>principal amount<br/>outstanding</u> |              | <u>Fair value</u> |                 |
|---|---|------|--|--------------|-------------------|-----------------|
|   | 2023  | 2022 | 2023   | 2022         | 2023              | 2022            |
| <b>Outstanding receive<br/>floating</b> |   |      |  |              |                   |                 |
| <b>Pay fixed contracts</b>              | %   | %    | QR<br>(million)                                      | QR (million) | QR<br>(million)   | QR<br>(million) |
| Less than 5 years                       | 5.57  | --   | --   | --           | --                | --              |
| 5 years and above                       | 5.60  | 5.26 | 7,719  | 8,165        | (414)             | (510)           |

In addition to the above, the Group has also accounted for its share of the positive fair value of interest rate swaps relating to Joint Ventures amounting to **QR 200 million** as of **December 31, 2023** (2022: positive fair value of QR 262 million).

The interest rate swap settles semi-annually. The floating rate on interest rate swaps is SOFR-Secured overnight floating rate. The Group will settle the difference between the fixed and floating rate on a net basis.

The majority of interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously.

###### (iii) IBOR reforms

The Group's risk exposure to the interest rate benchmark reform is addressed by the phase 2 implementation.

During the year, the floating-rate debt and the related interest rate swaps have been completely transitioned from LIBOR to SOFR-Secured overnight floating rate (Daily SOFR/ Term SOFR, as applicable).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 20. Financial Risk Management (continued):

#### I Market Risk (continued)

##### (b) Equity price risk

The Group is subject to equity price risk in relation to equity investments. The Group evaluates the current market value and other factors including normal volatility in share price for quoted equities and other relevant factors in order to manage its market risk.

A 10% increase or decrease in the market value of the Group's portfolio of equity investments at the reporting date is expected to result in an increase or decrease of **QR 14.23 million** (2022: QR 13.87 million) in the assets and equity of the Group.

##### (c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The significant foreign currency transactions are denominated in United States Dollar ("USD") which is pegged with the presentation currency of the Company. Therefore, the Management is of the opinion that the Group's exposure to currency risk is minimal.

#### II Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of non-derivative financial liabilities which include principal and interest (where applicable):

#### Non-Derivative Financial Liabilities

##### 31 December 2023

Borrowings  
Lease liability  
Trade and other payables

| Carrying<br>Amounts | Contractual maturities |                     |              |                 |
|---------------------|------------------------|---------------------|--------------|-----------------|
|                     | Total                  | Less than<br>1 year | 1-5<br>years | Over<br>5 years |
| 17,620,770          | 24,558,661             | 2,251,473           | 9,074,792    | 13,232,396      |
| 41,364              | 46,039                 | 7,083               | 28,332       | 10,624          |
| 789,581             | 789,581                | 789,581             | -            | -               |
| 18,451,715          | 25,394,281             | 3,048,137           | 9,103,124    | 13,243,020      |

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### 20. Financial Risk Management (continued):

#### II Liquidity Risk (continued)

##### Non-Derivative Financial Liabilities (continued)

| 31 December 2022         | Carrying Amounts | Contractual maturities |                  |           |              |
|--------------------------|------------------|------------------------|------------------|-----------|--------------|
|                          |                  | Total                  | Less than 1 year | 1-5 years | Over 5 years |
| Borrowings               | 18,806,787       | 26,913,559             | 2,354,897        | 9,018,229 | 15,540,433   |
| Lease liability          | 46,935           | 53,122                 | 7,083            | 28,332    | 17,707       |
| Trade and other payables | 875,982          | 875,982                | 875,982          | -         | -            |
|                          | 19,729,704       | 27,842,663             | 3,237,962        | 9,046,561 | 15,558,140   |

#### III Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and receivable from joint venture companies and bank balances.

##### Exposure to credit risk

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position is the carrying amounts as illustrated below.

|                                  | Note  | December 31, 2023 | December 31, 2022 |
|----------------------------------|-------|-------------------|-------------------|
| Loans to joint venture companies | 6     | 89,750            | 68,484            |
| Due from joint venture companies | 17(b) | 27,560            | 55,448            |
| Trade and other receivables      | 8     | 792,331           | 729,993           |
| Cash and cash equivalents        | 9     | 2,439,044         | 1,586,234         |
| Deposits and other balances      | 9.1   | 1,784,895         | 2,973,320         |
| <b>Total</b>                     |       | <b>5,133,580</b>  | <b>5,413,479</b>  |

##### Bank balances

The bank balances are held with banks, which have good, accredited credit ratings (not below BBB) from independent international rating agencies.

Impairment on bank balances has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties.

##### Loans and due from joint venture companies

The maximum exposure to credit risk for loans and due from related parties at the reporting date was equal to the amount disclosed in the consolidated statement of financial position. Management believes that there is limited credit risk from the receivable from joint venture companies because these counterparties are under the control of the ultimate parent company, who is financially healthy.

##### Trade receivables

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Credit evaluations are performed on all customers requiring credit and are approved by the Group's management.

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers.

Loss rates are calculated using a simplified approach method defined under IFRS 9, which is based on the probability of a receivable progressing through successive stages of delinquency to write-off.

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FOR THE YEAR ENDED DECEMBER 31, 2023

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### 20. Financial Risk Management (continued):

#### Fair Value of Financial Instruments

The fair value of equity investments is derived from quoted market prices in an active market. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows quoted by the respective swap counter parties. The fair value of other financial instruments approximates their carrying value.

#### Fair Value Hierarchy

As at December 31, the Group held the following financial instruments measured at fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that is not based on observable market data.

|   | Level 1 | Level 2 | Level 3 | Total   |
|---|---------|---------|---------|---------|
| <b>31 December 2023</b>                         |         |         |         |         |
| <b>Financial assets measured at fair value:</b> |         |         |         |         |
| Equity investments                              | 142,288 | -       | -       | 142,288 |

|  |   |         |   |         |
|--|---|---------|---|---------|
| <b>Financial liabilities measured at fair value:</b> |   |         |   |         |
| Interest rate swaps used for hedging                 | - | 414,305 | - | 414,305 |

|   |         |   |   |         |
|---|---------|---|---|---------|
| <b>31 December 2022</b>                         |         |   |   |         |
| <b>Financial assets measured at fair value:</b> |         |   |   |         |
| Equity investments                              | 138,687 | - | - | 138,687 |

|  |   |         |   |         |
|--|---|---------|---|---------|
| <b>Financial liabilities measured at fair value:</b> |   |         |   |         |
| Interest rate swaps used for hedging                 | - | 509,785 | - | 509,785 |

### 21. Capital Management:

The Group manages its capital to ensure that it will continue as a going concern while maximizing the return to stakeholders through the optimization of invested capital. The capital structure of the Group consists of debt and equity comprising issued share capital, legal reserve, fair value reserve, non-controlling interests, hedging reserve and retained earnings.

#### Gearing ratio

The Group's management reviews the capital structure on a regular basis. The gearing ratio at the year-end was as follows:

|   | Note | December 31, 2023 | December 31, 2022 |
|---|------|-------------------|-------------------|
| Total debt (Borrowings)                                     | 13   | 17,620,770        | 18,806,787        |
| Cash and cash equivalents                                   | 9    | (2,439,551)       | (1,586,724)       |
| <b>Net debt</b>   |      | <b>15,181,219</b> | <b>17,220,063</b> |
| Equity before hedging reserve and non-controlling interests |      | 12,298,951        | 11,496,696        |
| Add: Non-controlling interests                              |      | 5,686             | 5,709             |
| <b>Adjusted Equity (i)</b>                                  |      | <b>12,304,637</b> | <b>11,502,405</b> |

|  |             |             |
|--|-------------|-------------|
| <b>Net debt to adjusted equity ratio</b> | <b>123%</b> | <b>150%</b> |
|--|-------------|-------------|

(i) Adjusted equity includes all equity except negative cash flow hedge reserve of the Group.



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22. Commitments and Contingencies:

(i) *Cross Guarantees*

The Company has issued cross guarantees to the various banks with regard to loans and interest rate swaps.

(ii) Bank Guarantees at **December 31, 2023** amounted to **QR 18 million** (2022: QR 8.3 million).

(iii) Letters of Credits and Guarantees including the share from joint ventures at **December 31, 2023** amounted to **QR 29.7 million** (2022: QR 35.8 million).

(iv) Capital commitments including the share from joint ventures at **December 31, 2023** amounted to **QR 10.8 million** (2022: QR 127.1 million).

23. Critical Accounting Estimates and Judgments:

In the application of the Group's accounting policies, which are described in **note 3**, management is required to make certain judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The associated assumptions are based on factors that are considered to be relevant. Actual results may differ from these estimates. The underlying assumptions are reviewed on an ongoing basis.

The following critical judgments were made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements.

(i) Useful life, residual value and impairment of property and equipment:

As described in **note 3.2(b)**, the Group's management reviews the estimated useful life and residual value of the property and equipment at the end of each annual reporting period. Management also performs impairment test for property and equipment when there is an indicator for impairment.

Management estimates the useful lives and residual value for the Group's vessels based on historical experience and other factors, including the tonnage value and the expectation of the future events that are believed to be reasonable under the circumstances.

During 2023, the Group reassessed the residual values of its certain vessels in line with prevailing market conditions, leading to an upward revision in their residual values. This change resulted in decreasing the depreciation by QR 31.4 million for the year and over the remaining useful life of the vessels.

(ii) Impairment of receivables:

The impairment model of IFRS 9 requires forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Accordingly, management has assigned probability of default to various categories of receivables. Probability of default constitutes a key input in measuring an ECL and entails considerable judgment; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The impairment review on trade receivables was performed only for receivables for which management had an indication of impairment that also entailed significant judgment. It was determined with reference to past default experience of a counterparty and an analysis of the counterparty's financial situation.

(iii) Fair value and hedge effectiveness of cash flow hedges:

Fair value of hedges is derived based on confirmation from banks. Management performs an independent check to assess the accuracy of the fair values. Management also reviews its hedging relationship between the interest rate swaps and the underlying loans on a regular basis. The hedge was found to be highly effective. As a result, the fair value of the derivative (negative **QR 414.3 million**) is recorded in equity under the hedging reserve.

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23. Critical Accounting Estimates and Judgments (continued):

(iv) Classification of lease:

Lease classification is determined by Management at the inception of the lease. Changes to the particulars of a lease after inception, other than by renewing the lease, which would have resulted in a different classification of the lease had the revised terms been in effect at the inception of the lease, should be considered at the inception of a revised agreement over the remaining term.

Management has applied judgments for the classification of its lease arrangements based on the following primary indicators;

- transfer of ownership of the asset at the end of the lease term;
- option to purchase the leased asset at a price that is sufficiently lower than the fair value at the date of the purchase;
- term of the lease is for the major part of the economic life of the asset;
- present value of the minimum lease payments which is calculated based on rate of return implicit in the lease and fair value of the leased asset;
- nature of the asset including its specialization, purpose of creation for the lessee and requirements for major modification to be used by other lessee;
- The lease term is considered as firm period as per the contract based on the available information.

Key estimates used by Management include calculation of IRR, useful life and salvage value.

24. Operating Lease Revenue:

The Group has various lease agreements for wholly owned LNG vessels. The charter revenues of these vessels are accounted for as operating leases. The future minimum rental receivables under non-cancellable operating leases are as follows:

|  | December 31,<br>2023 | December 31,<br>2022 |
|--|----------------------|----------------------|
| Not later than 1 year                        | <b>3,583,088</b>     | 3,537,021            |
| Later than 1 year but not later than 5 years | <b>14,301,765</b>    | 14,157,777           |
| Later than 5 years                           | <b>19,340,090</b>    | 22,684,476           |
| <b>Total</b>                                 | <b>37,224,943</b>    | 40,379,274           |

25. General, employee and administrative expenses:

|                                 | For the Year Ended<br>December 31, 2023 | For the Year Ended<br>December 31, 2022 |
|---------------------------------|---|---|
| Employees Costs                 | <b>57,589</b>                           | 68,462                                  |
| Rent, utilities & others        | <b>32,489</b>                           | 19,146                                  |
| Depreciation                    | <b>6,062</b>                            | 6,062                                   |
| Professional fee-legal & others | <b>11,088</b>                           | 11,159                                  |
| Audit fee                       | <b>636</b>                              | 581                                     |
| Directors' fee / AGM expenses   | <b>6,286</b>                            | 6,708                                   |
| <b>Total</b>                    | <b>114,150</b>                          | 112,118                                 |

The auditor's total fee for the Group (subsidiaries and associated joint ventures) is QR 1,668 thousands which includes tax filing services fee of QR 156 thousands (December 31, 2022: QR 1,654 thousands which includes tax filing services fee of QR 231 thousands).

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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**26. Events after the reporting date:**

There are no material events subsequent to the reporting date which have a bearing on the understanding of these consolidated financial statements.

**27. Comparative amounts:**

The comparative figures for the previous period have been reclassified where necessary, in order to conform to the current year's presentation. Such reclassification does not affect the previously reported net profits or net assets.