

ANNUAL REPORT 2023

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**SALALAH PORT
SERVICES COMPANY SAOG**

DIRECTORS' REPORT 2023



DIRECTORS' REPORT 2023

Dear Shareholders,

On behalf of the Board of Directors, I have the pleasure in presenting the annual report of your company along with the audited financial statements for the year ended 31st December 2023.

Operational Overview

During the year 2023 the container terminal handled a volume of 3.794 million TEUs (2022: 4.504 million TEUs). The company has retained all major customers and Maersk's contribution to the total business has remained consistent during the year.

The Port of Salalah General Cargo segment has handled 20.500 million tons during 2023 as compared to 18.400 million during 2022 a growth of 12%. The overall general cargo volume increase is due to higher demand in export markets for gypsum and limestone. The general cargo volumes handled at Berth 31 have been included in the container terminal financials, as in the previous year, due to the conversion of the berth into a multipurpose terminal facility.

The Company's top priority is ensuring the safety of its employees, contractors, and customers, and to this end, the company continues to invest in technology and infrastructure to minimize the risk. The Company continues to focus on improvements through various initiatives to maintain operations of a world-class terminal and has maintained consistent productivity levels.

Financial Overview

The consolidated revenue from operations for 2023 is recorded at RO 68.578 million decrease of 3.30% Consolidated EBITDA is recorded at RO 13.274 million which corresponds to an EBITDA margin of 19.24%. This compares to RO 14.012 million a margin of 19.68% during the corresponding period last year. The operational margin was impacted by end-of-service benefits as per new labour law guidelines and lower container throughput over the corresponding period last year. Consolidated Net Profit for the year 2023 is recorded at RO 2.804 million, as compared to RO3.222 million during the corresponding period last year.

During 2023, your company distributed ten baiza per share annual dividend pertaining to the year 2022. Considering various capital expenditure plans to meet the equipment life cycle requirements and port improvement needs, as well as the volatile market conditions for international trade the Board of Directors are pleased to recommend the distribution of a dividend of 10 baiza per share on the paid-up equity share capital of the company, resulting in a total cash disbursement of RO 1,798 million.

Dividend history for the last 5 years

	2018	2019	2020	2021	2022
Dividend %	15%	20%	25%	15%	10%
Cash Outlay (RO'000)	2,698	3,597	4,496	2,698	1,798

Employee Development

Our people contribute to the success of the company. In order for the company to stay competitive it needs to remain at the forefront of the industry with continued education on procedures, technologies, and best practices. The company continues to invest in training and development of its workers, with a focus on enhancing the Omanization and skills development of local talent.

Corporate Social Responsibility (CSR)

Port of Salalah strongly believes in a CSR program that is aligned with the pillars of sustainability and volunteerism and it is fundamental to our business. The company has invested RO 100,409 in CSR initiatives during 2023 contributing to the local Dhofar region in which we operate as well as segments of communities requiring support. Impacting the local Dhofar region and benefiting the larger segments of communities requiring support are the guiding posts of the company's CSR program.

Outlook

In the fourth quarter, geopolitical tensions exerted a considerable influence on global and regional trade, resulting in disruptions to liner networks, service rerouting, and escalating insurance and freight expenses. Notably, in December '23, the situation in the Red Sea prompted vessel diversions and network disturbances, profoundly impacting business performance and operational efficiency. Despite ongoing uncertainties surrounding liner services, both carriers and customers are actively seeking alternative solutions.

December'23 witnessed a notable 22% decline in container volume as vessels diverted away from the Red Sea region. This trend is projected to persist into the first quarter of 2024, signalling a pessimistic outlook for the year ahead unless there are positive developments in the political landscape. Such developments could potentially lead to reduced container volumes, exacerbating space shortages for exporters and importers and driving up freight costs due to surcharges. However, amid these challenges, new opportunities are emerging, particularly in the realm of multimodal transport. Cargo can now be offloaded in Salalah and transported via road to final destinations within the GCC. Customers in Jordan are also exploring these alternative options, indicating a shift towards more flexible and adaptable transportation solutions.

In the General Cargo segment, December 23 also saw a 26% decline in volume compared to targets, driven by escalating freight expenses and limited vessel availability. However, the situation normalized in January '24, with volumes returning to expected levels, notably supported by key markets in India and other Asian countries. General Cargo is expected to perform well in the coming months, except for Liquid Bulk, which remains reliant on Red Sea routes and may encounter reliability issues.

Conclusion

On behalf of the Board of Directors and the shareholders of the company, I record the sincere appreciation and gratitude to His Majesty Sultan Haitham bin Tariq, for his strategic vision, leadership, and his continued support. I also thank our customers, investors and the members of the government we work together.

Lastly, but certainly not least, I place on record our appreciation for the contributions made by our employees in achieving the level of performance in 2023. Our consistent growth was possible by their hard work, solidarity, cooperation, and support.

On behalf of the Board of Directors

Braik Musallam Al Amri
Chairman of Board of Directors,
Salalah Port Services Co. SAOG
20th February 2024

CORPORATE GOVERNANCE REPORT 2023



CORPORATE GOVERNANCE REPORT 2023

Corporate Governance at Salalah Port Services Company SAOG (the “Company”) (“Port of Salalah”)

The Company’s philosophy of the Corporate Governance is aimed at maximizing the shareholders’ value and protecting the interest of other stakeholders. The Company aims to achieve this through adequate and appropriate disclosure of the material facts and the achievements, transparency, accountability, and equity in all facets of its operations. The Company also believes that it is essential to have clear policies to ensure that all involved in the process of managing the Company, from the Board of Directors to down, are able to act in the best interest of the shareholders. The Company is committed to comply with the Capital Market Authority guidelines on corporate governance and disclosure practices.

Board of Directors:

The Board of Directors comprises of seven members and is responsible for the Management of the Company’s business. The Board’s role, functions and responsibilities are clearly defined. In addition to its primary role of monitoring corporate performance, the functions of the Board also include:

- Approving corporate vision, mission, and objectives
- Establishing and approving the formulation of strategic business plans
- Reviewing and approving financial plans and budgets
- Monitoring corporate performance
- Compliance of laws and regulations
- Appointment of Chief Executive Officer and key executives

CORPORATE GOVERNANCE REPORT 2023

Corporate Governance at Salalah Port Services Company SAOG (the “Company”) (“Port of Salalah”)

Composition of the Board of Directors as on 31 December 2023 is as follows:

Name	Category	Comments
Sheikh Braik Musallam Al Amri	Chairman Non-executive, independent & elected	Re-elected in AGM dated 14 March 2022
Mr. Soren Sjostrand Jakobsen	Non-executive, non-independent & elected	Re-elected in AGM dated 14 March 2022
Mr. Ahmed Salem Al Busaidi	Deputy Chairman Non-executive, independent & elected	Re-elected in AGM dated 14 March 2022
Mr. Abdulmalik Abdulkareem Al Balushi	Non-executive, non-independent, elected	Elected in AGM dated 14 March 2022

CORPORATE GOVERNANCE REPORT 2023

Corporate Governance at Salalah Port Services Company SAOG (the “Company”) (“Port of Salalah”)

Mr. Muhsin Abdulmajeed bin Raja Al Rustom	Non-Executive, non-independent, elected	Elected in AGM dated 14 March 2022
Mr. Said Salim Al Shanfari	Non-executive, independent & elected	Elected in AGM dated 14 March 2022 Resigned from the Board with an effect from 6 March 2023
Mr. Lars Mikael Jensen	Non-executive, non-independent & elected	Has been appointed by the Board as a temporary member to replace Mr. Jens Rolf Nielsen, till the conclusion of the next AGM scheduled for 23 March 2023. Elected in AGM dated 23 March 2023
Brigadier/ Said Khamis Al Ghaithi	Non-executive, independent & elected	Elected in AGM dated 23 March 2023

Board of Directors profile

Sheikh Braik Musallam Al Amri joined the Board in March 2013. He has done master’s in business administration from Northampton University UK, a Postgraduate Diploma from the University of Kent UK, a High National Diploma from the University of Salford UK, and a Diploma from Lloyds Maritime Academy UK. He has 26 years of management experience in varied senior positions. He had worked previously with the Port of Salalah for 11 years. He has very good exposure to business and international practices, presently engaged with the financial services sector.

CORPORATE GOVERNANCE REPORT 2023

Board of Directors profile

Mr. Soren Sjostrand Jakobsen joined the Board in January 2017. He has been with the A.P. Moller – Maersk group for more than 42 years and has held various leadership positions within the Group. Since 2005 he has been with APM Terminals, the port and terminal division of the A.P. Moller – Maersk Group. In 2005 - 2008 Mr. Jakobsen was Regional Manager for APM Terminals in Latin America. In 2008 – 2013 Mr. Jakobsen was globally responsible for implementing new terminal and port projects in APM Terminals, based in the APM Terminals headquarter in The Hague in the Netherlands. From 2013 to 2016, Mr. Jakobsen, based in Dubai UAE, held the position as regional portfolio manager for a number of terminals and in 2016 he took up the position as Regional Manager the APMT Terminals's Joint Venture entities in Africa, Middle East and Southeast Asia. From 2018 to 2022 Mr. Jakobsen was also the key shareholder responsible for Global Ports Investments (GPI) where APM Terminals held a co-controlling shareholding until APM Terminals exited Russia in 2022. GPI operated 8 terminals in Russia and Finland and was listed on the London Stock Exchange. From 2020 and until the exit, Mr. Jakobsen was also Chairman of the Board of GPI. Mr. Jakobsen retired from APM Terminals/Maersk in December 2022 but continues to represent APM Terminals on a number of Boards in the Middle East, Africa and Latin America. Mr. Jakobsen has bachelor's degree in shipping and business with various management programs including at IMD and INSEAD.

Mr. Ahmed Salem Al Busaidi joined the Board in March 2019. He is of a senior management level officer with over 31 years of experience in the Finance and Defence sectors in the Sultanate of Oman, currently he is the CEO of Military and Security Services Pension Fund, with postgraduate qualifications in Finance and Economics, and experience in finance, project management, legal and accounting. A high achieving professional with ability to motivate and inspire team members and implement high profile projects within tight time frames. Ability to develop strategic long-term partnerships, communicate effectively with all levels of decision makers and negotiate complex agreements. Mr. Ahmed holds a Master's Degree in Finance & Economics from Southampton University in UK.

CORPORATE GOVERNANCE REPORT 2023

Board of Directors profile

Mr. Abdulmalik Abdulkareem Al Balushi joined the Board in March 2022. Abdulmalik is a strong leader with extensive experience in human resources management and a real belief that people are at the core of any business, that their talent and innovation are the key to sustainable success. His career spans 20+ years in multiple sectors in Oman - public, telecom, electricity, shipping, postal and logistics. This diverse experience includes more than 13 years of managing multiple functions and is characterized by strong leadership, skillful communication, resourcefulness, high performance, and sustainable partnership. Currently he is the Group Chief People of Asyad Group SAOC. Prior to joining Asyad, he served as the CEO of Oman Post Company SAOC and prior to that worked in various roles with each of Oman Shipping Company SAOC (General Manager Support Services December 2012 - January 2016), Sultan Qaboos University (SQU) (Visiting Faculty January 2014 - May 2014), Oman Power & Water Procurement Company SAOC, The Telecommunications Regulatory Authority and Muscat Municipality. Abdulmalik hold Master's Degree in Business Administration from Sultan Qaboos University and Bachelor of Science in Business Administration from University of Arizona, AZ, USA.

Mr. Muhsin Al Rustom joined the Board in March 2022. He is the Group CFO at Asyad, the leading Omani integrated logistics provider in the Middle East region. He is with over 19 years of experience in the logistics and maritime sectors. Muhsin is an established finance professional focusing on sustainable value and financial excellence. He successfully operated and developed financial processes and systems, and managed corporate financing, hedging and liquidity needs. Prior to joining Asyad, he served as the General Manager of Treasury at Oman Shipping Company since 2018, following a tenure in Dubai as the Treasury Manager of Oman Trading International and prior to that worked in various roles for DP World which included a two-year stint at DPW's European regional office in London. Muhsin holds a degree in Accounting from Sultan Qaboos University and is also a qualified CMA and ACT accountant and treasurer.

CORPORATE GOVERNANCE REPORT 2023

Board of Directors profile

Mr. Lars Mikael Jensen joined the Board in December 2022. Lars has over 40 years of experience in ocean container shipping with A.P. Moller- Maersk. He became Head of Hubs at APM Terminals in July 2022, having previously served as Head of Maersk East-West Ocean Network and Market for 2 years. Prior to that, Lars held various senior role at Maersk, including Head of the Global Ocean Network team and had a number of tenures as responsible for Middle East markets for Maersk Line.

Brigadier/ Said Khamis Al Ghaithi joined the Board in March 2023. He is currently the Director General of Customs at the Royal Oman Police. He holds a PhD in Public Law and a Leadership Diploma from the UK Royal Police College (Bramshill) and has completed the Program for Development of Leadership Skills from the Chartered Institute of Management, UK. He has more than 34 years of experience in the public security sector, police, and public prosecution. He joined many training programs during his career in various fields, including administrative, technical, leadership and strategic planning. He received many medals during his career, including the Efficiency Medal in 2011, the Excellent Service Medal in 2021, and the Royal Recognition Medal in 2023.

Executive Management Team Profile

Mr. Keld Mosgaard Christensen assumed the position of CEO at the Company in September 2022, following his tenure as the managing director of APM Terminals Poti in Georgia. His career with AP Moller-Maersk began in 1997, and encompassed a period of service with external organizations, including ISS A/S, and the Danish foreign service, where he held the esteemed role of Consul General in Istanbul, before relocating to Poti in 2019.

Mr. Mohammed Al Mashani is the Chief Corporate Affairs Officer at Port of Salalah. He started at the Port of Salalah as an HSE senior manager in 2008, holds a BSc in Safety Management from Central Missouri State University and an MSc in Facilities Management and Asset Maintenance from Herriot-Watt University, Edinburgh. Over the last 25 years Mohammed has worked in different sectors: Oil and Gas where he worked in PDO in logistics and HSE. Petrochemicals, where he joined Aromatics Oman. He has been through a CPMD program at APM Terminals in association with ESADE Business School and in 2015 was chosen for the first cohort of the Oman National CEO program in association with IMD launched by Diwan of Royal Court.

Mr. Bart Van De Graaf has been appointed Chief Financial Officer for Port of Salalah effective 1 March 2022. Bart joined the APMM Group in August 2011 in The Hague and subsequently took up the role of CFO at APM Terminals COMAN in Benin, followed by Abidjan Terminal in Ivory Coast. Prior to joining APMM, he worked for General Electric in the Financial Management Program, Corporate Audit Staff and in the energy services business. He holds an M.Sc. in Economics from the Erasmus University Rotterdam.

CORPORATE GOVERNANCE REPORT 2023

Executive Management Team Profile

Mr. Sunil Joseph has joined in January 2020 as Chief Commercial Officer of the Company. Sunil has over 28 years' experience in shipping with 18 of those in GCC countries – UAE, Qatar, Saudi Arabia, Bahrain as well as Oman. Sunil has held various senior leadership roles within Maersk Line and APM Terminals. Prior to joining Port of Salalah Sunil held the position of Chief Commercial Officer at APM Terminals, Bahrain, a multiport, where he had driven revenue improvements, been instrumental in the development and implementation of customer e-solutions, developed customer centric value propositions and diversified cargo and customer bases. Sunil holds Post Graduate Diploma in Finance and executive education from Columbia Business School.

Mr. Ali Kashoob is the Head of Human Resources at Port of Salalah. He has been associated with Port of Salalah since 2003. He holds a Bachelor of Ports Management and Operations from Arab Academy for science and technology with honor. He has varied experience in Maritime Industry mainly in port operations, HSSE, commercial, training and brings vast industry knowledge.

Mr. Scott Selman joined in September 2018 as Chief Operating Officer of the container terminal. He is responsible for the day-to-day business of the Container Terminal. He is responsible for operations, port wide Maintenance & Repair, Marine Services, Tugs & Pilots and the IT function for the Port of Salalah. Scott brings diverse operations and leadership experience from his work for APM Terminals in The United States, Nigeria, Egypt, Singapore/ APAC region and most recently as COO of Cai Mep International Terminal in Vietnam. Scott holds a BSc in Business Administration from The University of Southern California and is a graduate of the APM Terminals talent development program, Magnum.

CORPORATE GOVERNANCE REPORT 2023

Executive Management Team Profile

Mr. Ahmed Aubad Qatan is the Head of Projects and Strategy Development at Port of Salalah. He joined the Port in 2016 as the General Manager for Projects Development and Implementation which. In 2018 his scope expanded to include Maintenance and Repair. In 2020, Ahmed became member of the Executive Management Team and was assigned to lead the port expansion project and part-take in the negotiation with the Government of Oman for matters related to the Concession Agreements. Currently as the Head of Projects and Strategy Development, his role also covers large procurement projects and developing strategies pertaining to Port capacity for different business sectors including containerized, general, and liquid cargoes.

Mr. Hatim Fadhil has been the General Manager General Cargo Terminal (“GCT”) of the Company since June 2023. Hatim joined Port of Salalah in Jan 1999, where he held various managerial positions in the Container Terminal Operations and the General Cargo Terminal Operations. Hatim was promoted to General Manager of GCT in 2016. He has 39 years of experience in ports operations, planning and finance management. He holds a Master Degree in General Administration, from Dhofar University and a Bachelors of Commerce in Business Administration from the College of Commerce and Economics, Ein Shamas, Arabian Republic of Egypt.

Fadi Osekrie is the General Manager for Health, Safety, Security and Environment at Port of Salalah since December 2023. Fadi is broadly experienced OHS leader with abilities to create strategic alliances with organization leaders to effectively align with and support key business initiatives. Builds and retains high performance teams by hiring, developing, and motivating skilled professionals. Over 17 years of experience in several industries such as Logistics, Aviation Ground Services, Construction, Facility Maintenance, Hospitality, Food Catering, and Oil and Gas. An expert with a passion for designing, implementing, managing, and auditing Occupational Health and Safety, Food Safety, and Quality management systems’ compliance. Well versed on OHS regulations across various jurisdictions with excellent communication skills, readiness to faces difficulties, provide business solutions, and expand own skill set.

CORPORATE GOVERNANCE REPORT 2023

Employment Contract

Salalah Port Services Company SAOG enters into a formal Contract of Employment with each employee and such contracts are in line with the regulation of Ministry of Labor and Omani Labor Law.

During the financial year 2023 Six Board meetings were held on the following dates:

- 23rd February 2023
- 23rd March 2023
- 3rd May 2023
- 23rd May 2023
- 10th August 2023
- 13th November 2023

Attendance of each Director at the Board Meeting, last Annual General Meeting (AGM), sitting fees paid and number of other Directorship of each Director in various Omani companies are as follows:

Name of Directors	Attendance Particular		Sitting fees (in RO)	No. of Directorship in other Omani SAOG Companies
	Board meeting	Last AGM		
Sheikh Braik Musallam Al Amri	6	Yes	4,800	0
Mr. Soren Sjostrand Jakobsen	6	Yes	4,800	0
Mr. Ahmed Salem Al Busaidi	6	Yes	4,800	1
Mr. Abdulmalik Abdulkareem Al Balushi	6	Yes	4,800	0
Mr. Muhsin Abdulmajeed bin Raja Al Rustom	6	Yes	4,800	0
Mr. Said Salim Al Shanfari*	1	Yes	800	0
Mr. Lars Mikael Jensen	6	Yes	4,800	0
Brigadier/ Said Khamis Al Ghaithi	5	Yes	4,000	0

***Said resigned from the Board with effect from 6 March 2023.**

In accordance with the terms and conditions of the Management Agreement A. P. Moller Terminals & Co. LLC is the Manager of the Company with responsibility of operation and day-to-day management of the Company.

Board Committees

Audit Committee terms of reference:

Terms of reference of the Audit Committee are as per the guidelines set out by Capital Market Authority and include overseeing of financial reporting process, reviewing with the management the financial statements and adequacy of internal control system, reviewing the adequacy of internal audit function and discussion with Internal Auditor and external auditors on significant findings.

The members of the Audit Committee are governed by the provisions of liability stipulated in the Commercial Companies Law and the Executive Regulation for Public Joint Stock Companies without prejudice to their liabilities resulting from their membership of the Board of Directors. Following Directors are the members of the Audit Committee:

Mr. Ahmed Salem Al Busaidi- Chairman

Brigadier/ Said Khamis Al Ghaithi

Mr. Lars Mikael Jensen

Mr. Said Al Shanfari – resigned with effect from 6 March 2023.

The majority of the Audit Committee members are independent and have knowledge of finance, accounts, company law and the shipping industry. The quorum for the audit committee is majority of independent directors of its membership are presented.

CORPORATE GOVERNANCE REPORT 2023

During the year 2023, Four Audit Committee meetings were held. Following is the number of meetings attended by each member.

Member	No. of meetings	Sitting fees (in RO)
Mr. Ahmed Salem Al Busaidi	4	2,000
Mr. Said Al Shanfari*	1	500
Mr. Lars Mikael Jensen	4	2,000
Brigadier/ Said Khamis Al Ghaithi	3	1,500

- Said resigned from Board with effect from 6 March 2023.

The Audit Committee reviews and recommends for Board's approval of the quarterly un-audited and annual audited financial statements. The Audit Committee, on behalf of the Board has regularly reviewed the internal control environment of the Company. They meet the internal auditor on a regular basis to review the internal audit reports, recommendations, and management comments thereupon. Audit Committee members have also met the external auditors to review audit findings and management letter. The Audit Committee has met the internal & external auditors in absence of Management as required under the code of Corporate Governance. The Audit Committee also briefs the Board about the effectiveness of internal controls in the Company. The Audit Committee and the Board are pleased to inform the shareholders that an adequate and effective internal control system is in place and that there are no significant concerns.

Tariff and Nomination and Remuneration Committee (TNRC):

TNRC has been established as a sub-committee of the board. This requirement is consistent with the Company's obligations under the Container Terminal and General Cargo Terminal Concession Agreements and Code of Corporate Governance for Public listed companies issued by Capital Market Authority Oman (the Code).

TNRC is responsible:

- For recommending all the guidelines for negotiating tariff rates with the customers of the container terminal facility and general cargo terminal facility (the “facility”) taking into account, amongst other matters;
- The minimum rates imposed by the container terminal concession agreement;
- The service available to the customers;
- The rates payable in the competitive terminals; and
- The comparative cost advantages of the strategic location of the facility.
- Setting minimum levels of all charges, fees and levies to be paid by users of the port facility (excluding the facility) (“Port Charges”)
- The committee aims to assist the board in selecting the appropriate and necessary executives for the executive management and other related matters as per the Code of corporate governance.

CORPORATE GOVERNANCE REPORT 2023

Following Directors are the members of TNRC:

- Mr. Lars Mikael Jensen - Chairman
- Mr. Abdulmalik Abdulkareem Al Balushi
- Mr. Muhsin Abdulmajeed bin Raja Al Rustom
- Mr. Soren Sjostrand Jakobsen

During the year 2023, Two TNRC meetings were held on 20th June 2023 and 10th August 2023, as per details below:

Member	No. of meetings	Sitting fees (in RO)
Mr. Lars Mikael Jensen – Chairman	2	1,000
Mr. Soren Sjostrand Jakobsen	1	500
Mr. Muhsin Abdulmajeed bin Raja Al Rustom	2	1,000
Mr. Abdulmalik Abdulkareem Al Balushi	2	1,000

CORPORATE GOVERNANCE REPORT 2023

Process for Nomination of Directors

In accordance with the amended Articles of Association of the company, all Directors must be voted on to the Board using the cumulative voting process.

General Shareholders' information

AGM: Date Time Venue	21st March 2024 3:00 PM Online (MCD electronic platform)
Financial Year	2023
Date of Book Closure	31st December 2023
Dividend payment date	The dividend, if approved by the shareholders, will be paid within the statutory time limit.
Listing on Stock Exchange	Muscat Stock Exchange
Registrar and share transfer agents	Muscat Clearing & Depository Company (SAOC)
Market Price data	See Table 1 below
Distribution of shareholders	See Table 2 below
Ten major shareholders	See Table 3 below
Port Location	Port Salalah, about 20 km west of Salalah, Dhofar, and Sultanate of Oman.
Address of correspondence	Salalah Port Services Co. SAOG P.O. Box 105, PC 118, Al Sarooj, Way No. 2601, Beach One Building, Fourth Floor, Office 401, Muscat, Sultanate of Oman

CORPORATE GOVERNANCE REPORT 2023

Table 1 – Market price data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 22
Shares price (RO)													
High	0.460	0.460	0.440	0.460	0.440	0.430	0.420	0.420	0.416	0.390	0.388	0.350	0.460
Low	0.450	0.460	0.440	0.440	0.430	0.420	0.420	0.416	0.400	0.388	0.388	0.350	0.350
Opening	0.450	0.000	0.440	0.460	0.440	0.430	0.420	0.420	0.416	0.390	0.388	0.350	0.450
Closing	0.460	0.460	0.440	0.440	0.430	0.420	0.420	0.416	0.400	0.388	0.388	0.350	0.350
Volume	734	0	604	3,755	18,380	1,499	1,883	4,340	1,485	16,984	800	9,065	59,529
Trade Value (RO)	333.60	0.000	265.76	631.88	8,019.40	631.86	790.86	1,813.16	600,00	6,590.60	310.40	3,127.75	24,201.29
Services Index													
Opening	1,692.30	1,696.9	1,683.8	1,720.7	1,695.7	1,695.3	1,666.6	1,659.5	1,617.3	1,590.4	1,589.6	1,550.9	1,659.5
Closing	1,681.8	1,714.0	1,706.6	1,747.2	1,701.6	1,695.3	1,672.6	1,662.96	1,629.5	1,590.9	1,594.2	1,565.6	1,565.6

Table 2 – Distribution of shareholding as on 31 December 2023

No. of Equity Shares held	No. of Shares held	% of Total Shares	No. of shareholders	% of Total Shareholders
01-100	30,882	0.02%	656	52.31%
101-500	93,004	0.05%	393	31.34%
501-1,000	45027	0.03%	56	4.47%
1,001-10,000	333,316	0.19%	101	8.05%
10,001-100,000	1,188,261	0.66%	33	2.63%
Above 100,000	178,146,910	99.06%	15	1.20%
GRAND TOTAL	179,837,400	100%	1,254	100%

CORPORATE GOVERNANCE REPORT 2023

Table 3 – Top 10 Shareholders as on 31 December 2023

S No	Name	No of Shares	%age
1	APM Terminal B.V.	54,180,000	30.127%
2	ASYAD Group SAOC	36,120,000	20.085%
3	HSBC Bank PLC - IB MAIN ACCOUNT	27,455,320	15.267%
4	Ministry of Defence Pension Fund	17,803,740	9.900%
5	The Public Authority for Social Insurance	13,238,046	7.361%
6	Dhofar International Development & Investment Co SAOG	10,790,244	6.00%
7	QUANTUM EMEA FUND LTD	6,532,290	3.632%
8	The Civil Service Employees Pension Fund	5,876,972	3.268%
9	Internal Security Pension Fund	1,848,000	1.028%
10	Pension Fund Sultan's Special Force	1,806,000	1.004%
10	ROP Pension Fund	1,806,000	1.004%
	Total	177,456,612	98.676%

Annual General Meeting/Extra-ordinary General meeting

The details of AGMs and EGMs held by the Company during the previous 10 years are as follows:

Financial Year	Meeting	Location	Date	Time
2014	AGM	Crowne Plaza, Salalah	26 March 2015	03.00 PM
2015	AGM	Hilton, Salalah	28 March 2016	05.00 PM
2016	AGM	Hilton, Salalah	26 April 2017	03.00 PM
2017	AGM	Hilton, Salalah	22 March 2018	03.00 PM
2018	AGM	Hilton, Salalah	31 March 2019	03.00 PM
2019	AGM	Online	11 May 2020	02.00 PM
2020	AGM	Online/ Hilton Salalah	17 March 2021	05.00 PM
2021	AGM	Online	14 March 2022	03:00 PM
2022	OGM	Online	2 November 2022	03.00 PM
2023	AGM	Online	23 March 2023	05:00 PM

The shareholders passed all the resolution set out in the respective notices.

Communication with shareholders and investors

- Initial Unaudited Unapproved quarterly results are disclosed at Muscat Stock Exchange website within 15 days of closure of quarter as per stipulated guidelines.
- The quarterly and annual results were published in local newspaper both in Arabic as well in English. These results can be obtained by shareholders either from our website <https://www.salalahport.com.om/> or from MSX website.
- The Company made Two discussion session on MSX to the investors and analysts during the year 2023. The First session was on 23 March 2023 on the Financial Statements for the Year Ended 31st December 2022. The Second session was on 6 September 2023 on H1 unaudited financial results for the period ended 30th June 2023.
- Management Discussion & Analysis Report forms part of the Annual Report.
- The Board appointed Mr. Mohammed Afaif Al Mashani as the Investors Relation Officer, who can be reached through different channels i.e. telephone, email and Company website.

Remuneration

Details of the remuneration to Directors:

The remuneration proposed to pay to the members of the Board, besides sitting fees is RO 21,428.57 per member to 6 members as proportionate to their period as Board Member, and 16,071.43 per member to 1 member as proportionate to his 9 months period as Board Members, and 5,357.14 per member to 1 member as proportionate to his 3 months period as Board Members, totaling to RO 150,000 for the year 2023 (Year 2022 – OMR 150,000).

Details of the remuneration paid to top 5 officers:

During the year 2023 gross salary and compensation paid to top 5 executives of the Company including variable components is RO 582,411 (Year 2022 – RO 638,000).

The remuneration paid to the officers is commensurate with the role, responsibilities and skills required for the position based on a well laid down policy and process for determining remuneration linked with performance.

Professional Profile of Statutory Auditor

KPMG Profile for Corporate Governance Reports for YE 2023

The shareholders of the Company appointed KPMG as its auditors for 2023. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 160 people, amongst whom are five partners and five directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and have 273,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

The remuneration paid to auditors for the year 2023, which amounts to RO 23,050 for the audit services and RO 11,349 for non-assurance services, which includes RO 760 for agreed-upon procedures, and RO 10,589 for tax-related services.

Compliances

Details of noncompliance by the Company, penalties, and strictures imposed on the Company by Muscat Stock Exchange or Capital Market Authority or any statutory authority, on any matter related to Capital Markets, during last three years:

Year	Particulars
2021	None
2022	None
2023	None

MOTCIT fine of (RO 200,000 – RO 400,000 before 50% waiver) was imposed on the Company during the year 2023, for noncompliance with Marine certification requirements.

On behalf of the Board of Directors, it is confirmed that:

- The Financial Statements have been prepared in accordance with applicable standards and rules.
- The Board reviews the efficiency and adequacy of internal control procedures of the company.
- There are no material events that affect continuation of the company and its ability to continue its operations during the next financial year.

Braik Musallam Al Amri

Chairman of Board of Directors

20 February 2024

Management Discussion and Analysis Report



Management Discussion and Analysis Report

Business of the company

The Salalah Port Services (SPS) is the largest port in Oman. Strategically located on the major East-West Shipping Lane, SPS serves as a major Arab Gulf regional gateway port and transshipment hub on the Arabian Sea. It is regarded as the region's best-positioned port for accessing the markets of the Middle East, the Indian Subcontinent, and East Africa.

With an integrated supply chain ecosystem encompassing the Port, Free Zone, and Airport, SPS serves as an effective platform for seamless international trade. Its multi-modal connectivity via sea, land, and air enables importers and exporters to access global markets efficiently and quickly.

In 2023, SPS retained its position as the second most efficient container port in the world for the second consecutive year. Additionally, SPS claimed the top spot for the West Central and South Asia Region.

SPS is managed by APM Terminals (holding a 30% shareholding), a leading port developer and operator with a global network of terminals

Business performance 2023

Container Terminal

The container terminal faced a series of challenges during the year, including the ongoing upgrade project, deployment of the new FLOW operational system, disruptions stemming from cyclone Tej and the ongoing disruptions in the Red Sea/Gulf of Aden. However, the terminal showcased resilience and adaptability in navigating these challenges during the year. Through strategic contingency plans, the implementation of risk management, and resource optimization, the container terminal successfully met its volume/moves target (the volume target was reduced versus 2022 due to the ongoing terminal upgrade project and consequential loss of capacity).

The CT Upgrade Project progressed as planned. The first berth was completed in 2023 and the first batch of 4 quay cranes were underway to the port in December (arrival January 2024).

General Cargo Terminal

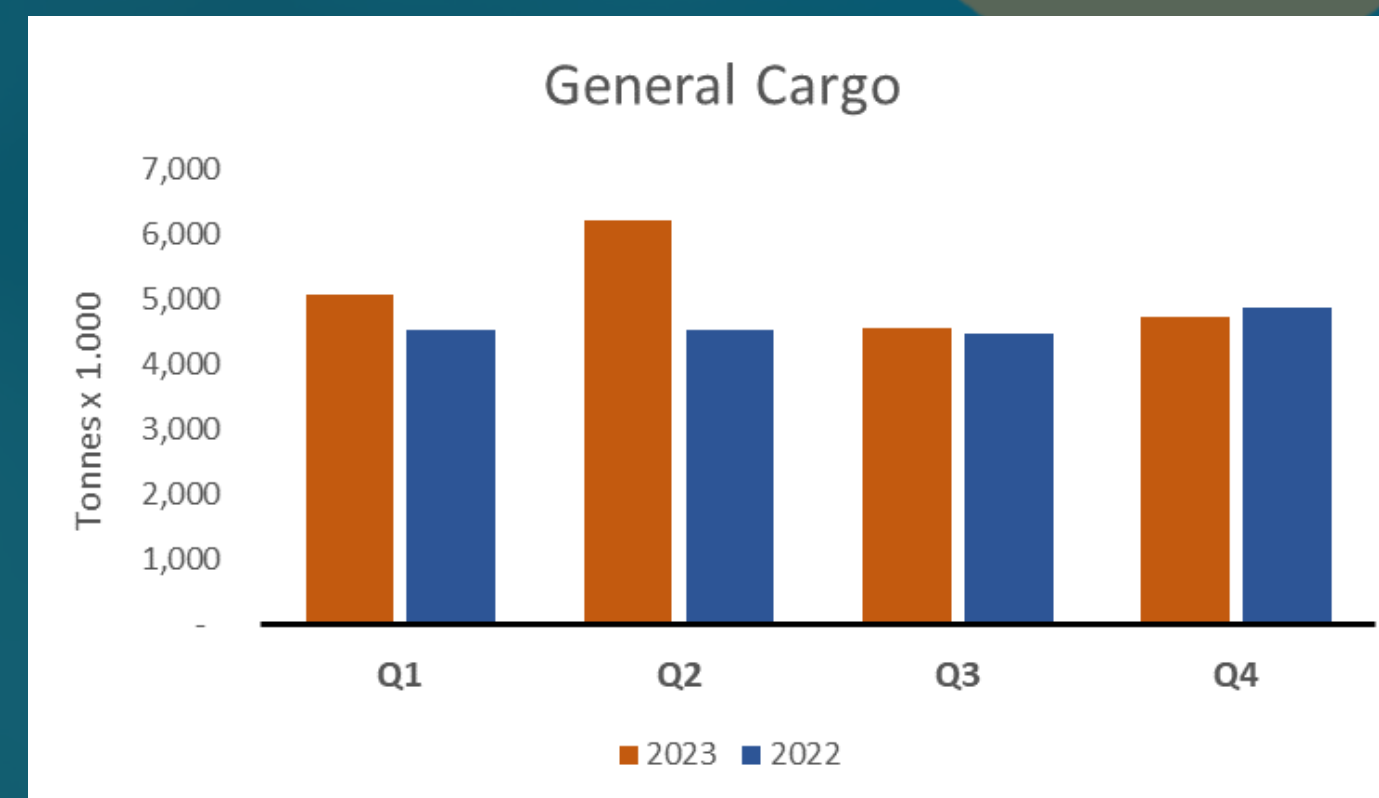
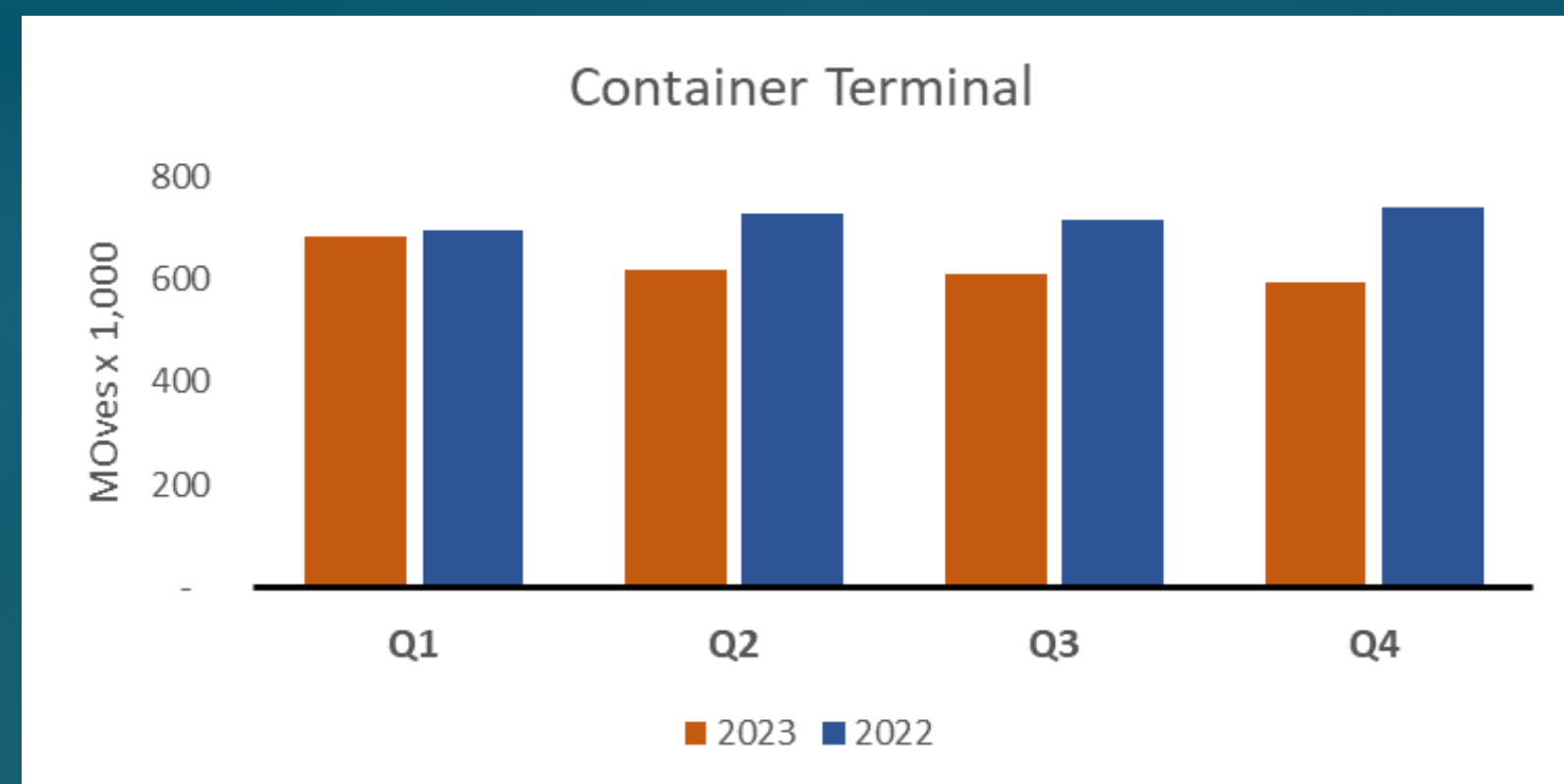
The General Cargo Terminal (GCT) achieved a remarkable milestone reaching record volumes of 20.6 million metric tons (MMT), a 12% growth compared to the previous year.

The general cargo business grew significantly in the first half of 2023, while the second half of the year was disrupted by adverse events, such as the impact of cyclone Tej and the situation in the Red Sea. GCT's ability to attain record volumes amidst these challenges underscores its effectiveness and strong foundation.

Volumes:

The container Terminal recorded 3.8 M TEU (2022: 4.5 M TEU), a 16% drop Y-O-Y, and General Cargo volumes achieved a record volume of 20.6 MMT in 2023 (2022: 18.4 MMT), growing 12% Y-O-Y.

CT and GCT volume development presented below:



Safety

Safety remains paramount at SPS, with a focus on frontline and middle management's commitment, responsibility, and accountability. Streamlining risk assessments with focus on Fatal 5 and ensuring clear communication to frontline workers is prioritized. Weekly GEMBA safety walks led by management have been instrumental in identifying potential risks.

Throughout the year, SPS recorded 2 Lost Time Injuries (LTI) and 4 High Potential Incidents (HIPO), marking a decrease from the previous year's figures of 6 LTIs and 5 HIPOs. The incidents were fully investigated, root causes, corrective and preventive actions identified and signed off by senior management to demonstrate management commitment.

Human Resources, welfare, and training

As of the end of 2023 SPS employed 2,515 individuals, with 72% of the skilled workforce comprised of Omanis. SPS's commitment to skill enhancement is evident through the on-the-job training, university study course facilitation, the launch of the Tamkeen leadership development program, and tuition provided by in-house experts.

The staff recognition program has been instrumental in cultivating a performance-oriented culture and bolstering employee engagement.

Additionally, SPS has prioritized improving employee accommodation and food services as part of SPS's ongoing efforts to enhance employee satisfaction and well-being.

Financial review

SPS reported consolidated revenue of OMR 68.6 M (2022: OMR 70.9 M) which is a 3% decrease over 2022. The decrease is mainly driven by a 16% drop in CT volumes (TEU's) in comparison to 2022.

Consolidated EBITDA for 2023 was recorded at OMR 13.3 M which corresponds to an EBITDA margin of 19%. This compares to an EBITDA of OMR 14.0 M and a margin of 20% in 2022.

The cost in 2023 was impacted mainly by the voluntary staff redundancy program (OMR 0.8 M) and the new labor law implementation (OMR 1.1 M) offset by strong cost control, lower maintenance & repair cost, and fuel price.

Consolidated Net Profit for the year 2023 was OMR 2.8 M, compared to OMR 3.2 M in 2022.

Internal Control Systems and their Adequacy

The company maintains internal control systems and processes to ensure effective and efficient operations, financial control, and compliance with laws and regulations. Management receives feedback from reports issued by Internal Audit and Statutory Auditors regarding the adequacy of internal controls and takes measures to address any weaknesses identified.

The company follows a defined authority manual and established processes across the organization.

Outlook

The ongoing disruptions in the Red Sea are expected to continue as long as the geopolitical and conflict persist in the region. As a result, container vessels are being rerouted and could consequently negatively affect the throughput of cargo handled by SPS. Amidst these challenges, new multimodal transport business opportunities are also arising, connecting Salalah to its ultimate cargo destinations via road.

The ongoing upgrade project will continue to constrain capacity during 2024 and is expected to go live in Q1 2025 with an increased capacity of 6 M TEU and ability to handle the biggest vessels in the World.

General Cargo outlook for 2024 remains positive amidst the challenging geopolitical landscape and is expected to continue the growth pattern seen in 2023 while Liquid Bulk might be impacted by the Red Sea disruptions.

Conclusion

The SPS management would like to express their appreciation to the company's employees, the customers, the suppliers, and the Government of Oman for their support during 2023.

We look forward to working with you and further developing the Salalah Port Services in 2024 and beyond.

Keld Mosgaard Christensen

Chief Executive Officer

20 February 2024

Thank you!