

**ARAMEX PJSC AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL INFORMATION**

**FOR THE NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2023**

# **ARAMEX PJSC AND ITS SUBSIDIARIES**

## **Review report and condensed interim consolidated financial information for the nine-month period ended 30 September 2023**

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# Report on review of condensed interim consolidated financial information to the Directors of Aramex PJSC

## Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Aramex PJSC (“the Company”) and its subsidiaries (together referred to as “the Group”) as at 30 September 2023 and the related condensed interim consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, condensed interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.


## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’.

PricewaterhouseCoopers Limited Partnership Dubai Branch  
8 November 2023

  
Murad Alnsour  
Registered Auditor Number 1301  
Dubai, United Arab Emirates



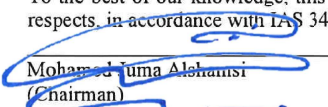
PricewaterhouseCoopers Limited Partnership Dubai Branch, License no. 102451  
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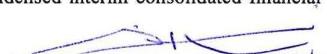
Jacques Fakhoury, Douglas O’Mahony, Wassim El Afchal, Murad Alnsour, Rami Sarhan and Virendra Dhirajlal Lodhia are registered as practising auditors with the UAE Ministry of Economy

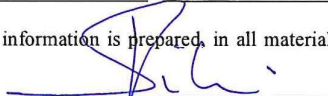
**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**

	Note	30 September 2023 AED "000" Reviewed	31 December 2022 AED "000" Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	4	869,050	883,697
Right of use assets	5	845,350	860,524
Goodwill		1,756,731	1,757,680
Other intangible assets		314,192	324,362
Investments in joint ventures and associates		38,562	24,961
Financial assets at fair value through other comprehensive income		17,556	17,667
Deferred tax assets		24,237	28,135
Other non-current assets		6,798	5,912
		<u>3,872,476</u>	<u>3,902,938</u>
<b>Current assets</b>			
Accounts receivable, net		979,894	1,130,410
Other current assets		248,575	284,150
Restricted cash, margins and fixed deposits	7	7,658	9,488
Cash and cash equivalents	7	596,169	758,954
		<u>1,832,296</u>	<u>2,183,002</u>
Assets held for sale		5,460	6,569
<b>Total assets</b>		<u>5,710,232</u>	<u>6,092,509</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		1,464,100	1,464,100
Statutory reserve		471,734	471,734
Foreign currency translation reserve		(549,694)	(529,432)
Reserve arising from acquisition of non-controlling interests		(336,986)	(329,908)
Reserve arising from other comprehensive income items		(11,900)	(11,804)
Retained earnings		1,357,763	1,444,833
		<u>2,395,017</u>	<u>2,509,523</u>
<b>Equity attributable to equity holders of the Parent Company</b>		<u>2,395,017</u>	<u>2,509,523</u>
Non-controlling interests		6,367	8,865
<b>Net equity</b>		<u>2,401,384</u>	<u>2,518,388</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings		1,076,661	1,086,304
Lease liabilities		749,748	757,036
Employees' end of service benefits		169,614	164,136
Deferred tax liabilities		32,521	30,828
Deferred income		12,803	15,960
		<u>2,041,347</u>	<u>2,054,264</u>
<b>Current liabilities</b>			
Accounts payable		304,317	324,776
Lease liabilities		177,718	181,687
Bank overdrafts	9	8,367	131,353
Interest-bearing loans and borrowings		48,239	38,865
Income tax provision		37,998	46,038
Provisions		57,331	71,380
Other current liabilities		630,098	720,851
		<u>1,264,068</u>	<u>1,514,950</u>
Liabilities held for sale		3,433	4,907
<b>Total liabilities</b>		<u>3,308,848</u>	<u>3,574,121</u>
<b>Total equity and liabilities</b>		<u>5,710,232</u>	<u>6,092,509</u>

To the best of our knowledge, this condensed interim consolidated financial information is prepared, in all material respects, in accordance with IAS 34.

  
 Mohamed Tuma Alshamsi  
 (Chairman)

  
 Othman Aljeda  
 (Chief Executive Officer)

  
 Nicolas Sibuet  
 (Chief Financial Officer)

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2023 AED "000" Reviewed	2022 AED "000" Reviewed	2023 AED "000" Reviewed	2022 AED "000" Reviewed
<b>Continuing operations</b>					
Rendering of services		1,349,678	1,426,250	4,170,013	4,391,771
Cost of services		(1,015,021)	(1,105,423)	(3,131,811)	(3,348,221)
<b>Gross profit</b>		334,657	320,827	1,038,202	1,043,550
Selling and marketing expenses		(76,696)	(62,180)	(227,841)	(186,105)
Administrative expenses		(209,415)	(213,023)	(632,319)	(661,323)
Net impairment loss on					
financial assets		(2,405)	(4,519)	(15,915)	(13,825)
Other (expense)/income, net		(1,432)	9,802	(1,659)	4,668
Gain on property damages and customer goods		-	-	-	2,516
<b>Operating profit</b>		44,709	50,907	160,468	189,481
Finance income		1,372	763	5,658	2,759
Finance costs		(32,564)	(16,307)	(95,612)	(44,525)
Share of results of joint ventures and associates		1,831	944	4,288	8,665
<b>Profit before income tax</b>		15,348	36,307	74,802	156,380
Income tax (expense)/credit	15	(6,325)	504	(22,198)	(27,580)
<b>Profit for the period from continuing operations</b>		9,023	36,811	52,604	128,800
<b>Discontinued operations</b>					
(Loss)/profit after tax for the period from discontinued operations		(333)	1,191	(1,237)	1,175
Gain on sale of a subsidiary		-	1,521	-	2,321
<b>Profit for the period</b>		8,690	39,523	51,367	132,296
<b>Attributable to:</b>					
<i>Equity holders of the Parent Company</i>					
Profit for the period from continuing operations		9,975	36,931	53,747	128,018
(Loss)/profit for the period from discontinued operations		(333)	2,712	(1,237)	3,496
		9,642	39,643	52,510	131,514
<i>Non-controlling interests</i>					
(Loss)/profit for the period from continuing operations		(952)	(120)	(1,143)	782
		(952)	(120)	(1,143)	782
<b>Earnings per share attributable to equity holders of the Parent Company</b>					
Basic and diluted earnings per share from continuing operations	8	0.007	0.025	0.037	0.087
Basic and diluted earnings per share from discontinued operations	8	(0.000)	0.002	(0.001)	0.002

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 AED "000" Reviewed	2022 AED "000" Reviewed	2023 AED "000" Reviewed	2022 AED "000" Reviewed
Profit for the period	8,690	39,523	51,367	132,296
<b>Other comprehensive income</b>				
<i>Other comprehensive income/(loss) to be reclassified to the condensed interim consolidated statement of profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	5,994	(21,545)	(16,247)	(63,538)
Impact of hyperinflation	(726)	(2,169)	1,990	(8,334)
	5,268	(23,714)	(14,257)	(71,872)
<i>Other comprehensive loss not to be reclassified to the condensed interim consolidated statement of profit or loss in subsequent periods:</i>				
Loss on equity instruments at fair value through other comprehensive income	(89)	(43)	(106)	(60)
Remeasurements of post-employment benefit obligations through other comprehensive income	(1)	28	10	38
	(90)	(15)	(96)	(22)
Other comprehensive income/(loss) for the period, net of tax	5,178	(23,729)	(14,353)	(71,894)
<b>Total comprehensive income for the period</b>	<b>13,868</b>	<b>15,794</b>	<b>37,014</b>	<b>60,402</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	14,876	16,999	38,951	61,353
Non-controlling interests	(1,008)	(1,205)	(1,937)	(951)
	13,868	15,794	37,014	60,402
<b>Total comprehensive income attributable to equity holders of the Parent Company arises from:</b>				
Continuing operations	15,209	14,744	40,188	57,207
Discontinued operations	(333)	2,255	(1,237)	4,146
	14,876	16,999	38,951	61,353

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER**

	<i>Attributable to equity holders of the Parent Company</i>								
	Share capital AED "000"	Statutory reserve AED "000"	Foreign currency translation reserve AED "000"	Reserve arising from acquisition of non- controlling interests AED "000"	Reserves arising from other comprehensive income items AED "000"	Retained earnings AED "000"	Total AED "000"	Non- controlling interests AED "000"	Total equity AED "000"
<b>For the nine-month period ended 30 September 2023</b>									
Balance at 1 January 2023	1,464,100	471,734	(529,432)	(329,908)	(11,804)	1,444,833	2,509,523	8,865	2,518,388
Impact of hyperinflation	-	-	(6,799)	-	-	-	(6,799)	-	(6,799)
<b>At 1 January 2023 (adjusted)</b>	1,464,100	471,734	(536,231)	(329,908)	(11,804)	1,444,833	2,502,724	8,865	2,511,589
Profit/(loss) for the period	-	-	-	-	-	52,510	52,510	(1,143)	51,367
Other comprehensive loss	-	-	(13,463)	-	(96)	-	(13,559)	(794)	(14,353)
Total comprehensive (loss)/income for the period	-	-	(13,463)	-	(96)	52,510	38,951	(1,937)	37,014
Non-controlling interests	-	-	-	(7,078)	-	-	(7,078)	(561)	(7,639)
Dividends to shareholders (note 3)	-	-	-	-	-	(139,580)	(139,580)	-	(139,580)
<b>Balance at 30 September 2023</b>	1,464,100	471,734	(549,694)	(336,986)	(11,900)	1,357,763	2,395,017	6,367	2,401,384
<b>For the nine-month period ended 30 September 2022</b>									
Balance at 1 January 2022	1,464,100	440,802	(398,529)	(329,759)	(12,008)	1,500,570	2,665,176	10,817	2,675,993
Impact of hyperinflation	-	-	10,092	-	-	-	10,092	-	10,092
<b>At 1 January 2022 (adjusted)</b>	1,464,100	440,802	(388,437)	(329,759)	(12,008)	1,500,570	2,675,268	10,817	2,686,085
Profit for the period	-	-	-	-	-	131,514	131,514	782	132,296
Other comprehensive loss	-	-	(70,139)	-	(22)	-	(70,161)	(1,733)	(71,894)
Total comprehensive (loss)/income for the period	-	-	(70,139)	-	(22)	131,514	61,353	(951)	60,402
Dividends of subsidiaries	-	-	-	-	-	-	-	(614)	(614)
Dividends to shareholders (note 3)	-	-	-	-	-	(190,333)	(190,333)	-	(190,333)
<b>Balance at 30 September 2022</b>	1,464,100	440,802	(458,576)	(329,759)	(12,030)	1,441,751	2,546,288	9,252	2,555,540

The notes on pages 8 to 21 form an integral part of this condensed interim consolidated financial information.

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER**

	Note	For the nine-month period ended 30 September	
		2023	2022
		AED "000" Reviewed	AED "000" Reviewed
<b><u>OPERATING ACTIVITIES</u></b>			
Profit before tax from continuing operations		74,802	156,380
(Loss)/profit before tax from discontinued operations		(1,304)	3,625
<b>Profit before tax</b>		<u>73,498</u>	<u>160,005</u>
<b>Adjustments for</b>			
Depreciation of property and equipment		84,329	84,910
Depreciation of right of use assets		176,832	190,684
Amortisation of other intangible assets		10,171	2,071
Loss on sale of property and equipment		388	10,570
Provision for employees' end of service benefits		25,008	25,399
Net impairment loss on financial assets		16,153	13,129
Finance costs – borrowings		59,083	9,911
Finance costs – lease liabilities		36,677	34,715
Finance income		(5,658)	(2,759)
Gain on sale of a subsidiary		-	(2,321)
Gain on disposal of right of use assets and lease liabilities		(940)	(648)
Share of results of joint ventures and associates		(4,288)	(8,665)
		<u>471,253</u>	<u>517,001</u>
<b>Working capital adjustments:</b>			
Accounts receivable		134,264	111,542
Accounts payable		(19,130)	(98,662)
Other current assets		(22,600)	12,663
Provision		(14,049)	(6,733)
Other current liabilities		(109,037)	(112,834)
Deferred income		(3,157)	(4,435)
<b>Net cash flows generated from operating activities before income tax and employees' end of service benefit paid</b>		<u>437,544</u>	<u>418,542</u>
Employees' end of service benefits paid		(17,402)	(18,049)
Income tax paid		(23,951)	(45,335)
<b>Net cash flows generated from operating activities</b>		<u>396,191</u>	<u>355,158</u>
<b><u>INVESTING ACTIVITIES</u></b>			
Purchase of property and equipment	4	(91,317)	(52,609)
Proceeds from escrow account	6	11,287	-
Proceeds from sale of property and equipment		6,765	2,139
Proceeds from sale of a subsidiary		36,082	15,256
Net cash disposed from discontinued operations		-	1,621
Finance income received		5,658	2,759
Margin and bank deposits		2,141	45,142
Other non-current assets		(886)	332
Dividends received from joint ventures		-	8,728
Restricted cash		(134)	2,754
<b>Net cash flows (used in)/generated from investing activities</b>		<u>(30,404)</u>	<u>26,122</u>



**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER (CONTINUED)**

	Note	For the nine-month period ended 30 September	
		2023	2022
		AED "000" Reviewed	AED "000" Reviewed
<b><u>FINANCING ACTIVITIES</u></b>			
Finance costs paid		(77,604)	(44,034)
Proceeds from loans and borrowings		27,385	15,465
Repayment of loans and borrowings		(21,924)	(16,648)
Principal elements of lease liabilities		(189,046)	(217,222)
Dividends paid to shareholders		(139,580)	(190,333)
Dividends paid to non-controlling interests		-	(227)
Acquisition of non-controlling interest		(7,639)	-
<b>Net cash flows used in financing activities</b>		<b>(408,408)</b>	<b>(452,999)</b>
<b>Net decrease in cash and cash equivalents (net of bank overdrafts)</b>		<b>(42,621)</b>	<b>(71,719)</b>
Net foreign exchange difference		2,823	(19,654)
Cash and cash equivalents at 1 January (net of bank overdrafts)		627,600	558,687
<b>Cash and cash equivalents at 30 September (net of bank overdrafts)</b>	7	<b>587,802</b>	<b>467,314</b>

Non-cash transactions are disclosed in Note 16.

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**

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## **1. General**

Aramex PJSC (the “Parent Company” or “Company”) was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under UAE Federal Decree Law No. 32 of 2021. The condensed interim consolidated financial information of the Company as at and for the period ended 30 September 2023 comprise the Parent Company and its subsidiaries (collectively referred to as the “Group” and individually as “Group entities”).

The Parent Company was listed on the Dubai Financial Market on 9 July 2005.

The principal activities of the Group are to invest in the freight, express, logistics and supply chain management businesses through acquiring and owning controlling interests in companies in the Middle East and other parts of the world.

The Parent Company’s registered office address is Building and Warehouse No. 3, Um Rammool, Dubai, United Arab Emirates.

As at 30 September 2023, the major shareholders of Aramex PJSC are GeoPost, the express parcel arm of French Groupe La Poste and Abu Dhabi Ports Company PJSC (“ADP”), a subsidiary of Abu Dhabi Developmental Holding Company (“ADQ”) which own 28% and 22.32% of Aramex PJSC’s issued share capital, respectively.

The condensed interim consolidated financial information was authorised for issue by the Board of Directors on 8 November 2023.

## **2. Summary of significant accounting policies**

### **2.1 Basis of preparation**

This condensed interim consolidated financial information of the Group is prepared under the historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies, except for financial assets at fair value through other comprehensive income measured at fair value, defined benefit pension plans that have been measured at the present value of future obligations using the Projected Unit Credit Method and assets held for sale which are measured at fair value less cost to sell.

This condensed interim consolidated financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the annual Group’s consolidated financial statements for the year ended 31 December 2022. In addition, results for the period from 1 January 2023 to 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

This condensed interim consolidated financial information is prepared in accordance with International Accounting Standard 34: ‘*Interim Financial Reporting*’ (“IAS 34”), issued by the International Accounting Standard Board (IASB).

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED)**

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**2. Summary of significant accounting policies** (continued)

**2.1 Basis of preparation** (continued)

Except for the adoption of new and amended standards as set out below, the accounting policies used in the preparation of this condensed interim consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

The Lebanese and Turkish economies are considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's subsidiaries, "Aramex Lebanon SAL" and "Aramex International Hava Kargo ve Keye Anonim Sirketyi" have been expressed in terms of measuring unit current at the reporting date.

**2.2 Changes in accounting policies**

***New and revised IFRS applied in the preparation of condensed interim consolidated financial information***

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in this condensed interim consolidated financial information. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

(a) **IFRS 17, 'Insurance contracts'** – The amendment requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows,
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the condensed interim consolidated statement of profit or loss or directly in condensed interim consolidated statement of comprehensive income.

(b) **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2** – These amendments require entities to disclose their material rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures.

(c) **Definition of Accounting Estimates – Amendments to IAS 8** – The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

(d) **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12** – require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

**ARAMEX PJSC AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (CONTINUED)**

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**2. Summary of significant accounting policies** (continued)

**2.2 Changes in accounting policies** (continued)

*New and revised IFRS applied in the preparation of condensed interim consolidated financial information* (continued)

- (e) **International tax reform – pillar two model rules – Amendments to IAS 12** – give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

*New and revised IFRS issued but not yet effective and not early adopted*

- (a) Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024);
- (b) Leases on sale and leaseback – Amendments to IFRS 16 (effective 1 January 2024);
- (c) Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 (effective 1 January 2024);
- (d) General requirements for disclosure of sustainability-related financial information – IFRS S1 (effective 1 January 2024); and
- (e) Climate-related disclosures – IFRS S2 (effective 1 January 2024).

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

**2.3 Basis of consolidation**

This condensed interim consolidated financial information incorporates the financial information of Aramex PJSC and entities controlled by Aramex PJSC. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor’s returns.

The condensed interim consolidated financial information comprises the financial information of Aramex PJSC and its subsidiaries. The financial information of the subsidiaries are prepared for the same reporting period as that of Aramex PJSC, using consistent accounting policies except for new accounting policies.

**3. Dividends**

At the Annual General Meeting of the shareholders held on 18 April 2023, the shareholders approved a cash dividend of 9.53% for the year ended 31 December 2022 (31 December 2021: cash dividend of 13%) of the issued and paid-up capital amounting to AED 1,464,100 thousand (31 December 2021: AED 1,464,100 thousand). The dividends per share amount to AED 0.0953 (31 December 2021: AED 0.13).

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**4. Property and equipment**

During the nine-month period ended 30 September 2023, the Group purchased AED 91 million (nine-month period ended 30 September 2022: AED 53 million) of various types of property and equipment.

**5. Right of use assets and lease liabilities**

During the nine-month period ended 30 September 2023, additions for which right of use assets and lease liabilities amounting to AED 186 million were recognised (nine-month period ended 30 September 2022: AED 262 million) under various categories.

**6. Acquisition arrangement**

**Acquisition of Access Shipping LLC**

On 1 June 2022, Aramex USA Ltd. (the “Acquirer”), a subsidiary of Aramex PJSC entered into an acquisition arrangement through a Sale and Purchase Agreement (SPA) to acquire 100% equity securities of “Access Shipping LLC” (the “Acquired Company”); a cross-border e-commerce platform, providing cost-effective package forwarding solutions to customers for an approximate consideration value of AED 944 million. The completion date for the acquisition was on 18 October 2022 (the “acquisition date”). The acquisition is in line with the Group’s strategy to expand its cross-border operations and to capitalise on the attractive growth opportunities from a fast-growing global e-commerce space. The acquisition is expected to unlock several benefits for both entities, including operational synergies and improved efficiencies, shared technology platforms and the opportunity to service new markets.

**Purchase consideration and identifiable net assets acquired**

The acquisition has been accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed, and consideration exchanged were recorded at fair value on the acquisition date. The fair value of assets and liabilities have been determined by management.

The purchase consideration has been allocated to the acquired assets and liabilities using their fair values at the acquisition date. The computation of the purchase consideration and its allocation to the net assets of the Acquired Company is based on their respective fair values as of acquisition date.

The allocation of the purchase price has been modified during the measurement period, as more information was obtained about the fair value of assets acquired and liabilities assumed. The net impact on Goodwill was a decrease of AED 949 thousand (total net identifiable assets at fair value increased by AED 4,567 thousand while the total final consideration increased by AED 3,618 thousand upon the final collection of the escrow count).

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**6. Acquisition arrangement (continued)**

**Purchase consideration and identifiable net assets acquired (continued)**

The fair value of the total purchase consideration on acquisition and finalisation are as follows:

	AED “000” Reviewed
Consideration value – on acquisition	940,824
Escrow account, net*	7,077
Consideration adjustments	<u>(3,459)</u>
Consideration value – on finalisation	<u><u>944,442</u></u>

\*Escrow account initial balance was AED 18,364 thousand of which AED 11,287 thousand were collected during the three-month period ended 30 September 2023. The remaining balance of AED 7,077 thousand was allocated to the consideration value.

The fair value of identifiable assets and liabilities of the Acquired Company as at the acquisition and finalisation dates are as follows:

**Assets acquired and liabilities assumed**

	Fair values recognised on finalisation of the acquisition AED “000” Reviewed	Fair values recognised on acquisition AED “000” Audited
<b>Assets</b>		
Property and equipment	25,139	25,139
Right of use assets	5,638	5,638
Intangible assets (Brand)	37,963	37,963
Intangible assets (Customer Relationships - B2B)	11,730	11,730
Intangible assets (Customer Relationships - B2C)	48,705	48,705
Intangible assets (Software)	42,789	42,789
Accounts receivable, net	7,847	6,746
Other current assets	3,598	3,598
Cash and cash equivalents	<u>12,696</u>	<u>12,696</u>
	<u>196,105</u>	<u>195,004</u>
<b>Liabilities</b>		
Accounts payable	4,982	4,982
Other current liabilities	29,905	33,371
Lease liabilities	<u>5,904</u>	<u>5,904</u>
	<u>40,791</u>	<u>44,257</u>
<b>Total net identifiable assets at fair value</b>	155,314	150,747
Purchase consideration	<u>(944,442)</u>	<u>(940,824)</u>
Goodwill	<u>789,128</u>	<u>790,077</u>

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**6. Acquisition arrangement** (continued)

**Impact of the acquisitions on the results of the Group**

*Acquired receivables*

The fair value of acquired trade receivables is AED 7,848 thousand. The gross contractual amount for trade receivables due is AED 7,848 thousand, with a loss allowance of AED nil recognised on acquisition.

**Separate identifiable intangible assets for acquisitions**

As at the acquisition date the fair value of the separate identifiable intangible assets arising out of the acquisition amounted to AED 98,398 thousand. This fair value, which is classified as level 3 in the fair value hierarchy, was determined using the following valuation techniques:

- Relief from royalty valuation technique for the brand-based intangible asset.
- Multi-year excess earnings method (MEEM) valuation technique for contract-based intangible assets relating to customer relationships (B2B and B2C).
- Cost to create valuation technique for the software-based intangible asset.

The valuation of the intangibles assets as well as the discount rates applied were determined by management.

The significant unobservable valuation inputs used were discount rates of 11% and terminal growth rates of 3%.

The assumptions used in arriving at projected cash flows were based on past experience and adjusted for any expected changes.

*Post-combination expenses*

The Group has entered into a deferred proceeds agreement in the amount of AED 26,496 thousand with executive management of MyUS who held a minority share interest in the Acquired Company prior to the acquisition. The payout of the deferred proceeds is based on the number of shares held and key performance indicators met relating to achieving target revenues and earnings before interest, taxes, depreciation, and amortisation for 2023 and 2024 calendar years. The payout is contingent upon continuing employment and will be expensed in the post-combination period.

**7. Cash and bank balances**

	30 September 2023	31 December 2022
	AED "000"	AED "000"
	Reviewed	Audited
Cash and cash equivalents	596,169	758,954
Restricted cash, margins and fixed deposits*	7,658	9,488
	<u>603,827</u>	<u>768,442</u>

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**7. Cash and bank balances** (continued)

Included in cash and cash equivalents are amounts totalling AED 469,917 thousand (31 December 2022: AED 503,758 thousand) of cash held at foreign banks abroad and amounts totalling approximately AED 50,678 thousand of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as other current liabilities in the condensed interim consolidated statement of financial position (31 December 2022: AED 60,738 thousand).

\* Margins and bank deposits consist of margin deposits of AED 7,543 thousand (31 December 2022: AED 7,020 thousand), long-term deposits with maturities greater than 3 months of AED 115 thousand (31 December 2022: AED 2,779 thousand).

The movement of cash at banks in Lebanon for the period ended 30 September 2023 and for the year ended 31 December 2022 classified under restricted cash was as follows:

	30 September 2023 AED "000" Reviewed	31 December 2022 AED "000" Audited
Restricted cash	174	40
Less: impairment for expected credit losses	(174)	(38)
	-	2
Exchange rate difference	-	(313)
	-	(311)

Movement on expected credit losses was as follows:

	For the nine-month period ended 30 September	
	2023 AED "000" Reviewed	2022 AED "000" Reviewed
At 1 January	38	1,785
Charge/(reversal) for the period	136	(938)
At 30 September	174	847

For the purpose of the condensed interim consolidated statement of cash flows, cash and cash equivalents consist of:

	For the nine-month period ended 30 September	
	2023 AED "000" Reviewed	2022 AED "000" Reviewed
Cash and cash equivalents	596,169	624,511
Less: bank overdrafts	(8,367)	(157,197)
	587,802	467,314



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**8. Earnings per share**

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2023 Reviewed	2022 Reviewed	2023 Reviewed	2022 Reviewed
<i>Profit attributable to the shareholders of Parent Company</i>				
Profit for the period from continuing operations (AED '000)	9,975	36,931	53,747	128,018
(Loss)/profit for the period from discontinued operations (AED '000)	(333)	2,712	(1,237)	3,496
	<u>9,642</u>	<u>39,643</u>	<u>52,510</u>	<u>131,514</u>
Weighted average number of shares during the period (shares)	<u>1,464 million</u>	<u>1,464 million</u>	<u>1,464 million</u>	<u>1,464 million</u>
Basic earnings per share from continuing operations (AED)	<u>0.007</u>	<u>0.025</u>	<u>0.037</u>	<u>0.087</u>
Basic and diluted earnings per share from discontinued operations (AED)	<u>0.000</u>	<u>0.002</u>	<u>0.001</u>	<u>0.002</u>

**9. Bank overdrafts**

The Group maintains overdrafts and lines of credit with various banks. Overdrafts and lines of credit include the following:

	30 September 2023 AED "000" Reviewed	31 December 2022 AED "000" Audited
Aramex Algeria S.A.L (Citibank)	4,565	-
Aramex Tunisia (Arab Bank)	3,802	1,520
Aramex Special Logistics (Citibank)	-	57,611
Aramex International LLC (HSBC)	-	72,222
	<u>8,367</u>	<u>131,353</u>

**10. Segment information**

A business segment is a group of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that are different from those of other business segments, and which are measured according to reports used by the Group's chief operating decision maker.

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**10. Segment information** (continued)

The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been identified collectively as the Group's executive directors, the chief operating decision maker examines the Group's performance both from a product and geographic perspective and has identified two operating segments of its business:

Aramex

This operating segment comprises three units attributable to the respective revenue streams:

- **Courier:** includes delivery of small packages across the globe to both, retail and wholesale customers, express delivery of small parcels and pick up and deliver shipments within the country, and related royalty and franchise levies.
- **Freight forwarding:** includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break-bulk services.
- **Logistics:** includes warehousing and its management distribution, supply chain management, inventory management as well as other value-added services.

Other operations

Other operations includes visa services, publication and distribution services.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's - length basis in a manner similar to transactions with third parties.

The following table presents revenue and profit information for each of the Group's operating segments and their respective units for the nine-month periods ended 30 September 2023 and 2022, respectively.

	<b>Courier*</b>	<b>Freight forwarding</b>	<b>Logistics</b>	<b>Others</b>	<b>Total</b>
	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Nine-month period ended 30 September 2023</b>					
Total revenues from rendering of services**	3,459,671	1,328,840	318,725	97,234	5,204,470
Inter-segment	<u>(754,464)</u>	<u>(216,887)</u>	<u>(652)</u>	<u>(62,454)</u>	<u>(1,034,457)</u>
Total revenues after elimination	<u>2,705,207</u>	<u>1,111,953</u>	<u>318,073</u>	<u>34,780</u>	<u>4,170,013</u>
Gross profit	<u>789,022</u>	<u>176,066</u>	<u>44,152</u>	<u>28,962</u>	<u>1,038,202</u>
Earnings before interest and tax	<u>94,478</u>	<u>53,255</u>	<u>439</u>	<u>12,296</u>	<u>160,468</u>
Depreciation and amortisation	<u>180,354</u>	<u>20,759</u>	<u>67,753</u>	<u>987</u>	<u>269,853</u>

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**10. Segment information** (continued)

	<b>Courier*</b> AED'000	<b>Freight forwarding</b> AED'000	<b>Logistics</b> AED'000	<b>Others</b> AED'000	<b>Total</b> AED'000
<b>Nine-month period ended 30 September 2022</b>					
Total revenues from rendering of services**	3,658,738	1,529,557	335,054	93,642	5,616,991
Inter-segment	<u>(898,448)</u>	<u>(266,484)</u>	<u>(718)</u>	<u>(59,570)</u>	<u>(1,225,220)</u>
Total revenues after elimination	<u>2,760,290</u>	<u>1,263,073</u>	<u>334,336</u>	<u>34,072</u>	<u>4,391,771</u>
Gross profit	<u>794,030</u>	<u>170,736</u>	<u>50,323</u>	<u>28,461</u>	<u>1,043,550</u>
Earnings before interest and tax	<u>112,702</u>	<u>55,527</u>	<u>4,858</u>	<u>16,394</u>	<u>189,481</u>
Depreciation and amortisation	<u>187,137</u>	<u>22,144</u>	<u>65,958</u>	<u>839</u>	<u>276,078</u>

\* Courier unit includes international express, domestic express, and operations of Access Shipping LLC (“MyUS”).

\*\* Revenues are being recognised over time when the services are rendered.

Transactions between stations are priced and agreed upon rates. All material intergroup transactions have been eliminated on consolidation. The Group does not segregate assets and liabilities by business segments, and accordingly, such information is not presented.

The following is a summary of revenue generated by the Group based on customers’ geographical location:

	For the nine-month period ended 30 September	
	2023 AED “000” Reviewed	2022 AED “000” Reviewed
<b>Revenue</b>		
United Arab Emirates	726,365	802,176
Gulf Cooperation Council excluding United Arab Emirates	937,891	954,714
Middle East, North Africa and Turkey	510,817	581,998
East and South Africa	228,132	263,061
Europe	545,875	550,712
North America	437,066	225,578
North Asia	110,886	236,363
South Asia	297,970	382,210
Oceania	375,011	394,959
	<u>4,170,013</u>	<u>4,391,771</u>

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**10. Segment information** (continued)

The following is a summary of assets and liabilities by the Group based geographical location:

	30 September 2023	31 December 2022
	AED "000" Reviewed	AED "000" Audited
<b>Assets</b>		
United Arab Emirates	1,670,608	1,904,703
Gulf Cooperation Council excluding United Arab Emirates	717,431	695,569
Middle East, North Africa and Turkey	554,601	589,930
East and South Africa	145,858	165,603
Europe	547,954	573,126
North America	1,111,519	1,188,132
North Asia	57,924	86,033
South Asia	239,346	237,771
Oceania	664,991	651,642
	<u>5,710,232</u>	<u>6,092,509</u>
<b>Non-current assets*</b>		
United Arab Emirates	672,293	706,716
Gulf Cooperation Council excluding United Arab Emirates	332,344	299,698
Middle East, North Africa and Turkey	238,930	251,885
East and South Africa	50,058	60,466
Europe	148,057	147,615
North America	185,540	205,763
North Asia	13,315	22,772
South Asia	75,645	63,906
Oceania	368,528	352,390
	<u>2,084,710</u>	<u>2,111,211</u>
<b>Liabilities</b>		
United Arab Emirates	567,376	795,360
Gulf Cooperation Council excluding United Arab Emirates	628,183	583,134
Middle East, North Africa and Turkey	222,801	249,135
East and South Africa	71,991	77,032
Europe	613,519	630,571
North America	656,431	662,226
North Asia	30,994	49,782
South Asia	90,583	86,816
Oceania	426,970	440,065
	<u>3,308,848</u>	<u>3,574,121</u>

\* Non-current assets for this purpose consist of property and equipment, other intangible assets, right of use assets, financial assets at fair value through other comprehensive income and investments in joint ventures and associates. Goodwill is allocated to business segments.

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**11. Related party transactions and balances**

Certain related parties (shareholder, directors, and officers of the Group and companies which they control or over which they exert significant influence) were service providers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the condensed interim consolidated statement of profit or loss are as follows:

**Key management compensation**

Compensation of the key management personnel, including executive officers, comprises the following:

	For the nine-month period ended 30 September	
	2023 AED "000" Reviewed	2022 AED "000" Reviewed
Salaries and other short-term benefits	7,743	6,368
Board remuneration	2,240	3,180
End of service benefits	308	351
	<u>10,291</u>	<u>9,899</u>

The following table provides the total amount of transactions that have been entered into with related parties during the nine-month period ended 30 September 2023 and 2022, as well as balances with related parties as at 30 September 2023 and 31 December 2022:

	Sales to related parties AED'000	Cost from related parties AED'000	Amounts owed by related parties (a) AED'000	Amounts owed to related parties (b) AED'000
<b>Associates:</b>				
2023	<u>1,863</u>	<u>961</u>	<u>179</u>	<u>655</u>
2022	<u>2,408</u>	<u>1,435</u>	<u>23</u>	<u>1,276</u>
<b>Joint ventures in which the Parent Company is a venturer:</b>				
2023	<u>33,833</u>	<u>554</u>	<u>8,573</u>	<u>5,956</u>
2022	<u>82,382</u>	<u>353</u>	<u>9,865</u>	<u>12,885</u>
<b>Related parties and companies controlled shareholders:</b>				
2023	<u>117,497</u>	<u>-</u>	<u>20,642</u>	<u>878</u>
2022	<u>146,434</u>	<u>-</u>	<u>32,498</u>	<u>873</u>

(a) These amounts are classified as accounts receivable.

(b) These amounts are classified as accounts payable.

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**12. Contingent liabilities and commitments**

**Guarantees**

	30 September 2023	31 December 2022
	AED “000” Reviewed	AED “000” Audited
Letters of guarantee	164,079	162,881

**13. Seasonality of operations**

The Group’s business is seasonal in nature. Historically, the Group experienced a decrease in demand for its services in the post-winter holiday and summer vacation seasons. The Group traditionally experiences its highest volumes towards the latter half of the year. The seasonality of the Group’s revenue may cause a variation in its quarterly operating results. However, local Middle East and Islamic holidays vary from year to year and, as a result, the Group’s seasonality may shift over time.

**14. Legal claims**

The Group is involved in litigations from time-to-time in the ordinary course of business. Legal claims often involve complex issues, actual damages, and other matters. These issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimate of damages are often difficult to determine.

The Group believes that the aggregate provisions recorded for these matters are adequate based upon currently available information as of the reporting date, which may be subject to ongoing revision of existing estimates. However, given the inherent uncertainties related to these claims, the Group could, in the future, incur judgments that could have a material adverse effect on its results of operations, liquidity, financial position or cash flows in any particular period.

As of 30 September 2023, the Group is a defendant in a number of lawsuits amounting to AED 100,108 thousand (31 December 2022: AED 118,376 thousand) representing claims in connection with normal ordinary course of business. Management and its legal advisors believe that the provision recorded of AED 32,714 thousand as of 30 September 2023 is sufficient to meet the obligations that may arise from the lawsuits (31 December 2022: AED 39,217 thousand).

**15. Income tax**

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal Corporate Tax (“CT”) regime in the UAE. The CT regime is effective for annual periods beginning on 1 June 2023 and accordingly, it has an income tax related impact on the consolidated financial statements for the Group starting 1 January 2024.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% CT rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000, and a rate of 0% will apply on qualifying income of qualifying free zone entities.

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**15. Income tax** (continued)

Based on the information available to date, the Group assessed the deferred tax implications and concluded it is not expected to be significant as of and for the nine-month period ended 30 September 2023. As certain other cabinet decisions are pending as on the date of the condensed interim consolidated financial information for the nine-month period ended 30 September 2023, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalised and published. Impact if any, will be accordingly reflected in the Group's financial statements when such additional information will be substantively issued.

Income tax appearing in the condensed interim consolidated statement of profit or loss represents the income tax expense of the Group's subsidiaries that operates in taxable jurisdiction. Taxes on income in the interim periods are accrued using the applicable tax rates that would be applicable to the expected total annual profit.

**16. Non-cash transactions**

	For the nine-month period ended 30 September	
	2023	2022
	AED "000"	AED "000"
	Reviewed	Reviewed
Additions of right of use assets	186,374	262,368
Disposal of right of use assets	9,816	25,098
Dividends to non-controlling interests	-	387