ABDUL LATIF JAMEEL GREEN MOBILITY SOLUTIONS DMCC

REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 5 JULY 2022 TO 31 DECEMBER 2023

INDEX **PAGE**

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ABDUL LATIF JAMEEL GREEN MOBILITY SOLUTIONS DMCC

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of Abdul Latif Jameel Green Mobility Solutions DMCC (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity, the statement of cash flows for the period from 5 July 2022 to 31 December 2023 ("the period"), and notes to the financial statements, including material accounting policies.

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

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the financial statements, 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.

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, articles of association of the Company and applicable provisions of the Dubai Multi Commodities Centre ("DMCC") Companies Regulations 2020, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ABDUL LATIF JAMEEL GREEN MOBILITY SOLUTIONS DMCC (continued)

Report on the Audit of the Financial Statements (continued)

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ABDUL LATIF JAMEEL GREEN MOBILITY SOLUTIONS DMCC (continued)

Report on the Audit of the Financial Statements (continued)

Report on other Legal and Regulatory Requirements

The accumulated losses of the Company as at 31 December 2023 exceeded 75% of the Company's paid-up capital as of that date. As per section 15 (96) of the DMCC Companies Regulations 2020, under such circumstances, the Company's management shall call for a General Meeting at which a resolution for the voluntary winding up or alternatively for the recapitalisation of the Company to the extent of its losses (in accordance with Regulation 28 of the DMCC Companies Regulations 2020), shall be proposed. However, as disclosed in note 2.1(b) to the financial statements, Company's management has not called for the General Meeting for passing necessary resolutions as the Parent Company has confirmed its continuing financial support to the Company.

Except for the above, we confirm that, in our opinion, the financial statements of the Company have been prepared, in all material respects, in accordance with the applicable provisions of the DMCC Companies Regulations 2020 and based on the information that has been made available to us during our audit of the financial statements of the Company for the year ended 31 December 2023, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in note 1 to these financial statements, are not significantly different from the activities mentioned in the license issued to the Company by Dubai Multi Commodities Centre Authority ("DMCCA").

For Ernst & Young

Sanjay Khiara
Registration No. 5513

25 June 2024

Dubai, United Arab Emirates

ABDUL LATIF JAMEEL GREEN MOBILITY SOLUTIONS DMCC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	*31 December 2023 AED*
ASSETS		
Non-current asset		
Investment in an associate	5	427,289,868
Current assets		
Prepayments		663
Bank balances	6	333,208
Total current assets		333,871
TOTAL ASSETS		427,623,739
EQUITY AND LIABILITIES		
Equity/(deficit)		
Share capital	7	50,000
Accumulated losses		(161,052,118)
TOTAL DEFICIT		(161,002,118)
LIABILITIES		
Non-current liability		
Loan from a related party	8	441,000,000
Current liabilities		
Due to related parties	8	116,065,704
Loan from a related party	8	31,355,778
Accrued and other liabilities	9	204,375
Total current liabilities		147,625,857
TOTAL LIABILITIES		588,625,857
TOTAL EQUITY AND LIABILITIES		427,623,739

The attached notes from 1 to 14 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 5 July 2022 till 31 December 2023

	Notes	***Period from 5 July 2022 to 31 December 2023 AED***
General and administrative expenses	10	**(129,696,340)**
Finance charges on loan from related party	8	**(31,355,778)**
LOSS FOR THE PERIOD		**(161,052,118)**
Other comprehensive income for the period		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(161,052,118)**

The attached notes from 1 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the period from 5 July 2022 to 31 December 2023

	Share capital AED	*Accumulated losses AED*	*Total deficit AED*
Issuance of share capital (note 7)	50,000	-	50,000
Total comprehensive loss for the period	-	(161,052,118)	(161,052,118)
As at 31 December 2023	**50,000**	**(161,052,118)**	**(161,002,118)**

The attached notes from 1 to 14 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the period from 5 July 2022 till 31 December 2023

	Notes	*Period from 5 July 2022 to 31 December 2023 AED*
OPERATING ACTIVITIES		
Loss for the period		**(161,052,118)**
Adjustments for:		
Impairment of investment in an associate	10	**123,960,132**
Finance charges on loan from related party	8	**31,355,778**
		(5,736,208)
Working capital changes:		
Due to related parties		**116,065,704**
Accrued and other liabilities		**204,375**
Prepayments		**(663)**
Net cash flows generated from operating activities		**110,533,208**
INVESTING ACTIVITY		
Investment in an associate	5	**(551,250,000)**
Cash flow used in investing activity		**(551,250,000)**
FINANCING ACTIVITIES		
Proceeds from issuance of share capital		**50,000**
Loan from a related party	8	**441,000,000**
Cash flows generated from financing activities		**441,050,000**
INCREASE IN BANK BALANCES		**333,208**
BANK BALANCES AS AT 31 DECEMBER 2023		**333,208**

The attached notes from 1 to 14 form part of these financial statements.

1 ORGANISATION AND ACTIVITIES

Abdul Latif Jameel Green Mobility Solutions DMCC (the "Company") is a limited liability company, incorporated on 5 July 2022 under the laws of Dubai Multi Commodities Centre Authority ("DMCCA"), Dubai, United Arab Emirates under Certificate number DMCC193944. The address of the Company's registered office is Unit No: AG-13-H-F59, AG Tower, Plot No: JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The principal business activities of the Company includes investment in commercial enterprises & management and investment in industrial enterprises & management.

The Company's authorised share capital is AED 50,000 divided into 50 shares of AED 1000 each. The issued and paid up share capital of the Company amounting to AED 50,000 divided into 50 shares of AED 1000 each, is fully owned by Abdul Latif Jameel Automotive Holding Company Limited ("ALJAHCO" or "the Parent Company").

These are the first set of financial statements of the Company covering the period from the date of its incorporation on 5 July 2022 to 31 December 2023 ("the Period"). The financial statements were authorized for issue on 25 June 2024.

2.1(a) BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the applicable provisions of the articles of association of the Company and the applicable provisions of the Dubai Multi Commodities Centre ("DMCC") Companies Regulations 2020.
The financial statements have been prepared on the historical cost convention. Investment in an associate is accounted for by using the cost method of accounting (refer note 5) in these financial statements and is equity accounted at the consolidated level of the Parent Company. The financial statements have been prepared in United Arab Emirates Dirham (AED), which is the functional and presentation currency of the Company.

2.1(b) FUNDAMENTAL ACCOUNTING CONCEPT

During the period ended 31 December 2023, the Company has incurred a net loss of AED 161,052,118 and as of that date, the Company had deficiency of assets amounting to AED 161,002,118 and net current liabilities amounting to AED 147,291,986. The Company's accumulated losses as at 31 December 2023 also exceeded 75% of the share capital of the Company as per the provisions of section 15 (96) of the DMCC Companies Regulations 2020. These conditions may cast doubt over the Company's ability to continue as a going concern. Notwithstanding these facts, the financial statements have been prepared by the management on a going concern basis as the Parent Company has agreed to provide necessary financial support to the Company as and when required to enable the Company to continue its operations and meet its obligations as these fall due.

2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

2.2.1 New and amended IFRS in issue but not yet effective and not early adopted

At the date of reporting of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Following new and revised IFRS that have been issued but are not yet effective:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (1 January 2022)
- Reference to the Conceptual Framework – Amendments to IFRS 3 (1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (1 January 2022)
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time Adopter (1 January 2022)
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (1 January 2022)
- IFRS 17 Insurance Contracts (1 January 2023)
- Definition of Accounting Estimates – Amendments to IAS 8 (1 January 2023)
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (1 January 2023)
- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 (1 January 2023)

2.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE (continued)

2.2.1 New and amended IFRS in issue but not yet effective and not early adopted (continued)

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (1 January 2024)
- Amendments to IAS 1: Classification of liabilities as Current or Non-Current (1 January 2024)
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (1 January 2024)

These new and amended standards and interpretations that are issued, but not yet effective, up to the date of reporting of the Company's financial statements are disclosed above, if they are expected to have an impact on the Company's financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3 MATERIAL ACCOUNTING POLICIES

Investment in an associate
Investment in an associate is accounted for by using the cost method of accounting. Under the cost method, income from investments is recognised only to the extent that the Company receives distributions from accumulated profits of the investee Company arising after the date of acquisition.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statement of profit or loss and other comprehensive income.

Impairment of investment in an associate
Investments are assessed for indicators of impairment at each reporting date as requires by IAS 36 *Impairment of Assets*. Investments are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the investment have been impacted.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 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.

Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss and other comprehensive income.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured initially at fair value minus transactions cost that are directly attributable to the acquisition of the financial assets.

Subsequent measurement
The Company's financial assets comprise of bank balances which are measured at amortised cost. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets. The Company 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 the management. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For bank balance, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The expected credit losses are recognised in the statement of comprehensive income.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company 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 (a) The Company has transferred substantially all the risks and rewards of the asset, or (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Classification, subsequent measurement and gains and losses
Financial liabilities are classified as measured at amortised cost or fair value through profit or loss ("FVTPL"). A financial liability is classified as at FVTPL if it is contingent consideration of an acquirer in a business combination or classified as held for trading, or it is a derivative or it is designated as at FVTPL on initial recognition. Financial liabilities at amortised are initially measured at fair value and subsequently 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 de-recognition is also recognised in the profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The Company's financial liabilities include loan from a related party, accrued liabilities and amounts due to related parties which are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Derecognition of financial liability
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Offsetting of financial instruments
Financial asset and financial liability are offset and the net amount presented in the statement of financial position when, and only when the Company:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are not offset in statement of profit or loss and other comprehensive income unless required or permitted by IFRS.

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

- ➢ Expected to be 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.

The Company classifies all other liabilities as non-current.

Value-added Tax (VAT)
Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Foreign currencies
The financial statements of an associate are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Exchange difference on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting the results of an associate, the assets and liabilities of the associate are expressed in AED using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the yearly average exchange rates for the respective periods, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Translation differences arising, if any, are classified as equity and recognised in the Company's foreign currency translation reserve. Such translation differences are recognised in profit or loss when the related foreign operation is disposed of.

4 MATERIAL ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in note 3, the Management is required to make judgements and estimates that have a significant impact on the amounts recognised and to use certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be relevant under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Going concern
The Management has made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate financial resources, to continue in business for the foreseeable future. Furthermore, the Board of Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Estimates and assumptions

Impairment of investments
At the end of each reporting period, the Management reviews investments for indicators of impairment. Where indicators of impairment are identified, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying amount. This determination of whether the investment is impaired entails the Management's evaluation of the investee's profitability, liquidity, solvency and ability to generate operating cash flows at the reporting date and until the foreseeable future. Based on the above, management has performed the impairment assessment as at the reporting date and is satisfied that an impairment of AED 123,960,132 is required on investment in an associate (note 5).

Allowance for expected credit losses of bank balances
The expected credit loss (ECL) is initially based on the Company's historical observed default rates. The Company will calibrate the ECL to adjust the historical credit loss experience with forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Any changes in ECL rates and recoveries of receivables within or beyond the defined credit periods in the future would have a significant impact on the reported loss allowance.

5 INVESTMENT IN AN ASSOCIATE

	AED
Invested during the period (see note below)	**551,250,000**
Impairment loss for the period	**(123,960,132)**
Balance as at 31 December 2023	**427,289,868**

On 2 June 2022 ("acquisition date"), a common control related party of the Company acquired 35.8% stake (6,835,450 shares) in Greaves Electric Mobility Private Limited ("GEMS"), an entity engaged in the mobility sector in multiple geographies across the world, located in India. GEMS is a private entity whose shares are not listed and are denominated in Indian Rupee (INR). On 17 February 2023 after completion of legal formalities of transfer of shares, investment was transferred by the related party to the Company with effect from 5 July 2022.

The acquisition has been financed through a cash payment of USD 150,000 thousands (AED 551,250 thousands).

5 INVESTMENT IN AN ASSOCIATE (continued)

Following the Company's policy stated in note 3 'Material accounting policies' related to 'Investment in an associate', management has determined that the Company has significant influence in GEMS and has accordingly accounted the investment in GEMS as investment in an associate at cost in its financial statements.

During the period ended 31 December 2023, the associate allotted 91,134 shares to one of the independent director of the Company, thereby, increasing the Company's interest to 36.66% as at 31 December 2023.

The details of the valuation of GEMS and the Company's share of such valuation as at the date of the acquisition is as follows:

	AED
Enterprise value	**1,148,000,000**
Adjustment to arrive at equity value	**391,804,469**
	1,539,804,469
%age acquired by the Company at the Acquisition date	**35.80%**
Acquisition value	**551,250,000**

The details of the acquisition are as follows:

	AED
Acquisition price	**551,250,000**
Less: acquisition value	**(551,250,000)**
Goodwill	**-**

As per the table above, the aggregate of the acquisition-date value of the consideration equals the net carrying value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed in accordance with IFRS 3.

Summarised financial information of the associate:
The following table summarises financial information of GEMS as at and for the period ended 31 December 2023:

Statement of profit or loss and other comprehensive income

	5 July 2022 to 31 December 2023 AED
Net loss for the period	**(287,820,117)**
Other comprehensive loss for the period	**(67,358,827)**
Total comprehensive loss for the period	**(355,178,944)**

Statement of Financial Position as at 31 December 2023:

	31 December 2023 AED
Statement of financial position	
Assets	
Non-current assets	**166,653,550**
Current assets	**184,790,979**
Total assets	**351,444,529**

5 INVESTMENT IN AN ASSOCIATE (continued)

Statement of Financial Position as at 31 December 2023 (continued)

	31 December 2023 AED
Liabilities	
Non-current liabilites	**15,020,286**
Current liabilities	**120,157,294**
Total liabilities	**135,177,580**
Equity	**216,266,949**

Impairment assessment
The Company performed investment in GEMS impairment assessment as at 31 December 2023 in accordance with the accounting policy stated in note 3 to the financial statements. The recoverable amount of investment in GEMS has been determined using the discounted cash flow method ("DCF").

The recoverable amount of the investment in GEMS has been determined based on a value-in-use calculation using DCF analysis based on GEMS management's approved data and projections which are in turn derived from the knowledge of the market and past performance of GEMS.

As a result of this analysis, management did not identify any further impairment for this investment.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

- Future cash flows
- Discount rate
- Growth rate

Future cash flows
The value-in-use calculation has been prepared using financial projections prepared and approved by the management/Board of GEMS for the period from 1 April 2024 to 31 March 2030. The projected growth in sales and volume for the forecast period was derived depending on the forecasted quantity of the orders from the customers, type of customers and the products served.

Discount rate range
Discount rate of 17.5% used by the GEMS management represents the current market assessment of the risks specific to GEMS, taking into consideration the time value of money and unforeseen risks that may not have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of GEMS and is derived from its weighted average cost of capital ("WACC"). The primary inputs to WACC are the cost of common equity capital, the cost of debt capital and the assumed capital structure and are based on industry sector standards.

Cost of common equity is estimated based on the Capital Asset Pricing model (CAPM). An additional specific risk premium has been included in the cost of common equity to account for the incremental risk associated with achieving the near-term projections. Corporate tax rate has been considered as GEMS operates in a direct tax environment.

A rise in the pre-tax discount rate to 25% would result in the decrease in recoverable amount of investment by AED 285,463 thousands (equivalent to USD 77,730 thousands.)

6 BANK BALANCES

	31 December 2023 AED
Bank balances	**333,208**

Balance with banks is assessed to have low credit risk of default since the bank is highly regulated by the central bank. Accordingly, the management of the Company estimates the loss allowance on balances with bank at the end of the reporting period at an amount equal to 12 months ECL. None of the balance with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

7 SHARE CAPITAL

	31 December 2023 AED
Authorised, issued and fully paid up:	
50 shares of AED 1,000 each	**50,000**

The issued and paid up share capital of the Company is fully owned by the Parent Company.

8 RELATED PARTY TRANSACTIONS AND BALANCES

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 *Related Party Disclosures.* Related parties comprise of Ultimate Beneficiaries, affiliates (entities under common control) associated companies, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties.

Related party	**Nature of transactions**	*For the period from 5 July 2022 to 31 December 2023 AED*
Affiliates	Recharges by related parties (note 10)	**5,264,454**

Employees' payroll costs, compensation for key management personnel and other administrative expenses are incurred by a related party and not recharged to the Company.

At the reporting date, due to related parties were as follows:

	31 December 2023 AED
Affiliates	
ALJ Automotive Holding Company Limited	**112,729,413**
Abdul Latif Jameel International DMCC	**3,245,489**
Abdul Latif Jameel International Company Limited	**37,271**
Chelder SAL Offshore	**53,531**
	116,065,704

The above balances with related parties are unsecured, non-interest bearing and are to be settled on demand.

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Loan from a related party

	31 December 2023 AED
Affiliate	
ALJ Rauma Company Limited	**472,355,778**
Less: interest portion classified as current	**(31,355,778)**
Non-current portion	**441,000,000**

During the period ended 31 December 2023, the Company received funding for investment in GEMS as indicated in note 5. The trust deed dated 31 December 2022 was signed and related investment and obligations were formally transferred to the Company. The funding amount of AED 441 million (equivalent to USD 120 million) was converted into a long-term loan during the period. The term of loan is for a period of 5 years from the effective date 17 February 2023 and the principal repayment is due on 17 February 2028.

Interest on the loan is calculated based on one-year term SOFR + 3% calculated as of the drawdown date and payable annually. The related interest expense for the period ended 31 December 2023 amounted to AED 31,355,778.

9 ACCRUED AND OTHER LIABILITIES

	31 December 2023 AED
Accrued expenses	**204,375**

10 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023 AED
Recharges by related parties (note 8)	**5,264,454**
Impairment of investment in an associate (note 5)	**123,960,132**
Legal and professional fees	**471,754**
	129,696,340

11 FINANCIAL INSTRUMENTS

(a) Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

11 FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	31 December 2023 AED
Financial assets	
At amortised cost	
Bank balances	**333,208**
Financial liabilities	
At amortised cost	
Loan from a related party	**472,355,778**
Due to related parties	**116,065,704**
	588,421,482

(c) Fair value of financial instruments

Fair value of the financial assets and financial liabilities approximate their carrying value at the reporting date.

12 FINANCIAL RISK MANAGEMENT

The Parent Company has set financial risk management policies for the Company. These policies set out the Company's overall business strategies and its risk management philosophy. The Parent Company's overall financial risk management program seeks to minimise potential adverse effects of financial performance of the Company. The management provides principles for overall financial risk management and policies covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(a) Foreign currency risk management

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

Except for investment in an associate, the Company has no exposure to exchange risk as there are no financial assets and financial liabilities denominated in foreign currencies.

(b) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to interest bearing loan from a related party.

The sensitivity of the statement of profit or loss and other comprehensive income is the effect of assumed changes in interest rates on the Company's loss for period end, based on the floating rate financial liabilities held as at 31 December 2023.

The following table demonstrates the sensitivity of the statement of profit or loss and other comprehensive income to reasonably possible change in interest rates with all other variables held constant.

12 FINANCIAL RISK MANAGEMENT (continued)

(b) Interest rate risk management (continued)

	Increase/ decrease in basis points	*Effect on profit / (loss) for the period AED*
For the period ended 31 December 2023	+50	(1,915,027)
	-50	1,915,027

(c) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 December 2023, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets is stated in the statement of financial position.

The Company is exposed to credit risk from its operating activities primarily relating to balances with banks.

	31 December 2023 AED
Bank balances (note 6)	**333,208**

Bank balances
The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks.

The following table provides the gross carrying amounts and ECL impairments:

31 December 2023	***Gross carrying amount AED***	***ECL allowance AED***	***Carrying amount AED***
Bank balances (note 6)	**333,208**	**-**	**333,208**

(d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the Parent Company, which has built a liquidity risk management framework for the management of the Company's short and long-term funding and liquidity management requirements. The Company also has access to related party funds to further reduce its liquidity risk. The Company manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

All financial assets and financial liabilities (except loan from a related party) are non-interest bearing and are expected to be settled within 12 months of the reporting date. Loan from related party is expected to be settled on 17 February 2028.

13 CAPITAL RISK MANAGEMENT

The Company relies on management of its Parent Company to manage its capital and related party balances to ensure that it will be able to continue as a going concern.

14 TAXATION

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 UAE CT regime is effective for accounting periods beginning on or after 1 June 2023.

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

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

The Company will be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the financial statements for the financial year beginning 1 January 2024. Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Company has considered related deferred tax accounting impact as at the reporting date and the Company has concluded there is no significant impact related to deferred tax as at the reporting date.